

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING JUNE 13, 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: Willie Adams, Kimberly Brandon and Doreen Woo Ho. Commissioner Leslie Katz arrived at 2:10 p.m.

2. APPROVAL OF MINUTES – May 23, 2017

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. The minutes of the May 23, 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 2:02 p.m., the Port Commission withdrew to closed session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION):

- a. Discuss existing litigation matter pursuant to Section 54956.9(d)(1) of the California Government Code and Section 67.10(d)(1) of the City and County of San Francisco Administrative Code.

Puglia Engineering, Inc. v. BAE Systems Ship Repair Inc., BAE Systems San Francisco Ship Repair Inc., BAE Systems, Inc., City and County of San Francisco, and Does 1-20; San Francisco Superior Court (Case No. CGC-17-557087 filed February 15, 2017)

- (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 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, Senior Deputy Director, Chief Operating Officer
*Negotiating Parties: SWL 337 Associates, LLC: Jack Bair
- b. Property: SWL 344 (the “Backlands”) located at Amador Street and Cargo Way and/or Pier 96
Person Negotiation: Port: Peter Dailey, Deputy Director, Maritime
Negotiating Parties: BMW: Tony H. Kepano, Vice Chairman, CBRE/ Advisory and Transaction Services for BMW

5. RECONVENE IN OPEN SESSION

At 3:37 p.m., the Commission withdrew from executive 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 Katz 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

- Commendation for former Port Commissioner Eleni Kounalakis

Elaine Forbes - Ambassador Kounalakis is a San Francisco businesswoman, philanthropist and diplomat. From 2010 to 2013, she served as a United States Ambassador to Hungary. She was appointed by President Barack Obama. Our Mayor Edwin Lee, appointed her to the Port Commission in March, 2016 and she served with us for just a little over a year.

She resigned in May to pursue other interests as a public citizen. While serving on the Commission, she was a tremendous asset to the Port. I, like many others, admired her at first impression and my respect for her only grew. She was a very forceful presence of positive ideas and she has a can-do spirit. She inspired us to look and try again and not to give up on our peers or our public mission.

She is extremely knowledgeable about real estate, and she shared generously her knowledge with Port staff, and we learned a lot from her expertise. While she had a short tenure at the Port, she made a big impact. I miss you very much. Port staff misses you as well and we wish you the very best in your future endeavors. Thank you so much for serving on our Commission, Ambassador.

Commissioner Adams - Ambassador Kounalakis, on behalf of the Port Commission, "With gratitude and appreciation for your outstanding service, March 2016 through May 2017, Port of San Francisco."

Commissioner Woo Ho - I'd like to echo what Executive Director Forbes said. Eleni was a breath of fresh air in terms of coming on the Commission. Not only with her expertise and background in government but her energy and her spirit. While we were all surprised to hear about what her next endeavors were, I certainly can see everything that she can bring to the party, and wish her very well.

I enjoyed getting to know her and her enthusiasm and in particular, it was nice to have somebody else who also liked to drill in the numbers on the Commission. I think that we're kindred spirits on that. She is very knowledgeable about real estate, in some ways, more than we did. She comes from an illustrious family of real estate as well as, not surprising what she's planning to do because she does come from a family that's always been engaged in the community, has led in the community and has been a role model.

She is an inspiration for young women and what she has done in her career and also in her family. Personally, I was very surprised to hear when she told me that her children are actually enrolled in a bilingual school and they are learning Chinese. I was very touched to know that she's very forward-thinking in her thoughts in terms of what's happening in the world and how

we need to be prepared in terms of not just here in San Francisco but on a global basis.

Eleni, I wish you the very best and I know you'll be very successful in whatever you do.

Commissioner Katz - Governor, I'm sorry, I mean Ambassador Kounalakis. Ambassador Kounalakis, you definitely are missed on the Commission. One of the things that is so special about this Commission is that each Commissioner brings their background and their expertise to bear on the issues. You came to us not only with an understanding of some of the bigger picture items that you had before us, but you also brought a level of diplomacy, relying on your skills there as you questioned our staff, questioned speakers, questioned assumptions on the projects.

It was really a wonderful opportunity to see how you operated and what you were able to do with the issues placed before you. I personally marveled at how you wove through the issues, came up with very insightful questions and all at the same time while being tough and hard on any assumptions presented. You were always very diplomatic and very kind as you approached the issues and got very good information out for all of us.

I knew you before you joined the Commission. I can say you were a friend before that and I am still very honored to call you friend and in particular, I think we all owe you a great deal of thanks for your constant, continued commitment to public service. You're one of those people that bring so much to the table and making that available to the public you serve is really something that is very much appreciated and we're very honored and lucky to have had you for a stint here on the Port Commission, so thank you. Good luck in future endeavors.

Commissioner Brandon – Commissioner Kounalakis, we are going to miss you. I'm going to miss your real estate expertise and your very thoughtful, balanced thought process. I'm going to miss you as a seat mate. I know you're going to do a wonderful job in your next endeavors and we're really sorry to see you go.

Commissioner Adams - Ambassador Kounalakis, you're truly a visionary. The class that you've shown, your skills, your education are impeccable. I will never forget at Pier 80, when we had the Navigation Center, a lot of people talked, but you and your husband went down there. You showed compassion for the homeless people and you went down there. Nobody asked you to go down there. You walked the walk. You feel the compassion and the footsteps of ordinary people.

I know it's a sacrifice to you and your family, but you've chosen now something higher than the Port Commission, to serve all Californians. In these days and times, it's hard to find true leaders. Clearly, you're a leader.

I wish you the best and thank you for what you brought to this Commission. You were always straight on. One thing I like about you, you were always a straight shooter and that's important. Whatever you do, I wish you the best and the certain charm and magic in your ability, we can use a lot more of it.

Eleni Kounalakis - I don't know where to begin. A few weeks ago when I was here last, I did not think it was my last Port Commission meeting. It's all happened very quickly. To tell you the truth, I'm very sorry I'm not sitting in that Chair right now.

Commissioners, Director Forbes and staff, I joined a year ago last March. I have enjoyed so much the opportunity to serve on this Commission, to get my packet every week and see the important issues that were facing the Commission and facing the Port, the difficult and sometimes complicated questions that came before the Commission. And to be able to serve the interests of the people of the City of San Francisco, but also the people of all of the State of California, because that's what you do here at the Port Commission.

The tourism and the people who come from far and wide to enjoy truly the most beautiful city in the world and the most beautiful part of the city in the world, which is our waterfront. It was just an honor and a privilege to be able to be part of that. I am not going anywhere. I live down the street. My kids and I are down in the Port all the time.

We're going to be walking the Blue Green Parkway. We're going to be going to all of the wonderful new restaurants and experiencing all the wonderful opportunities the Port has to offer. Of course, I will be watching like all of the other citizens of this great city as you grapple with the issues ahead of you including climate change and rebuilding the Seawall. Even though I won't be in an official capacity here, as a citizen and a resident, I will always be available.

I will always be watching with interest and I will always try to do my part to support you and the important work that you're doing. Thank you and thank you very much for the opportunity to serve. Thank you all.

- Port Commissioner Commissioner Katz - San Francisco Business Times Most Influential Women, Class 2017

Elaine Forbes - I would like to congratulate Commissioner Commissioner Katz. Our very own Commissioner has been named one of the Bay Area's Most Influential Women in Business. The San Francisco Business Times

honor recognizes Supervisor Katz for her tireless commitment to the City and the Bay Area. She and all the outstanding corporate and community women business leaders will be honored at a recognition dinner at the Hilton San Francisco Union Square on June 14, 2017 from 5:00-9:00 PM. We want to congratulate you for this very well deserved honor.

Commissioner Katz - Thank you.

- Port Commissioner Commissioner Brandon Reappointment - Approved by the Board of Supervisors on June 6, 2017, for term ending May 1, 2021

Elaine Forbes - I would like to recognize that our Vice President, Commissioner Brandon has been reappointed to the Port Commission. Mayor Edwin Lee reappointed her and the Board of Supervisors approved this at the June 6, 2017 meeting. Congratulations to you Vice President Brandon.

You are a fierce and principled leader and you have been with us for a very long time, the longest serving Port Commission. That to me brings to us substantial wisdom and knowledge which we value and use immensely. Thank you for being willing to give again a four-year term to this Commission and to lead us as we move into our path of continually nurturing and creating a waterfront that is for everyone. Thank you very much.

