

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING SEPTEMBER 26, 2017

1. CALL TO ORDER / ROLL CALL

Port Commission President Willie Adams called the meeting to order at 3:15 p.m. The following Commissioners were present: Willie Adams, Kimberly Brandon, and Doreen Woo Ho. Commissioner Katz arrived at 3:20 p.m.

2. APPROVAL OF MINUTES – September 12, 2017

ACTION: Commissioner Woo Ho moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. The minutes of the September 12, 2017 meeting were adopted.

3. PLEDGE OF ALLEGIANCE

4. ANNOUNCEMENTS – The 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.

5. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Wendy Proctor, Port's ADA Coordinator - I'm going to read a public comment on behalf of the member of the public who cannot read the comment themselves.

“Port Commissioners, on September 6, 2017, the Executive Director, Elaine Forbes erroneously created a memorandum letter to the Port Commission stating the Port's current usage reporting methods are sufficient. This memorandum was written to conceal unethical and insufficient reporting standards which violate codes, regulations, state laws and statutes.

The deceptive memorandum letter breaches the Executive Director's fiduciary duty and oath of office. The Executive Director memorandum seeks to circumvent the State of California prescribed usage reporting form BOE-502-P. Presently the Port only reports rent payments received from license holders, thereby enabling private

third party subtenants on public property to go unreported, thereby not discovered by the assessor.

The Port's current reporting method is the causation of tens of millions of dollars in lost public tax revenue owed to the City and County. The Port's current reporting method is not equitable to the general public and must pay higher taxes due to the Port's willful negligence in adopting state reporting requirements. The Port's duty to report all usages is not limited to licensees or the permit holders. The Port reporting duty includes subtenant occupants, sublicenses, sub-permittee, Special Events and short-term occupants.

The assessor annual letter to the Port specifically requests all usages including short-term occupants. The assessor's Web page, node 1481 clearly describes all occupants as, "any private beneficial usage of public land." Assessor Carmen Chu provides examples of possessory interests include, "all property along the waterfront under the Port of San Francisco jurisdiction, private companies leasing government buildings, food vending machines and ATMs located in the government building, concerts on public land."

Despite these clear examples of possessory interest, the Port does not report any third-party occupants, including Special Event vendors that possess the beneficial use of public land for private profits. AT&T Park and the adjacent parklet called The Yard host many private Special Events including concerts by Beyonce, Lady Gaga, Rolling Stones, Guns N' Roses, AC/DC.

Each Special Event possesses private vendor occupants that are not being reported. Despite Assessor Chu clearly describing all usages on waterfront property under the jurisdiction of the Port, including concerts, the Port willfully neglects to report any third-party benefit usages." Signed Karl Shawn Mooney

6. EXECUTIVE

A. Executive Director's Report

- San Francisco Fleet Week – October 1-10, 2017

The annual Fleet Week will begin on Sunday October 1st, and it ends on October the 10th. Part of Fleet Week is to do full scale exercises to become prepared for an emergency. Government officials of all levels gather in San Francisco to do exercises to be ready for the very likely event of an earthquake or other catastrophe in which we'll need to be responsive. There will be a full-scale earthquake exercise on Thursday, September 28 and we're standing up our Operations Center. We'll be doing Damage Assessment Surveys and working very closely with the Department of Emergency Management.

There are five ships that will be coming to celebrate Fleet Week, the USS Essex, the USS Dewey, the USS Champion, the U.S. Coast Guard Cutter,

and the HMCS Winnipeg from Canada. The Parade of Ships is on Friday, October 6th. It's a beautiful event. I encourage you to go out and see them come in. The air show is on Friday, Saturday and Sunday. The ships depart on October 10th. Like many Port events, this event is free to the public and it's a family-friendly event and we encourage you to get out and enjoy it.

- Bay.Org BaySplash Event – October 7, 2017 at the Eco Center at Heron's Head Park

The Bay.Org BaySplash Event is taking place on October 7, 2017 at the Eco Center at Heron's Head Park. It is a fun and free event. It's a day of science, arts and music and food celebrating the bay. BaySplash will incorporate many wonderful aspects that the Eco Center has to offer while engaging the community in fun, lively education.