Commissioner Brandon - Thank you.

- Port Commission President Adams – Featured in The Sun-Reporter’s Father’s Day Special Edition (June 15, 2017) “Leading Men” in the Bay Area’s African American Community

Elaine Forbes - I'm also proud to announce that Port Commission President Adams will be featured in The Sun-Reporter’s Father’s Day Special Edition on June 15, 2017. This edition will recognize and highlight the accomplishments of “Leading Men” in the Bay Area’s African American Community.

The men who are highlighted are making lasting contributions to the community in their chosen professions. They hail from political, corporate, business, community and non-profit arenas. Our President is in great company. Other Leading Men include former Mayor Commissioner Brown, Five Point Regional President Kofi Bonner, our Public Utilities General Manager Harlan Kelly, our Director of Public Works, Mohammed Nuru, and business and philanthropist Dwayne Jones, among several others.

Congratulations to everyone who's been honored but most especially to our esteemed President.

Commissioner Adams - Thank you. Appreciate it.

Elaine Forbes - I wanted to say to Commissioner Woo Ho, we don't have an honor for you today but we very much appreciate you. In watching the Warrior's game last night, which I think many of us did, we saw playing on the field that went beyond and above the individual to a real team effort, and you're always encourage us to play in that manner. Congratulations and thank you for being on our Commission.

- 25th Street Navigation Center Ground Breaking - May 24, 2017

Elaine Forbes – The 25th Street Navigation Center Ground Breaking occurred on May 24, 2017. This is a project that we all know from the ground up. It started with our Commission President asking, "What part could we play?" and, "What could we do for the homeless population that was increasingly visible along the Embarcadero?" and "What could we do to be part of a solution?"

Mayor Edwin Lee was there for the ground breaking. I went on June 6, 2017 to a Community Open House at the Navigation Center. It is an absolutely beautiful facility. It is much better looking even than the renderings. It is clean. It is serene. It is stunning to look out at the water from the facility.

Our Navigation Center has 64 beds. It brings the total bed count of the Navigation Centers to 232 beds. Three additional centers are slated to open in 2018, Hummingbird on the campus of the Zuckerberg General Hospital campus, 1515 South Van Ness Navigation Center and the SoMa Navigation Center. More beds are coming online.

I want to acknowledge the work that the Commission encouraged us to do with the community to ensure a successful temporary Navigation Center on 25th Street. Congratulations to everyone involved with that.

- Update on the Embarcadero/Drumm & Jackson Streets Sewer Improvements Project

Elaine Forbes - I would like to update you all on the Embarcadero/Drumm & Jackson Streets Sewer Improvement Project. Noreen Chan is the Project Engineer from the Public Utilities Commission. She will provide a short overview for you and for the public.

Noreen Chan - I'm a Project Manager with the San Francisco Public Utilities Commission. This project involves rehabilitating some critical sewer infrastructure that services the entire Northeast quadrant of the city and over 350,000 people on a given workday.

The Drumm and Jackson Street sewer boxes are large, reinforced concrete boxes that are deteriorating as they are over 100 years old. The construction work will be trenchless do the contractor will be underground inside the boxes doing the rehabilitation.

The other portion of work is the rehabilitation of the North Shore Force Main which is along the Embarcadero. This rehabilitation work is also due to corrosion. A lot of the work is going to be trenchless but some will be open cut.

The contractor will be utilizing a trenchless method called slip lining. We'll be placing a new pipe inside the existing pipe. In order to do this, we do need to have open areas on both sides. We're also going to be installing a new valve vault.

We'll be needing space in Seawall Lot 351 for the construction activities such as doing the slip lining between Pits 2 and 3 underneath the Embarcadero so that there will be no interruption to the F-line.

There will be lane closures for this project. On the northbound side, the Force Main is in the middle lane of the Embarcadero. Only one lane will be able to be maintained for approximately 12 non-consecutive work weeks. We've been working with SFMTA on work hours and they've been identified as Monday through Friday from 9:00 AM to 4:30 PM.

We say, "non-consecutive," because the contractor will also not be working during Special Events as well as two hours before through two hours after Giants games, as well as during holiday moratorium from Thanksgiving to New Year's Day. We've also been talking with the Cruise Ship Terminal Operations and Port staff and we'll be encouraging the contractor to do as much work on the northbound lanes outside of the summer months.

For the southbound lane, to do the portion of the work in Pit #3, one lane will only be able to be maintained for a duration of approximately six non-consecutive work weeks. Those work hours are identified as Monday through Friday, from 8:00 AM to 3:30 PM. When the contractor is able to deck over the middle lane and reopen so that there are two lanes open on the southbound side, the work hours will be extended to 8:00 AM to 5:00 PM, Monday through Friday as well, for approximately 34 non-consecutive work weeks.

Outside of these hours, all of these lanes on the Embarcadero will be restored. We'll also be encouraging the contractor to do any activities that would meet the Night Noise Permit at night. When any lanes on the Embarcadero are closed, the contractor will also be required to provide an alternative traffic route to take some of the traffic around the project site.

We've performed extensive outreach. We'd like to thank Port staff for providing us a comprehensive list of stakeholders and tenants that we have contacted. We'd like to highlight that we have presented to the three Waterfront Advisory Groups - Northeast, Central and Fisherman's Wharf.

We've also contacted all the businesses between Washington Street and Broadway Street as well as on Drumm and offered to meet with them. We have met with many of them such as La Mar and Hornblower Cruises. We're committed to work with them to do our best to minimize the impact for them. We will be providing flaggers for their delivery trucks. Further down the Embarcadero, we've also met with the Exploratorium, as well as the Port staff with the Cruise Ship Terminal as well as the Fisherman's Wharf Community Benefits District.

Most of these businesses have concurred about the importance of this project. We will be continuing our outreach throughout construction. Once we have a contractor on board, we'll be providing updates to our Web site as well as providing email updates and media updates. We are currently working with Port staff on an MOU for operational coordination. We plan to award this contract in July with the SF Public Utilities Commission and anticipate to start construction in the fall of this year. The construction duration will be approximately 18 months.

B. Port Commissioners' Report:

Commissioner Woo Ho - It's rare to have the reflection of most of my other fellow Commissioner members and departing Commissioner member being recognized today. In seeing this on the agenda today, I reiterate that this is the best Commission in the whole city. We work well together. We have mostly women and that's worked well too. It's really a pleasure to see that my fellow Commissioners are going on to do special things as we heard from Ambassador Kounalakis and we wish her well.

Commissioner Katz who has been a devoted public servant for so long in this city, it's so long overdue for her to be recognized as one of the influential persons on this list which I'm very familiar with myself. I think that for Commissioner Brandon to be reappointed, I couldn't be pleased more. She is the history and the continuity. She is the conscience for us in this Commission for us to make sure that we keep being aware of our community, particularly down the Bayview, Hunter's Point area. We've seen many projects come before this Commission over the five years that I've been in this Commission, where she'd made sure that we kept our community engaged, aware, and that she was a great spokesperson and she was a mediator at times when that was necessary to.

I think she never forgets that. She is an excellent role model in that. While she's always smiling, when she asks a question, she has a punch line in her question.

I have to learn from her because she always says, "That's a wonderful report. Thank you very much staff." I just jump into the questions but she has a very nice manner about her. I commend and I really am happy to see that she's going to be here.

I want to commend President Adams for his term and I'm glad to see that he's getting recognized. I think he has brought a lot since he has become President of the Commission. He speaks his mind. He also has a big conscience of, and the role that he plays, not only just for the port, but for the city and reminds us of the things that we should do right in this community, what we need to do right for all of our fellow citizens in society and that his broad mind is something that I also value.

It's great to be in this company. I'm glad to be on this Commission and I congratulate all my fellow Commissioners today.

Commissioner Adams - Thank you.

Commissioner Katz - Thank you Commissioner Woo Ho and I concur with her remarks that this is the best Commission in the city and I have enjoyed all the time that I've spent with my colleagues. I've learned quite a bit from each of you with your own levels of expertise and also your approach towards the serious issues with which we've been entrusted affecting the city.

I think we have the best staff in the city. I've stopped saying it as often because I was afraid they'd get poached. But now we're seeing more and more folks from other departments coming here, so I can start saying it again because the word is out. I am thrilled to be part of this Commission and given that we're recognizing each other today, I'll reiterate and echo those comments as well.

One thing I did want to ask that we perhaps take a look at given what's been happening on an international level with respect to the Paris Climate Agreement and the goals and perhaps a failure to engage the full participation of the United States. That doesn't mean that California has not been very engaged and San Francisco has been leading the effort to continue to address climate change and be part of the solution as opposed to the problem.

I thought it would be important that we also acknowledge that the efforts of the Port early on with our shorepower and other efforts to reduce emissions here but I know there's a movement on amongst other Ports to move towards zero emissions and there's a Green Ports Collaborative that's coming along.

I'm sure that we'll participate in that, but also take a leadership role in ensuring that the Ports along the western front of the United States do their part and be creative in our efforts to reduce the effects of our various emissions on our climate and be part of the solution as we address and adapt to climate change.

If I can ask that staff perhaps report back to us next time about ways that we, as a Port, can get more involved and take positions and join in issuing statements in support of the Paris Climate Agreement as well as the goals set forth there, that would be terrific.

Commissioner Brandon – I, too, think this is the best Commission in the city and it might have something to do with the women. I would like to thank my fellow Commissioners for their commitment to the Commission and for their service and to congratulate all of them on their successes. Because this is a great group of people, I'm really happy that I am able to continue to work with them.

I want to thank Mayor Lee for reappointing me and I want to thank the Rules Committee for sending me to the Full Board and the Full Board confirming my reappointment. It's hard to believe that it's been 20 years that I have been here. Rene, Peter, Diane, Jeff, Jerry are just a few of the people who were where when I came. We have evolved so much and we have done so much. We have such a great staff and constituents.

I think Corrine's been here for 20 years. I want to reiterate how thankful I am to be able to continue to serve on the Commission with my wonderful colleagues and I'm looking forward to another four years.

Commissioner Adams - Fellow Commissioners, it's an honor. I just got off a 32-hour flight several hours ago. I was in Cape Town, South Africa last week at a conference carrying a banner for the Port of San Francisco and the ILWU. I got off the plane and I couldn't wait to get to this Port Commission meeting. I didn't know that my sister Commissioners will be ganging up on me today.

Commissioner Katz - It's not ganging up. It's like you're one of us.

Commissioner Adams - They were ganging up on me but I would just say this, pound for pound, I agree. This is the best Commission in the city. Everybody really cares a lot, the staff. This Commission speak their minds. We engage and we're not a rubber stamp committee. We all have our different opinions and I think we engage the tenants of this Port and we enjoy the community coming out, engaging with the Commissioners.

Corinne's the conscious. She comes and she lets us know when we get it right. She lets us know when we get it wrong. For me, I'm really happy that with our new Director, she's building her team and staff, they're growing. She brought in Mike Martin and others have come on the team and we're going in the right direction. We've had some challenges but this is right for us.

Our city is growing. We will continue to lead the nation with the Sea Level Rise and climate change. We're getting out front. The rest of the nation will look at San Francisco and see that we're trying to be proactive and we're trying to get out there and do what we need to do.

Thank you Director Forbes and to my Commissioners. Commissioner Katz, you were a little late today, but you're still here. I always have to tease Commissioner. She's my saddle partner.

10. CONSENT

- A. Request approval of the Fiscal Year 2017-18 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, Special Events and Filming Rates. (Resolution No. 17-26)
- B. Request approval of Executive Director's nominations of Hilary Hubbard, Paul Switenki, Joe Igber, Noelle Yuen, and Ken Lindberg for appointment to the five member Port Building Code Review Board. (Resolution No. 17-27)
- C. Request authorization to award Construction Contract No. 2766R, Piers 94-96 Storm Drain and Outfalls Repairs Project, to Trinet Construction, Inc. in the amount of \$1,242,400, and authorization for a contract contingency fund of 10% of the contract amount (or \$124,240) for unanticipated contingencies, for a total authorization not to exceed \$1,366,640. (Resolution No. 17-28)

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution Nos 17-26, 17-27 and 17-28 were adopted.

11. PLANNING & ENVIRONMENTAL

- A. Informational presentation on a proposed 2-year temporary art installation at the Pier 27 Cruise Terminal Plaza, sponsored by the Arts Commission as part of the Haifa/San Francisco Sister City Program.

Dan Hodapp, Port's Planning and Environment Commission - The Israeli Consulate working with the City's Arts Commission has approached the Port to place a sculpture on Pier 27's Cruise Terminal Plaza that would acknowledge the Sister City relationship of Haifa, Israel and San Francisco. I am pleased to present an overview of this proposal and the team that proposes to make it happen.

As Sister Cities, matching sculptures will be placed on Port properties in each city. Each will feature a 25-foot tower with viewing scope that will allow people to view live scenes from the other's tower. At Pier 27 the sculpture will be placed in the Central Plaza space of Cruise Terminal Plaza which is between the Beltline Building and the James R. Hermann Cruise Terminal. The launch date is anticipated for late this summer with sculptures expected to be in place for approximately two years.

The artist and designer are refining some of the details and the precise location on the site at this point with the Port. Public art on Port property generally enjoys

a positive public comment and attracts visitors to the waterfront and other waterfront uses and we are hoping that this sculpture is the same. The Port's current monthly rental rate schedule allows for art installations in certain locations to occur without a license fee including this site at Pier 27.

To implement, the Port's Executive Director will enter into a Memorandum of Understanding with the Arts Commission to define agency responsibilities and the Arts Commission will enter into an agreement with the Israeli Consulate to cover costs for installation, maintenance and removal of the sculpture. The MOU will require the City to accept liability for the installation, define the term of the exhibit and specify removal conditions.

I'm not going to describe the sculpture, but I'll have others do that for me. I now invite Dana Blecher of the Israeli Consulate to say a few words who will be followed by Matthew Passmore that'll give you a brief description of the sculpture. Also, Jill Manton with the Arts Commission is in the audience here today.

Dana Blecher - I'm the Director of Cultural Affairs at the Consulate General of Israel to the Pacific Northwest. I'd also like to point out that Israel diplomat Revital Malka is here. She's going to be supporting our consulate this summer and she's in the audience today.

In 1973, San Francisco and Haifa established a Sister City relationship. In the past decade, the relationship has gained increased momentum generating a visit from Haifa Mayor Yona Yahav in 2010 to San Francisco. In 2013, the City and County of San Francisco sent a delegation of Emergency Management personnel, health officials and military staff. Most recently, a Mayoral delegation went to Haifa in April of 2016.

During last year's delegation, Mayor Lee and Mayor Yahav signed a Memorandum of Understanding between the City and County of San Francisco and the City of Haifa. In this MOU, both cities agreed to a joint Sister City Cultural Collaboration Program. As a result of discussions between Israel Consul General Andy David based in San Francisco and Mayor Lee, they decided to focus the project on sharing the strengths of the two cities, highlighting the intersection of arts, technology and innovation.

The project will unite the two Port cities by highlighting their similarities in geography and diversity. This is a project of the San Francisco Haifa Sister City Committee being jointly undertaken in conjunction with the San Francisco Arts Commission, the Consulate General of Israel to the Pacific Northwest, the Haifa municipality and various Bay Area leaders, stakeholders and community members.

The tower installation point of view has been designed collaboratively by artists in both cities. The goal is to make art and technology accessible to visitors to the

project site who will discover and connect with diverse cultures through varying points of view from similar shoreline locations in Sister Cities Ports. Each installation will feature an identical tower equipped with a 360 degree camera on top. Through the means of a customized periscope integrated into the tower, visitors to each site will view live feed of these other's world across the oceans.

With the Commission's support, this will be the first project of this scope using interactive technology to connect two cities on different sides of the world.

Matthew Passmore - I'm a local artist and designer and a native of San Francisco so it's quite an honor to be included in this project. First of all, the piece is about 25 feet tall. It's designed to be a contemporary abstracted form of a traditional lighthouse. The design will incorporate structural steel which will be painted to survive in a marine environment for at least a couple of years. Importantly I think for the Port, the piece actually sits on a pad of between one and two inch structural steel, so we don't need to anchor into the sidewalk or the plaza. Once the piece is gone, there'll be no lasting impact on the Port.