Their goal is to encourage the Bayview Hunters Point Community to explore and experience the Eco Center while discovering what it means to live an environmentally-friendly life. I encourage you to check out the BaySplash information and take part in the event.

- October 10, 2017 Port Commission Meeting Cancelled / October 24, 2017 Port Commission Meeting at the Cruise Terminal

The October 10th Port Commission meeting will be cancelled. The next meeting is October 24th at the Cruise Ship Terminal at Pier 27.

- Economic and Cultural Mission to Cork, Ireland and Kiel, Germany

I'm just returning from a Trade and Friendship Mission to Cork, Ireland and Kiel, Germany which took place last week from September 16-24, 2017 which was led by Mayor Lee. I have never had such an experience and it was a very rewarding one.

Sister Cities, the backbone of the Sister City Agreements are volunteers. They're ordinary citizens who are supporting long-term relationships between people. The focus is exchange of ideas and friendship in a range of areas including economic development, science and arts, innovation and others. As Mayor Lee expressed many times in his comment over the last week, especially in this political climate, cities are turning to one another for innovation, inspiration and partnership.

Mayor Lee had a very strong focus on climate change. Many of the German community in Kiel came up to me to express their appreciation for that. They thought it was a brave and important move for Mayor Lee and they were appreciative of having the conversation.

There was lots of talk of innovation and business. We had many participants from artistic and cultural organizations, waterfront development and the City

officials were there to promote the efforts of the volunteers in forging these friendships. Cork, Ireland has been a Sister City since 1984 and a sister Port since 1964 whereas Kiel, Germany became our Sister City on September 22, 2017.

There are 50 plus members of the City Council Chambers in Kiel. They never allow guest speakers but they asked the Mayor to attend and he made a presentation in the Chamber. The bottom picture is Mayor Lee speaking to the Mayor of Kiel, the City Council President and other officials.

In terms of the observations I would have from the trip is that the Sister City opportunity has us focusing much more on our similarities than our divisions. The concern about climate change was very much top of mind, both the communities I spoke to in Ireland and Germany were very concerned about the United States making the decision about the Paris Agreement. They were concerned about what it meant for the United States to turn its back on this issue and were very relieved that cities like San Francisco haven't done so.

Again, an embrace of innovation, young people, small businesses supporting people that innovate. There was a very strong support for economic development especially in Ireland, in Cork where the community has not always had a strong economy and has suffered from much outmigration over the years.

Very strong connection to the harbors. Cork is a port city, and Kiel is called, "The Sailing City." They both claim to have the oldest yacht clubs in the world. I'm not going to ask them which is correct, but the years were close. There again, this renewed awareness of the value of these kinds of exchanges.

We signed an MOU with the English Market and the Ferry Building. Mayor Lee and I represented the Ferry Building in doing so and the City. Cork is working hard to support small entrepreneurs that are makers of food and products that are local. Just like our SFMade and other activities where we support our small businesses that are overwhelmingly women and people of color, Cork is looking to provide a platform for very artistic people to have a strong economic future selling their creations.

The English Market is a very old, beautiful building. The center, top photo is of the Archway, which is somewhat reminiscent of our Ferry Building. They have an old fountain in the middle of the building which is on the right-hand side. They used to wash vegetables, fish and chicken in that fountain until the Public Health Department got a wind of it. Now it's just ornamental.

The other photos are of the various markets in the English Market and it's very similar to our Ferry Building. I put the Women of the South Radicals and Revolutionaries. That is a sign that hangs in the English Market proudly.

I had the opportunity to visit the leadership of both the Cork Port and the Kiel Port. I didn't actually get a photo of the Director and the Chairman of the Cork Port which I regret. Both ports are privately run. They have shareholders and dividends. Some time ago, the governments, first in Kiel and later in Cork, decided to privatize Port activities so they could focus solely on business development. Dr. Claus is on the right-hand side and his lovely wife Nicole is on my left and their dog is with us as well.