As Dana mentioned, we are still looking for the proper site that can support the piece structurally and also provides the best integration into existing programming that the Port has going and also access to the public. Finally, I just would mention that we have a structural engineer on the project so the piece will be structurally sound. The design is open and it will not be climbable and it will be accessible for people with disabilities and compliant with the ADA Act.

Commissioner Brandon - Thank you for this very nice report. We love art here at the Port. Is there any cost associated to the Port for this project?

Dan Hodapp - The Port will enter into a Memorandum of Understanding with the Arts Commission. We do not anticipate costs associated with the fabrication, installation or removal of it. The City's program will provide insurance and it will be a contract similar to the ones we've entered into for other art installations with the Arts Commission.

Commissioner Brandon - Including maintenance?

Dan Hodapp - Yes, including maintenance.

Commissioner Katz - I'm very excited about this and as Commissioner Brandon said, we love art. I also love Haifa so I get, it's a twofer for me. Following up on the questions in terms of insurance, would that also cover vandalism? Would there be coverage for repair efforts if necessary?

Dan Hodapp - Yes, the City is self-insured on this type of arrangement so it would go after the maintenance responsibilities and other things that could happen.

Commissioner Katz – The City has the responsibility and liabilities if there is any damage.

Dan Hodapp - Correct.

Commissioner Katz - Since we're mentioning Sister Cities and given that we have members of the diplomatic core here, perhaps we could explore a Sister Port relationship with our Sister City.

Commissioner Woo Ho - This is very exciting and I love the idea of art and tech, it really fits extremely well with the culture of our city and what we stand for and it's going to look very handsome on the waterfront. What happens at night? Is there lighting? It sounds like from the description in the staff report, there's some light emitting from it and some images projected. Could you provide more information on that..

This is not comparable, but currently, we have the Bay Bridge with the LED lights. That's been a major success and I'm envisioning this is something that is going in that kind of direction, but on a smaller scale.

Matthew Passmore - That's right. It's a bonanza of light along the waterfront these days, isn't it? Yes, the piece will be lit from the inside with uplights and downlights that will be mounted about halfway up the structures. One of the good things about the design, which includes a bunch of parallel pieces of steel that we call blades is that there'll be interesting interference patterns on the ground given by the light.

In the evening, it will be lit. We can arrange to have it shut down at a certain time if that's preferable but the idea is that in the evening it's a beacon as well. Also the camera will be running 24 hours a day so people will still be able to come in and look through the periscope and see what's happening in Haifa.

Commissioner Woo Ho - Sounds like it will be a very innovative piece of work of art so that's going to be exciting. What are the candidates for where this could be placed? You said there hasn't been a decision made, but what are the possible locations?

Dan Hodapp - The locations are very close to what we're showing on the graphic on the Cruise Terminal Plaza. It just may shift slightly from one side to the other based on weight considerations on the deck. It may move a little closer to Cruise Terminal Plaza based on load requirements of the deck, but very close to where we're depicting it here and where it's illustrated in this. It's not a precise location. It's an approximate location.

I need to clarify the insurance requirement. The insurance will be provided by the Sister City Committee which is a non-profit formed between agencies representing the Sister Cities of the Port of San Francisco and Haifa, Israel.

Commissioner Woo Ho - You may have mentioned it but can you remind us again, when would we expect this to be installed?

Dan Hodapp - We are hoping for later this summer. There's a few steps to be taken and a precise date is not determined but we'll look for later this summer.

Commissioner Woo Ho - It's for a period of two years or something? Is this piece of work not able to be kept permanently? In other words, does it have a finite life?

Dan Hodapp – Correct, it's for a period of two years. This site is identified in the Port's permit for the Cruise Terminal Project where the BCDC permit requires a permanent art installation in this approximate location of which we are beginning to work with the Arts Commission on developing and we have a responsibility to bring that to the site by 2019.

The funding for that comes from the bond funds as a percent of art that were used to construct that public space so this site has to be made available for that. We would welcome the Commission's ideas for, or allowance to look for other places on Port property to place it after that if the Sister City Committee is willing to entertain such an idea.

Commissioner Woo Ho - So we have to put in a permanent installation that is designated from the Arts Commission is what you're saying. This piece is kind of going in before that piece is ready. Do we know what that piece is going to look like?

Dan Hodapp - Not yet but we will be doing a public process. The Arts Commission runs a process to select the artist and then goes through a public review process to show the concepts for that and that will come to you.

Commissioner Woo Ho - But this particular piece of art itself, it's not like it has a shelf life of only two years, right?

Dan Hodapp - Correct.

Commissioner Adams - We have a commissioner here from the Arts Commission. Would you like to say a few words please?

Jill Manton - I feel that my colleague, Dana, the Director of Cultural Affairs made a very comprehensive report. The Arts Commission enjoys a wonderful art, mutually beneficial with the Port. We look forward to this project. It's been reviewed by staff but it will be going to our Visual Arts Committee, subcommittee of the full Commission next week for design approval.

I would like to underscore that apart from small initial allocation from Mayor Lee who asked the Arts Commission to take on this project, all costs associated with

the project are funded privately. So there is basically no cost to the City. As Dan said, the insurance, the indemnification and liability will all be covered by the Sister City Committee.

Commissioner Adams - Thank you very much and we look forward to you getting back to us. Thank you for being here.

12. REAL ESTATE & DEVELOPMENT

- A. Informational presentation regarding the Financing Plan for the 28-Acre Site, located between 20th, Michigan, and 22nd Streets and San Francisco Bay (Assessor's Block 4052/Lot 001 and Lot 002 and Block 4111/Lot 003 and Lot 004) and the "20th/Illinois Parcel" along Illinois Street at 20th Street (Assessor's Block 4110/Lot 001) in Pier 70 and Pacific Gas and Electric ("PG&E") Company-owned parcel subject to a City option to purchase called the "Hoedown Yard," at Illinois and 22nd Streets (Assessor's Block 4120/Lot 002 and Block 4110/Lot 008A)

Meghan Wallace, the Port's Finance and Procurement Manager - I'm here today to take part in a series of presentations that Port staff has offered to the Commission over the last few Commission meetings regarding the Development and Disposition Agreement that's currently under negotiations between the Port and Forest City for the Pier 70 Special Use District.

On May 9, 2017 Port staff presented on the proposed transaction structure for this agreement. On May 23rd, you received an overview of the Special Use District Master Plan documents including the Transportation Program, Streetscape Master Plan, Infrastructure Plan and Sustainability Plan. Today, I'm going to provide an overview of the Financing Plan that will accompany the Disposition and Development Agreement and guide the investments for this project and as well as manage the distribution of revenues from the project.

I do want to discuss the various strategic objectives, major goals, walk through funding sources and the structure outlined within the Financing Plan and discuss other major benefits that are going to be derived from this project. First, for strategic objectives, it's exciting to see this project supporting Livability, Stability and Sustainability.

As you're well aware, the Forest City Project is building new neighborhoods including Affordable Housing, incorporates many public amenities such as parks, bicycle routes and facilities for the arts. To highlight for the arts, Parcel E will include an Arts Building. The Financing Plan talks about ways that we can use public resources to help finance this new space. It's going to be the new home for our current tenants in the Noonan Building.

For Stability, I've been here before you many times with a Five-Year Financial Plan and you heard from Finance staff on the 10-Year Capital Plan. This project

was an important piece to helping address our deferred maintenance at Pier 70. A whopping \$163 million from the Capital Plan is funded through various sources going into this project, addressing deferred maintenance and renewal needs within that 10-year window.

We will be seeing new funding streams coming out of these facilities that will help bring new revenue to the Port and bring ongoing stability into the future. This project addresses shoreline protection within the project and generate a new funding stream to help the Port be forward-thinking in how we're protecting our shoreline as Sea Level rises.

The Financing Plan is pronounces some major goals. The most obvious perhaps being to construct horizontal improvement in coordination with vertical development. Obviously the Financing Plan is guiding the investment within this project.

But the really important details from my view as far as protecting our public dollars and protecting the Port's and City's interests go into maximizing the use of our public financing capabilities and making sure that we're using those to leverage developer dollars coming into the project, but also making sure that there are proper mechanisms to protect the City and Port's funding streams and obligations. As part of incentivizing developer participation is to provide a market-rate return to the developer.