In Kiel, they are expanding gangbusters in the cruise ship world. They have a tremendously valuable location being way up north by Copenhagen, Sweden. They are a gateway to so many attractions on the Baltic Sea. They have five cruise terminals and they have grown substantially over the last 10 years. Because their location is so strong, they just continue to grow in this market.

They also import some of the best paper in the world. They have very big ferries that come twice a day going further up north into the Baltic States to transport people and goods and it's a big economic engine for the Port.

Cork is also growing. They have five different locations and they're growing there. Cargo business substantially out in Cobh. They are de-vesting in some property that they have in the historic city core and the city will undergo economic development there.

People enjoy their waterfront. This was very true in both cities I visited. Kiel in particular had what we would call makeshift attractions. A climbing wall for kids, sand, tables that you could move in and out so people could come out and just enjoy the waterfront on the weekend and flex back to a more standard promenade during the weekdays.

The University at Cork, it's not a very good image, but that top right image is actually of a very old map. The University has an art exposition called Deep Maps and it's a look at how the development, the historical context of southwest coast of Ireland, and how the growth of the city at the harbor has influenced the culture. It is just a beautiful exhibit of maps and of people and of art and an explanation of how we, Port Cities, develop over time.

I had a very excellent trip. I made friends as you are to do on a Friendship Mission and I hope those friendships will continue with me and grow over time. I was very honored to be part of these delegations.

Commissioner Brandon - It looks like it was a great trip. Is there any thought about becoming a Sister Port with Kiel?

Elaine Forbes - That's why I was asked to go. We have strong similarities in terms of our cruise business. It would be very interesting to share some of their business acumen with Kiel that they've developed as a private enterprise and some of the decision points they make. I think they could

learn from us in some of the public realm improvements we make and the openness of our public waterfront. We will continue having that conversation with Kiel.

The reason Kiel started as a Sister City, and it's been in the works for two years is the yacht clubs. They started interacting with one another. Supervisor Mark Farrell's mom is from Kiel so there was natural family relationships and that just blossomed. We had members of the yacht club, Mrs. Heeley with us to really be that bridge. There is an opportunity for a Sister Port relationship.

While I'm speaking of it, the Port of Genoa, Italy is very interesting in establishing a Sister Port relationship with us and will talk later when it's on the agenda but very similar Port to ours.

Commissioner Brandon - Is it on this agenda?

Elaine Forbes - When it's on the agenda I'll talk more about it. Just introductory comments.

B. Port Commissioners' Report:

Commissioner Adams - Director Forbes, I think it's really good. You've been our Executive Director just over year. It's good that you took that trip with the Mayor. It's good that the Port is on the world stage and that you're representing the Port and the City of San Francisco and it's important that people throughout the world, no matter where we go, that they know what San Francisco stands for, what our principles are. They talked about climate change.

San Francisco, we're kind of like an enigma. We're a different type of city. I'm glad that you went. I know you were kind of not wanting to go at first, but I think it's good you went and that you got out there with the Mayor and you represent the Port well.

I also wanted to report, I went to the opening about 10 days ago of the new Commonwealth Club on the waterfront. I had the opportunity to speak with Mayor Lee. He spoke at the event. Supervisor Jane Kim spoke regarding Labor. That being the ILWU Hall in 1934 when they had the general strike when the two strikers were killed. Now that the Commonwealth Club is on the San Francisco waterfront, I'm hoping that we can also use that organization because it's been a platform for world and local leaders. People at the Commonwealth Club might be interested in some of our issues when we're talking about Sea Level Rise and other issues that we're facing. I think that's a good platform. I think it's 100 years old. The lady that's leading that club. Dr. Duffy, is really good.

Commissioner Brandon - I did attend the reception for the delegation from Genoa last Friday which was really nice. Put on very nicely by Renee, Amy and

April. They did a great job. I don't see Mike Nerney but maybe Byron wants to come up and just say a little bit about that partnership.

Byron Rhett, Chief Operating Officer - Briefly we are beginning the process that may lead to a Sister Port relationship with the City of Genoa. In kicking that off, the Port Director of the City of Genoa came to visit last week. Renee Dunn, Mike Nerney did a great job of arranging tours along the waterfront for Alberto Cappato and his delegation. Waterside tours and from the Fisherman's Wharf all the way along the waterfront and it ended with a reception at the Ferry Building.

They have an old historic port there, in a lot of ways similar to San Francisco. A lot older than San Francisco, but still we have a lot in common. They have a great interest in science. We took them on tours of the Exploratorium. They have a science museum there in Genoa and they have a big annual science fair that lasts a week and they have a couple hundred thousand people that visit the city.

We think it was a really good start to that dialog between the two cities, and the representative from the Italian Consulate, Lorenzo Ortona, along with Port staff will continue the dialogue.

As Director Forbes indicated, at some point we'd like to bring a presentation to the Commission and give you a lot more information on what some of the possibilities may be for the future.

7. CONSENT

- A. Request authorization to (1) accept and expend \$1,100,000 in Proposition K Sales Tax funds for Downtown Ferry Terminal - South Basin Improvements from the San Francisco County Transportation Authority and (2) enter into a Memorandum of Understanding between the Port of San Francisco and the San Francisco Bay Area Water Emergency Transportation Authority for delivery of the Proposition K-funded portion of Downtown Ferry Terminal - South Basin Improvements. (Resolution No. 17-53)

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 17-53 was adopted.

8. PLANNING & ENVIRONMENT

- A. Request approval for the issuance of Request for Information to determine market demand for fast charging electric vehicle chargers on select sites within Port jurisdiction. (Resolution No. 17-54)

Brad Benson, Director of Special Projects - I'm here to introduce the speaker to this item. Keven Brough has been the Mayor's Senior Fellow to the Port for the past year. He was a member of the Port Seawall Team and the Special Projects

Group. He assisted the Seawall Team doing a value at-risk analysis for the Seawall and setting up a roadmap for the sustainability plan for the Seawall.

He's going to present on the EV charging item before you today. He's been a great member of the Port team for the last year so thank you Keven.

Kevin Brough - I wanted to say thanks first to Director Forbes, and to Brad and to other members of the staff for having me at the Port this year. It was a tremendous honor and a tremendous learning experience. It's a privilege to be here today to talk to the Commission about this proposal. I'm going to be brief in walking through it.

I did want to acknowledge my colleague and another Fellow here in the City, Lars Peters at the Department of Environment who has in many ways been a leader and a catalyst on this effort. He approached the Port with the idea and will remain with the City working to help drive the Electric Vehicle Strategy here, so you will hopefully be hearing from him again.

The goal here is to issue a Request for Information to understand what the market demand might be. We've already heard that there might be some market demand. For the opportunity to put in fast chargers along Port property. When we say fast chargers for electric vehicles, what we are typically talking about is infrastructure that can charge an electric vehicle in under an hour.

There are a lot of reasons to want to do this, many of those environmental reasons. Almost half of current emissions in San Francisco are transportation related. Those are difficult emissions to tackle, very fossil fuel dependent. A significant strategy there is to try and encourage build out of electric vehicles in the city.

The Department of Environment believe that fast charging infrastructure is key to help stoke that market, the build out of electric vehicles. What we're trying to do is provide an opportunity for the city to provide that kind of infrastructure. The challenge is that these kinds of fast chargers require a tremendous amount of power. The locations that we would be looking at will typically require some kind of infrastructure upgrade.

In those locations where we have power already, there are other logistic challenges. What we're hoping to do through this process is to go out to the market, understand what the demand is for the kinds of locations that we can offer, and hear back from providers like Tesla and potentially others around what they would need, what these kinds of deals might look like.

At the conclusion of that process, we would be coming back to the Commission to talk about either direct deals that we might do or a potential RFP if we think that the market demand is complex enough.

In general, looking at this from where we stand today, we think that the cost-benefit analysis weighs heavily in favor of going out with this RFI. In particular, supporting electric vehicle build out supports both City and Port environmental goals. It enhances the position of the Port as a hub of innovation. It will help build out the electrical infrastructure along the Port at no cost to the Port. It will enhance parking lot utilization and will also provide what we suspect are a number of opportunities for the City to showcase itself at next year's Climate Summit that the Governor is going to be holding here.