There is an 18% return to Forest City for the investments that they make into the project. Likewise, the Port will earn a 10% return on any capital advances that we decide to put into the project totally at our discretion. We have ongoing funding streams to make sure that we're maintaining the neighborhood once it's completed.

There are seven primary funding sources outlined within the Financing Plan. The Infrastructure and Revitalization Financing District are two sources that capture property tax growth within the area that we'll be requesting to be established around the 28-acre site. The revenue stream from that tax increment will either come in the form of revenue directly to the project, or as you'll often hear staff referring to as Pay-Go or those funds will be leveraged into long-term debt.

A Community Facilities District is sort of similar. We're going to establish an area over the IFD that we'll be able to create this district earlier, early on in the project to establish a special tax that Forest City and future property owners and lessees will pay into to create an early flow of funds into the project.

Developer capital - these are developer advances into the project earning an 18% return. Port capital - Port staff may be coming to the Port Commission requesting authorization to invest Port Harbor funds into the project for which we would earn a 10% return.

Land proceeds - any revenues generated from the sale or lease of Port land will either flow into the project or be distributed between the developer and the Port with 45 distribution to the developer and 55 distribution to the Port.

The Infrastructure Financing District or IFD encompasses the 28-acre site and a portion of the Illinois and 20th Street parcels. This area will be established over the project area to capture future tax increment. Those funds will be used to support, either in the form of Pay-Go or to issue long-term debt to invest into the project.

Of these funds, 90% will go into public infrastructure. When we're talking horizontal development, we're talking about streets, utilities, parks as well as the historic rehabilitation of our facilities on the site as well as shoreline protection. The remaining 8% will be for other Pier 70 needs such as the Irish Hill playground.

This graphic helps emphasize what the Community Facilities District will provide. It essentially mimics the IFD. We would establish a CFD over that same project area, but earlier on in the project. We would establish the CFD over the area. Forest City would pay a special tax roughly equivalent to debt service required for the initial investments in the projects.

The cost of that debt service is less than what they would need to pay in capital so it helps lower the overall cost of the project. They're earning an 18% return on their investment on that debt service as opposed to 18% return on a larger capital investment up front.

Within that CFD, there would be financing the horizontal infrastructure. It transitions to the map on the right. You can see that the blue part goes away. The CFD will go away, and as tax increment starts to flow into the project, as improvements are being made on the property and property taxes are flowing in, the CFD and associated special taxes will be able to go away.

The real benefits of a CFD is it creates a flow of funding into the project early on. As I mentioned, it lowers the overall cost of carrying the project. CFD bonds are better credit. They come at a lower interest rate than IFDs. They've been tested on the market and so overall, it's a positive way to lead ourselves into the project.

The risk being that the earlier we're issuing debt in the project, before vertical development is fully underway, there are higher risks of default. The earlier you go, the higher the costs of the interest rates might be just because of the higher associated risk of going earlier on in the project.

I want to talk a little bit more about the funding structure now that you're refreshed on the different funding sources, i.e. Forest City capital, CFD, IFD. This is a reminder of a slide that that you've seen in prior presentations, but

thinking more explicitly of the different phases of the project and what funding sources are flowing in at those different times.

We're currently in the Predevelopment Phase where Forest City has been investing their own developer capital. We're looking to have proceeds from the 20th Street and Illinois Street parcels largely pay down the cost of the developer investment. As we prepare to enter into Phase One, we have additional Forest City investment, as well as the CFD stepping in and helping us fund Phase One of the project.

In a smaller piece, the land proceeds and the tax increment will flow in as we start to get the development underway. In Phases Two and Phases Three, we continue to see Forest City investment, special taxes from the CFD land proceeds, tax increment. All of these funding sources are flowing into the project. Ultimately, as we get to the end of the project, if we meet the 18% developer return requirement, any remaining land proceeds will then be distributed between the Port and Forest City, 55 and 45.

With all of the different funding sources going into the project costs, you can see the returns coming to the Port and the developer at the 10% and 18% returns. Ultimately the excess land proceeds would be split between the two parties.

What are the different ways that the Financing Plan gives us tools to maximize the returns to both the Port and to Forest City? These are actually explicitly laid out in the goals of the Financing Plan. Maximizing public financing helps limit developer capital.

Forest City is very clear that they're looking for a return on their investment and that we want to get them their 18% return and it's best for all parties to invest public financing where possible because it simply comes at a lower cost. Tax exempt debt is another way that we can do that, overall at a lower cost of debt. Port capital where we're able to put in our own Harbor funds, it does end up returning, have a positive return overall for the project.

Proposition F passed by the voters does require that this project meet a 30% Affordable Housing goal. The structure within the Financing Plan helps support the Affordable Housing Plan for the project by incorporating in 20% inclusionary units on all rental buildings. Three parcels are 100% dedicated to Affordable Housing and that the project helps generate additional funds including the jobs housing linkage fees paid by office development. That's a good way of seeing how once the investment is underway, the funds will flow back into supporting Affordable Housing units.

Overall the structure of this Financing Plan lays out four key components to make sure that we're thinking about protecting our public finances. First of all, limitation on sources. It's very clear the developer bears the risk within this

project that's why their earning an 18% return. They're putting their money forward and bearing a large brunt of the risk on this project.

Furthermore, the Financing Plan explicitly limits access to the City and Port funds. It's only at our option to sell Parcel K North, put forward Port capital dollars, all in our effort to improve the overall outcome of the project but that's at our discretion.

Additionally, special fund accounts and having a third-party trustee. The Financing Plan very clearly lays out that different funding sources will be set apart in different accounts so that nothing gets comingled and so that different sources are very clearly used for different purposes. A third-party trustee will help the Port reinforce the Financing Plan making sure that funds are allocated to the accounts and distributed to the parties appropriately.

Budget controls - all horizontal development costs must be commercially reasonable, and the Port Commission is going to have the opportunity to review project phases. With project phase number one coming up fairly soon and payment controls. There is an acquisition agreement that does require the Port to review payment requests and we have the opportunity to conduct audits on the expenditures of this project.

The ongoing maintenance tax is another element of the Community Facilities Districts (CFD). CFD takes on two forms. One form is to support investment in facilities and infrastructure. Another form is to provide services. The service tax can inflate based upon cost and so to this end, we're able to have an ongoing tax that will be able to go into ongoing maintenance of parks and streets, offer security and the basic amenities that you need in a neighborhood.

The main point is it's not coming to the Port Harbor Fund. This is not going to be in addition to the Port's operating budget. This is going to have its own income stream to help support all of the amenities at the project site.

Lastly, the Shoreline Special Tax. Commission Katz speaking about ways that we can be in the forefront, making sure that we're paying attention to what's happening with the Paris Accord and being supportive of that. I think this is a really exciting way to show that San Francisco is a local government being proactive about adapting a Sea Level Rise.

The project itself already allows for raising the shoreline, accommodating 66 inches of Sea Level Rise. The CFD will include a component of ongoing taxes that will be directed first and, early on in the project, it'll be split between a Project Reserve and a Shoreline Reserve.

At the end of the project, any balance within the Project Reserve will go to the Shoreline Reserve. Those funds will be used both to improve the shoreline at

the project and elsewhere along the Port property. This is a future funding source potentially at the project site or Portwide.

At the July 11, 2017 Port Commission meeting we're slated, along with Forest City, to present the proposal for Phase One of the project. Technically it's still a road show but it's getting much more into the weeds in terms of what Phase One will look like and trying to help you understand what's ahead for the project.

On July 20, 2017, we will be presenting at the Planning Commission. On August 8th, we'll be back to the Port Commission for formal approval of the transaction documents.

Corinne Woods - I'm on the Central Waterfront Advisory Group and I've been working on the Pier 70 Project for 10-15 years now. I'm very impressed with the financial system. I do hope the Port can invest its own money and reduce the upfront developer capital because it would cost less.

I do hope that you maintain that maintenance fund however you do it, through the CFD or whatever, beyond the actual construction time. Because as we've learned in Mission Bay, if you don't have enough money for maintenance and renewal, it's going to come back out of the Port's pocket which you absolutely don't want it to do. I think the developer and the staff and particularly your Finance staff have done a really nice job of putting it together.

Commissioner Woo Ho - Like Corinne, I'm very impressed with the presentation today. We've had bits and pieces discussed with us in the past. This is really a very comprehensive look. I want to commend both of you for working with Forest City and OEWD as well as our own staff on the Real Estate as well as in the Finance.