In terms of risks, we think that they are relatively diminimus and manageable. But there is the potential for some enhanced congestion around some of these parking lots. We have to be careful as we go out to the market to make sure that we don't lock into one particular provider, one particular car technology. There is some potential for counter-party risk, which we can talk about.

Just a couple slides to give you a conceptual view of what the infrastructure is that we're talking about, the size and the volume. This is an overhead shot of what a parking lot and the transformers next to it might look like. This is in some ways more helpful because it gives you a 3D representation. These were provided by one potential customer, interested party, EVgo as one view of how this might look.

The main takeaway here is the electrical infrastructure is significant and big so we have to think about siting and other considerations. The sites that we've looked at for, and we've spend a fair amount of time internally thinking about the opportunities, are five locations at the moment. Although, as part of the RFI, we have asked potential interested parties to suggest other locations that might be of interest.

They are Seawall Lot 314, Pier 27 the Cruise Terminal where there is sufficient power and underutilized parking. Pier 30/32 which as you know well is sought after for lots of potential development possibilities. Pier 54, the parking lot out in front of Pier 54. Pier 70, Building 109 which is currently used as parking and then is designated as parking in the Development Plan.

Piers 27, 54 and 70 potentially have enough power today, wouldn't need significant electrical upgrades. They would need modifications of the existing power situation and potential contractual modifications with respect to Pier 70. Seawall Lot 314 and Pier 30/32 would require significant electrical upgrades.

The plan, assuming that we get approval, would be to issue the RFI as soon as possible with a relatively short open period, roughly three weeks. Through that process, try to understand what the market demand looks like, who the interested parties are, what the sites are that they are particularly interested in, what the build out would require from their perspective. Do outreach to the Community Advisory Groups who are implicated in the various sites. As you've seen, we've chosen sites that range up and down the Port to make this kind of technology available to all the communities that the Port touches.

Staff will come back to you to seek authorization to negotiate directly, depending on what we hear back from the market, or to issue an RFP if we think that is warranted. There's going to be a lot of ongoing and probably complicated at times coordination with the Department of Environment, the Mayor's Office and the SFPUC. That will be an ongoing process over the next several months.

Raza Edine, a local San Francisco resident and I lead Tesla's EV Infrastructure Development for San Francisco. I want to thank the Commission, Kevin Brough, Rich Berman, the rest of the Port Authority team who we've had some discussions with so far and to discuss this opportunity.

We're here today to demonstrate our desire to develop electric vehicle charging infrastructure within San Francisco and specifically with the Port Authority. We support the Governor's and the Mayor's goals in reducing carbon emissions and greening the cars that live and visit San Francisco.

Tesla is in a unique position that as we build the best electric vehicles as well as what has become the world's fastest growing and largest electric vehicle charging infrastructure network. In North America alone, we've opened more than 400 of our supercharger sites and our focus has moved from enabling long distance travel to a more urban model as we've released our newest and latest vehicle, Model 3.

The Bay Area is one of our largest markets, just a close second behind Southern California. We are striving to satisfy our drivers' needs in our city. As you can imagine, the majority of the population live in apartments and multi-unit dwellings and don't have the luxury of their own parking space. As such, these customers are very reliant on public charging. Unfortunately, San Francisco specifically, is not prepared for the volume of cars to be delivered in the next couple years.

We're eager to help solve this challenge and make a compelling case to the Commission to make use of underutilized parking and help reduce the noise and emissions, pollution and build a high profile green amenity for San Francisco residents and its visitors. Our goal is to be a good neighbor and make our city the prototype and model for electric vehicle charging infrastructure for the nation as well as the world.

Additionally, as the Port is focused on preserving its Maritime heritage, we feel that Tesla is a unique position to help in some specific areas. As the Maritime fleet starts to consider moving from diesel to electric, we're well-placed to discuss the electrical infrastructure requirements needed to recharge those fleets of boats.