This is probably one of the best presentations I've seen on a very complex project to explain the various sources of funds and how this can be put to work for all the various purposes. It's not easy and this is one where a picture is worth a thousand words. It's a lot easier than having to read a staff report that tries to explain it, but putting the slides together and all the hours and everything else makes it so much simpler.

I can't say that I digested every single aspect of it, but I have enough to know that we are going after every possible source and to achieve our mutual objectives with our developer partner as well as our own objectives for the Port and for the community and for San Francisco in terms of this project which is very exciting. It's a brand new neighborhood and you've been at it for a long time.

Having said that, one thing that I do want to understand, when I hear tax increment, it's more or less what we had expected that once the project was developed, there's property tax assessed and that's incremental so that comes

and flows through and that will be part of the normal course of business. We do have as part of this financing package some special taxes that are new and different that only apply, and one in particular which we've talked about in the past which is the condo fee but there are other special taxes. Flipping it on the other side, now from the Port or from the developer's point of view, as a citizen or somebody that's going to live in this area, how are my taxes going to be different from a resident in the other part of the city?

Because this is such a complex financing package, if you could explain, I don't know if the numbers are there, but just so we understand what is going to be the burden on the residents of the city of this particular area in order to be able to bring this development to life. We already know and understand about the condo tax.

If they're going to feel an undue burden of being taxed more than other people in the city, I want to make sure we also understand that with eyes wide open.

Meghan Wallace - I'll take a stab at it and then I'll let my other folks correct me if I hit it wrong. Essentially, the Community Facilities Special Tax going in will have a maximum rate. We're still in negotiations of exactly how things are going to be sized. But if you will, the Facilities Special Tax would have a max rate that would be equal to your regular property tax bill.

In that way, the CFD is sort of mimicking the IFD up front. Then there's the Services Fee and the Shoreline Fee. That would be over and above that regular property tax so that will feel like an additional burden to those investing in our project area. But that it should essentially feel like a regular neighborhood if not for those additional fees associated with the services.

Commissioner Woo Ho - I just want to be careful that all of sudden that becomes a deterrent for people to want to live in the area too. I know there's a balance. We obviously want to finance this project. On the other hand we don't want to unduly burden people to make it unattractive.

Mike Martin – I just wanted to amplify or put a nuance in there a little bit. There are different kinds of buildings at this site. There's office buildings which are going to be owned by an investment company and they'll be bearing the tax. The actual office tenants, they're working. They don't see that except through the rent they pay. For residential rental buildings of which there are some, it's the same thing. The renters aren't going to be paying that tax.

For condos, there's going to be a different approach where there's actually an additive tax for facilities. We're trying to size that and we've spoken with brokers and spoken with Forest City about what's a level at which a condo buyer will see this on the disclosure and say, that's part of my purchase decision. I understand I'm going to have to pay more taxes. That's the piece of paper you get every time you purchase.

We didn't want to give them the same idea that the increment would come and backfill those taxes so that's confusing. We didn't want to have them have a low tax bill one year but if increment didn't come in the next year it would go up. We're going to levy that tax. We're going to disclose that all over the place and we're going to bond against that tax. They are going to see more taxes, but it is going to be disclosed before those taxes are levied.

Commissioner Katz - First, I want to thank you for an outstanding presentation. As Commission Woo Ho said, it's graphically illustrated a very complex scenario and I certainly appreciated it having sat through many iterations of this. It's one of the best presentations I've seen pulling it all together. Thank you very much for that. I know it probably took a lot of work but it looks seamless now. We know how much must've gone into it, so thank you.

Meghan Wallace - I'll admit, I had some help.

Commissioner Katz - Thank you to you and your team and others involved but it is definitely appreciated. Frankly, this is one of the more exciting issues that we face here on the Commission. When I joined the Commission, I know this was one of the projects facing us that I consistently said was what we're up here to take a look at and to be involved in and make sure that it's done right.

I want to thank our partner in this effort, Forest City, to help us come up with an approach that's feasible to the Port. It will be very additive to the City and very exciting. Under this scenario, I wonder if you could talk about if there are any issues or situations that you think could have a negative impact. What are the scenarios that you would see having a negative impact on our projects and how that would impact both the timing and the cost potentially to the Port going forward. I know that's a very open-ended question. What should we be worried about?

Meghan Wallace - First and foremost the thing that we're all worried about is when would the next economic downturn be. So impacting the overall real estate market, how could that impact the interest in investing in this area? That can have twofold kind of impact, not only in will people be buying on the pretty site but what is the cost of debt? What's the ongoing carrying cost?

As the Port's Finance and Procurement Manager. There are a lot of failsafe mechanisms in here. A lot of protective measures within this Financing Plan to make sure that in the event of a default, the Port Harbor Fund is not on the hook. The city's General Fund is not on the hook.

In those cases the developer will need to step in and be on the hook. That would mean ongoing turning of that 18% interest rate, that the longer that it takes for us to pay down and meet the 18% return on the developer's investment, that would mean a longer time and potentially a bigger hurdle for the Port to be able to reach our return on the overall project.

Commissioner Katz - Obviously that will have an impact on the CFD and IFD flow if we have that downturn. What steps can and should we be taking to mitigate the impact of a potential downturn or are there any if A doesn't work then B kind of scenarios?

Meghan Wallace - There are mechanisms within the DDA and the Financial Plan that will enable the Port and Forest City to determine if the market's not right for moving forward, that we could place pauses on moving forward.

Commissioner Katz - Okay, great. Thank you very much for a very cogent presentation. Really appreciate it.

Commissioner Brandon - Thank you Meghan. I am very impressed with the presentation. You made it very easy to understand very complex funding strategies. At what point will we make a decision if we're going to invest Port capital or not?

Meghan Wallace - Staff is hotly discussing that very topic. The Port Finance is going to be starting in the summer and leading into the fall and then coming to you in the winter, our first Capital Improvement Program. We'll have a more comprehensive view of all of our capital needs and what funding sources we want to put forward to meet those needs.

To some degree I want to make sure that any investments in our development projects are able to go through that process to see what our trade-offs are as an organization. It's very easy to say, let's put \$10 million into Forest City and get 10% return but if I know that there's a pier that we need to invest in right away otherwise we might have a loss of revenue, we would like to have that larger conversation.

That being said, the actual opportunities for moving forward with making a capital contribution, we have a window of time within six months prior to initiating construction to offer our request to make a capital contribution. Since we'll be moving forward with getting approval on Phase One very shortly, that window is quickly approaching for us to make that consideration.

Commissioner Adams - Meghan, great job. I want to thank you and your team. You present very well. Very well thought out. You took your time. You're very patient. You hit all the points and I look forward to you coming back.

This is very exciting. You and your team are working well and I like the approach that you're taking. This is such a great project and everyone involved is going to benefit from this because it's very well thought out. Thank you very much.

B. Informational presentation regarding the Design Controls for the Mission Rock Development Project at Seawall Lot 337 and Pier 48, bounded by China Basin

hannel, Third Street, Mission Rock Street and San Francisco Bay (AB 8719/Lot 002; AB 9900/Lots 048, 048H, & 62)

Phil Williamson, Port Senior Project Manager - I'd like to introduce the project team - Mike Martin, Rebecca Benassini, Joanne Sakai and Grace Park, Adam Van de Water from the Office of Economic and Workforce Development and the Giants team - Fran Weld, Jon Knorpp, Roscoe Mapps, and Kristen Hall.

Since coming before you last fall, Port and City staff have been working with Seawall Lot 337 Associates, also known as the Giants, to develop proposed amendments to the Planning Code that will create a Special Use District for the development of the Mission Rock Mixed-Use Project.

As you may recall from prior presentations, the project includes construction of approximately 1,600 units of new apartments, new rental residential and 1.4 million square feet of new commercial and office space as well as space for small scale manufacturing, retail, neighborhood services, waterfront parks, public infrastructure and the rehabilitation of historic Pier 48.

As part of this effort, the Planning department, Port staff and the Giants have developed the Mission Rock Design Controls incorporating design standards and guidelines which will be subject to Port Commission and Planning Commission approval and which City staff will subsequently utilize to guide the future development of the site.