Additionally, as we look into sustainability, we also manufacture solar and stationary storage battery systems, that can help reduce costs, maintain control and more importantly reliability of the electrical service that you have. Thanks again for your time and your consideration of this project and we're looking forward to working together.

Commissioner Woo Ho – Obviously, I'm very supportive of seeing more of the electric charge stations. It seems like we would want to do more than just request for the demand. I happened to be shopping for my daughter this weekend for a new car. We looked into both the electrical and the gas and what's happening with a number of car manufacturers. Obviously, in addition to Tesla, a lot of cars will be by 2019 be definitely more cars with range of 200 miles. I think this is going to be a trend.

I recently came back from a yachting vacation. Anytime a yacht goes into Port, it immediately shifts to shorepower. Because again, carbon emissions, cheaper, they don't want to run the fuel.

There are some models out there, boats and yachts are not the same, or boats and cars are not the same. But there's already some sort of standard where obviously any boat docks anywhere, they can link up to shorepower. There's got to be some similarities that we should not ignore and we have some experience with that ourselves in the Port.

I would like to hopefully have you take that into consideration because it has to be a standard configuration and as you said, not just for one car manufacturer, but it fits for everybody to be able to plug in very quickly. Because by 2019-20, this is going to be a much bigger trend.

The market demand is going to continue to grow, particularly in an environmental conscious city like San Francisco and its citizens. However, as you mentioned, this is going to be a fast charging station. I'm wondering how it operates in the sense that if the car can be charged in an hour, two hours? You need to think through it operationally. Is somebody going to manage to move that car out so another car can be moved in? Otherwise it's going to sit there for eight hours while the person is at work. There are a lot of operational considerations.

Lastly, I guess this is the economic model, because right now there is a lot of free power available for cars. Certainly it is not the case for boats. Boats have to pay when they're docked. It's a considerable expense. I'm wondering when you can take into consideration that it can't be all just a freebie for everybody. It won't work. Obviously there has to be some economic model.

While it's not part of this request, we should be requesting as we go around asking for demand, how do people see this being implemented and operationalized? Not settling on a model, but perhaps getting the input of how these operators who will be giving you the demand estimate how the economic model would work. Because if we would expect 20-30% of the cars in the city be electric, we can't just all go off the free power. It just wouldn't work.

Obviously somebody has to pay. There's no free lunch forever. Those are some considerations that need to go into this. This is certainly a great start, but I would

expand what you go out to ask for in reaction a little bit more than just, "What is the demand?"

Kevin Brough - Thank you Commissioner. First of all, the goal is to create a pilot program so that we can build and learn. The second thing is, in the RFI -- I was being relatively succinct in describing how we've structured it -- we actually list out a whole set of questions that we have. Including suggestions around business models, suggestions around additional applications of the use of the power.

Third, we do think that electrification of the Port as a general proposition is going to be an important element of an overall Sustainability Plan, including providing power for other applications beyond passenger vehicles, including Maritime applications. If we are successful in starting to build out this kind of infrastructure, then we can look at those additional applications. There are already discussions between the Port and tenants about those types electrified services that you're describing.

Commissioner Katz - Full disclosure, prior to coming to the Port, I was working with an electric vehicle fast-charging company that got acquired. I don't represent them anymore but it's been a passion and interest of mine so I'm excited to see this here.

Some of my questions were answered, or at least raised by Commissioner Woo Ho. If we give up a certain number of parking spaces, never mind the economics of payment or not for the power, do we still get the revenue on those parking spaces? So they would pay to park, not necessarily pay us for the power. Is that how that might work?

Kevin Brough - I think the particular revenue model for the Port is still something that we're talking about, but certainly the goal would be not to lose money on these spaces. It would be to get incremental revenue from them.

Commissioner Katz - I know as you pointed out in the RFI, it is requesting some of the information. One concern I have might be if we do a RFI, or if an entity does a significant expenditure on the infrastructure and the use changes or we do something different with that site, how portable might that be, so that it could be moved to another location, not just have to be dismantled but see if there's ways of structuring it so we could find alternative locations.