This afternoon you will be provided an overview of the proposed Design Controls, and in future Port Commission presentations in the coming weeks and months, staff will provide details on other relevant documents including the Sustainability Strategy, the Infrastructure and Utilities design, transportation planning, transaction documents and the overall transaction structure of this Special Use District.

Attached to today's staff report as Appendix A is a summary of these other project components. Full project entitlement will be pursued this fall at the Planning and Port Commissions and at the Board of Supervisors. Fran Weld and Kristen Hall from the Giants will now provide more details about the Design Controls that will guide the look and feel of the Mission Rock neighborhood.

Fran Weld - As you can imagine, our team is delighted to be in this final series of presentations to you where we head down the finish line of this entitlements process. Phil did a terrific job of describing just where we are today.

Before Kristen dives into some of the details of the Design Controls document, I would like to give you a flavor of what this entire suite of documents looks like, and what you can expect to hear from us over the course of your Commission hearings this summer.

We have developed a set of five different design documents and we call these, "the Suite of our Design Controls." Today Kristen will be presenting elements of the first two, the Vision and Design Intent and the Design Controls themselves. These two set the tone of the entire built environment at Mission Rock.

We have in addition to the Design Controls, the Sustainability Strategy, an Infrastructure Plan that looks at everything that's below grade, the sewers, the utilities, the streets themselves, and the Transportation Plan which goes into how people will access and get around Mission Rock. These five documents have been designed in tandem with each other.

What you're hearing about today, Kristen will touch on some elements where the Design Controls talk to the Sustainability, the Infrastructure and the Transportation, but important just to note that you will be hearing those elements on your July 11, 2017 meeting.

Kristen Hall - We've spent a lot of time thinking with you all and thinking with the community about what should happen here. This set of documents is the way that we codify all of those intents and all of the studies and all the conversations that we've been having into making it a real neighborhood and making sure that what ends up getting built here does embody all of those values and the vision that we've all been talking about for nine years now.

You're all familiar with the site just across Mission Creek from the ballpark, right now it's Lot A. A lot of this context has been filled in since then and what we will see is that Mission Rock will be the kind of explanation point on the end of Mission Bay, completing the neighborhood and creating this social hub for the community.

This was born out of this intensely collaborative process, not only with the public but also with all the various constituencies and stakeholders to the City family, including Port staff and the Mayor's Office and City Planning. The vision of the site gets codified in this set of Design Controls which has four major chapters.

The land use which talks about the zoning controls and requirements for specific land uses. The public realm which covers the site systems like the paving and the lighting and the overall look and feel as you move through the site, the parks themselves and then also the streets. The third section is the buildings and that will cover the podiums of the buildings, what we call the base buildings and then the buildings above that, the upper buildings and building form and building design. So kind of the specifics of how those buildings get designed. At the end we have an appendix of the background information.

The land use section builds on the studies that you've seen, looking at various neighborhoods around San Francisco that makes a livable, loveable San Francisco neighborhood. If you look at the five minute walk of any of these main

streets, you'll see a number of housing, a number of jobs in retail, Open Space that comes together to make it this complete neighborhood.

Those studies are what informed our land use decisions about Mission Rock. Those get codified in our land use section where you can see the yellow parcels, or the residential, the brown parcels or the commercial parcels and then the hash brown and yellow are the flex parcels. You can see how those ideas have come to ground in this document around land uses.

The next section, public realm, talks about the overview of those site systems. Then the open spaces and streets themselves, you've seen these renderings of China Basin park as being this wonderful public waterfront destination. These get codified into a series of programmatic approaches and adjacencies.

You'd like the park café to be next to a place where you could sit and enjoy the coffee that you just bought. You'd love to be able to just walk across the path and watch your child play there. Thinking about all the different ways that these different programs want to be located next to each other. Which ones want sun? Which ones can be in shade? How do we think about the entry into the site over Lefty O'Doul bridge?

All of these different thoughts that we've had over the years get of coalesced into a set of design guidance for the park. And thinking about how this affects the experience of moving through the site and the views across the park.

Mission Rock Square at the center of the site is this different kind of urban place which is ringed by retail and has this active environment, like South Park but a little bit bigger and something we don't generally see in the Southern Waterfront area, this intimate urban square. This gets codified into a set of controls, what are the different types of program that need to be in the park? Where will you be sitting in, drinking coffee? Where will you be able to watch a performance? How does circulation happen past and through this particular space?

Thinking about the streets, this is an image of Terry Francois Boulevard which is our working waterfront street. You can see Pier 48 in the background there. This idea about loading docks that would support this maker uses along this working waterfront. The idea that this street feels like a wharfside plaza, not so much like a street but more like a wharf in places like Vancouver and some of these other amazing working waterfront places that we see around the world.

The next section is buildings and this is building on a lot of the studies that we did around the ground floor in particular. We took the same neighborhoods that we looked at what makes a great neighborhood. What makes a great retail street? Some of the ideas around the sizes of stores and the number of entries along a block. How much transparency on a frontage? What's the rhythm of the doorways? What's the real scale of the elements that make this a wonderful place to be? We took all of those and we applied them to a series of controls,

specifically around the ground floor. This isn't something you typically see in Design Controls, this rigorous attention to the design of the ground floor and it's important to reinforce that as an extension of the public realm and the activation of the public realm.

What we see here is a plan which shows different kinds of zones such as the high retail zone. That's where you're going to see the most frequencies of doorways. You're going to see lots of little shops and restaurants and there's required minimum depths for those retail spaces to make sure they function.

All of these different controls are brought into this table which faces the land use, about the different ground floor zones and it shows you how you push and pull these different sliders of doorways and transparency and all of the different elements that we've studied.

The result is that we have this wonderful public realm which is designed in tandem with the street that it faces. The Design Controls do speak to that in this special section that's unlike what you see in other Design Controls where the ground floor and the streets themselves are meant to be designed in tandem, together.

Moving into the buildings, we have our high plan which discusses two different parts of the building, the base building and the upper building. This is what was featured in Proposition D that the voters approved. Talking about the building in these two different parts and thinking about the massing in terms of making sure that we're allowing sun on our parks and ensuring that those controls are in place so that we do get the performance that we hope for sun on Mission Rock Square from 10:00 AM to 4:00 PM on the shortest day of the year.

These controls get codified into a series of tables and different kinds of approaches to the way you should modulate and approach these buildings with architectural variety and interest so that the base building shows a real human scale in combination with this attention to the ground floor and then the upper buildings are articulated as simple elegant forms that rise above the base building.

Fran Weld - Kristen Hall from Perkins+Will has been on this project for several years and has led an incredibly collaborative effort which had a lot of staff engagement, not only from the planning department but particularly from Diane Oshima and the Port's Planning division.

These documents have reflected a lot of collective work and wisdom around it. We designed them to be as user friendly as possible, not just for the architects, but for staff who are going to be reviewing to make sure that the design proposals meet the Design Controls. They've been well thought through. Thanks to the entire team on that.

In terms of our next steps, June 12 was the close of the comment period for the draft EIR. We published it on April 26, 2017 and held the Planning Commission hearing on June 1st.

We are currently reviewing public comments and interagency comments on the EIR. We'll be giving you an update on that schedule later on this summer but we are very close to the end of the EIR process which will allow us to come back in front of you and the Board of Supervisors this fall with full project entitlements..

Corinne Woods, CWAG - To let you know how long I've been working on this project, the project sponsor handed me a copy of the design book with a ribbon around it. We have had so many meetings. We have had so many discussions. We have gone into everything including where the garbage cans are going to be and how people are going to get around them. It has been an extensive and intensive process.

Now that I've got my own copy, I can read it and find out whether they absorbed all the issues that the community has been very engaged for a very long time in this project. We want it to succeed. It's also my next door neighbor, so I definitely want it to succeed. Everything from making sure that they kept the name of China Basin Park to having a water landing at the end of Pier 48.

We're not totally there yet, but we have spent a great deal of time. We definitely want childcare on the project. Some of the Open Space ideas have been designed so that can happen. I'm very grateful for the immense amount of effort that everybody has put into this and I'm looking forward to it.

Commissioner Brandon - Thank you so much for this presentation. You can tell that a lot of thought has gone into this and there is a lot of detail. I am just so excited that this project is moving forward. From what you laid out today, it seems like you have taken into consideration a lot of the community comments and staff comments and so this is just a great start to this wonderful project that I'm looking forward to the next presentation.

Commissioner Woo Ho - We had two great presentations today at least on the two most important projects that are sitting in front of us in terms of development, Pier 70 and Mission Rock. As Commissioner Brandon said, I'm equally impressed with the amount of detail and not only having Corinne validate that your interaction with the community and taking all the community's issues and concerns and details into consideration and also just the thought process.

I am particularly struck also by the fact that you looked at some of the more successful neighborhood streets in San Francisco which had a natural organic development, in terms of Hayes Street, Fillmore, Chestnut etc. that you didn't have any planned development but the just sort of happens and they are great neighborhoods and I think you will enjoy when you go there.

I wanted to make sure how you're handling some of the usual, utility, convenience stores that people need when they live in a neighborhood. The laundry. The bank. The grocery store. And making sure that it is complete in terms of the conveniences. I assume that you are thinking about that and you know where you're going to place those so it's in the right locations.

I'm sure you've had people knocking on your door who'd like to be part of this. I just want to know that the neighborhood's going to function. It's not going to be just beautiful but it will function as people want it to function in their lives.

Fran Weld - Yes, absolutely. That's a really important point because we will have thousands of people living and working here so the functionality of it is first and foremost. It results in these beautiful images and renderings that Kristen and her team provide but it's based in that operations knowledge that we have and the functionality of the streets, of the buildings themselves.

Commissioner Woo Ho - I'm talking about the services that people need to have conveniently. This looks like it should be a walking neighborhood. People want to be able to walk to, even a cobbler, simple as that but very important in your life.

Fran Weld - Yes. A cobbler. A place to get your morning coffee. Dry cleaning. The way that we've looked at the retail is it's really grounded in neighborhood serving retail. We have different types of streets that Kristen laid out. Different widths, different sizes of retail alongside them.

One of the primary things we've learned from Mission Bay is that you need to have smaller sizes of retail if you want to have the neighborhood serving uses to come in. Because these 10,000 square foot spaces in the ground floor of buildings, you can't rent that as a cheese shop. You just need your storefront.

The way we've designed the size limitations, it was really meant to address this component of building a walkable, urban, mixed-use neighborhood. We will have some larger retail along the large waterfront park at China Basin. We've thought about the different elements of retail and where they go and where restaurants are more appropriate than neighborhood serving cobbler, bookstore, cheese shop and that will all be brought into a Retail and Parks and Open Space Master Plan. That will be part of our transaction documents and will actually live on through the process. It's not just going to be in those Design Controls today. It will be each of the vertical buildings will have to meet those goals for each individual site.

Commissioner Woo Ho - You labeled one of the parcels in the park area as active recreation. What are some of the recreational forms that will be actually in that area?

Fran Weld - We're exploring that right now. We think of it as an extension of the Junior Giants field which is currently on the east side of China Basin Park but more and more we're seeing parks have flexibly designed spaces. It could be set up as a Junior Giants field, but you could put a soccer pitch in the outfield for example and that would be programmed by the Parks Maintenance and Management District. It's really about activity and recreation and games in that central area which has a large lawn, Open Space, ability to play sports and games in it.

Commissioner Woo Ho - Is this eventually going to be turned over to Rec and Park to manage or is it going to be managed privately?

Fran Weld - It will be managed privately. That way it will continue to be a Port-owned property and managed by the CFD district. Actually similar to some of what Meghan was going through today with Forest City, the CFD Maintenance and Management District will apply for Mission Rock as well.

Commissioner Woo Ho - Will this be a dog-friendly park including facilities for dogs?

Fran Weld - Certainly and we're practicing at the ballpark on Sunday, we had Dog Days at the Ballpark and everyone came and walked around the warning track. Yes, there will be elements of that designed in. The low water fountains, etc.

Commissioner Woo Ho - In my neighborhood there's a dog run and it's been so popular. It's good because they can actually just run around and you can unleash them. Otherwise the dogs have to be on a leash all the time. I'm not a dog owner myself but I can see the benefit of it.

Commissioner Katz – I'm hoping someday there'd be, "Katz's Dog Park" in town. No surprise. Many years ago, I looked at Warm Water Cove as a place for a dog run but now it's served other and interesting purposes so I'm glad it was used for that.

Thank you very much for the presentation. It's really very exciting to see what's coming up and the thought that's gone into creating a genuine neighborhood. As I was saying earlier, on the other Pier 70 Project, some of the most important things that we as Commissioners are doing over the next several years is figuring out how we enable these new neighborhoods to be done thoughtfully and as an added benefit for the City and County of San Francisco.

Certainly this project is demonstrating that. The design thinking that's gone into it is really exciting to see. I know it's been thought about but we didn't really touch on it -- Sea Level Rise and how that will impact some of the efforts.

In particular as we're looking at the design, I think of the City of Lyons has a really interesting scaled access down to the water. It's on the river, but as it rises and falls, they have different uses at different levels in different times of the year. I know that's not quite what we're facing, but I'm wondering if you could talk about how Sea Level Rise will impact, particularly some of the edges as well as the project itself.

Fran Weld - Sea Level Rise is definitely a consideration here. Currently the site is set at a lower elevation. We're planning on raising the center of the site. The edge condition that you see in this image of Terry Francois, we're designing the buildings to be able to have split floor slabs so that they can be raised and have this loading dock typology along Terry Francois where there are fixed assets, Pier 48 and 50 in place.

On the north side of the project, you'll actually slope up from Mission Creek and we'll have saline tolerant plantings that will allow for some of that flooding to occur and then recede. The entire site will be raised to withstand 66 inches of Sea Level Rise. The highest prediction from the IPCC for the year 2100.

We will be outside of the flooding zone during king tides which are a predictable known quantity that happens 12 times a year today. As I mentioned, we will have some portions of it flood on the north during a king tide plus a storm surge plus 100-year storm. There are some conditions where we know we are going to have some water entering the northern part of the park but it's designed that way and it will be allowed to recede after the flooding goes down.

We are looking at planning all of the physical built infrastructure to withstand the 66 inches of Sea Level Rise. In addition to that, we have some adaptation plans along all of the boundaries for what we know we don't know.

Commissioner Katz - I'll be curious what the saline tolerant plantings are, but that's interesting to hear.

Fran Weld - They're great. It's like marsh grasses and some have beautiful flowers. You can actually see some along Mission Creek today.

Kristen Hall – As the Commissioners are looking at all of these projects that come in about Sea Level Rise, the core challenge is about protection which people think of levees or walls but waterfront planning and Open Spaces are all about access. So how do you kind of traverse protection and access?

What we've tried to do here is use the existing conditions, the future conditions as a way to create an authentic site experience that's different on all the edges that balance this need for protection, but also increasing access. That's one of the features of the park that steps down to the water.

One of the features of the working waterfront street is these loading docks which reinforce the need for the trucks who are loading and unloading, but it also creates an elevated sidewalk condition, using that as a design opportunity to help tread that balance.

Commissioner Katz - Thank you very much for the presentation. I know a lot of thought's gone into it. I'm looking forward to digesting all of the materials we've received, but as I said earlier, this is really a very exciting project and we're looking forward to hearing more as things progress.

Commissioner Adams - Thank you very much. It was very thorough. I'm very impressed. This has been a long road. I know we still have a long way to go, but it's very clear of how this is going to benefit so many people in the community and still feel like it's a Port and I like the housing compact part of it, and then the different shops.

There'll be something there for everybody. I'm really excited as this project moves forward and you've got the community buy-in. For Corinne to get up and say, "Every little thing from the trash cans," I can just see that it's taken tons of hours with the community. Well done. Thank you.

Fran Weld - Thank you. We're leaving you with full sets of the Design Controls for your reading pleasure.

Commissioner Adams - Thank you Fran, very much. I appreciate it. Phil, thank you.

13. NEW BUSINESS

Elaine Forbes - Under New Business, Port staff will come back and report on our efforts. It will likely be the Planning and Environment division will report back on how the Port is advancing the conversation relative to the Paris Accord, etc. and how Port staff is creatively working with our City family to address issues related to climate change. We are also to explore the potential Sister Port relationship with the Port of Haifa. Is there any other new business?

Commissioner Adams - I just want to give a special shout out to SFGovTV for being in the house. Thank you for all your work.

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Katz seconded the motion.

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