Kevin Brough - That's a good question, and we've had some conversations with some of the companies around the portability of their equipment. You can imagine that their position is they'd like a really long-term lease to build and stay. That is something that would have to be worked out as part of the negotiation. But it's our belief that we can structure these deals to satisfy everyone's needs, including the Port's needs to be able to move the locations around if required.

Commissioner Katz - For all of these, is it a certainty that they can't connect to the grid? That there's not sufficient power with the grid connectivity that's available?

Kevin Brough - For Piers 30/32 and Seawall Lot 314, our electrical engineers are telling us that there's insufficient power there. For the other three locations, there is sufficient power. But there are some additional logistics challenges there.

Commissioner Katz – On the lower level solar chargers, we did approve that a while back along the Port. Have we got any feedback on the use of those? The popularity? The success?

Kevin Brough - I don't know have any information on that but maybe Rich Berman does.

Rich Berman with Planning and Environment - We did report back and we were finding that we had good use. You may remember, there was a little bit of irony because the item had been damaged and we were waiting for parts to be repaired but it was definitely showing regular use. There was good turnover and it was a positive sign.

With this item, we're trying to collect the information. All the questions that you're asking are ones that we've asked ourselves, but we don't have the answers. They have some indication what they might be, but it is trying to solicit this information.

Commissioner Katz – How many different standards are out there? Is there any movement towards a consensus?

Kevin Brough - There are approximately three standards. I don't know the answer to where the market is going with respect to those three standards but a part of this proposal as we've thought internally, we need to make sure that we are being non-denominational with respect to any standard.

Commissioner Woo Ho - Agnostic.

Commissioner Katz - Agnostic.

Kevin Brough - Agnostic would be another word.

Commissioner Katz - In terms of looking at some locations, not just for regular customers, but has any thought been put into some of our other locations that might be available for fleet charging? There may be other locations that are already in use for that but if we can do fast-charging for fleets, that's actually a significant impact that we'd be able to have.

Kevin Brough - We had talked about the Piers 30/32 location potentially being useful for that. What we're hoping to find through this build and learn process is

where we can build, what other additional applications we can bring online. I think going in with two or three locations now will yield so much additional insight for the Port and the City that we'll be having a completely different type of conversation in a year than we're having right now, a much richer one.

Commissioner Katz - As we contemplate putting out the RFI, we might want to see if there's any other departments that would weigh in if there were some sort of fleet option that could work with us or that would indicate a different kind of utilization.

Kevin Brough - We had an internal discussion about making this a multi-application RFI, looking at commercial trucking and potentially looking at electric boats, ferries. The approach now is simple, learn as we can but what you identified should absolutely be on the radar.

Commissioner Katz - I'm very excited by it so thank you for bringing it to us.

Commissioner Brandon - Thank you for the report. This is a great opportunity. I think most of my questions have been answered and I'm happy to see. When I first read it, and I saw that we had specific sites that we were looking at, I was wondering since it's an RFI, why we couldn't allow respondents to tell us what they think? I'm glad that other sites can be incorporated into this. Maritime has come up a lot, so I was wondering why we haven't looked at some in the Piers 80-96 area for a charging station.

Kevin Brough - Again, that could be a potential location. As we went out with this, people responded and said, "We want to talk about that location." I'm sure the Port would be open to that discussion.

As we brainstormed internally and as we did some early testing out there, these were the locations that were most appealing to the passenger vehicle focused companies. They are typically looking for places where there are lots of amenities, coffee shops, places where can people spend the hour while their car is charging. They've been identifying places closer to downtown San Francisco typically.

Again, I think what will be interesting to see as we go out with this RFI is who else is out there? What other kinds of use cases they're imagining? What they see as the development opportunities and those locations could very well come up as possibilities.

Commissioner Brandon - Are we only looking at passenger vehicles? We're not looking at fleets or trucks?

Kevin Brough - We are. The Port has a broad vision around the potential here. With this RFI, we're trying to be relatively narrow and tailored so we can create a manageable program and that allows us to get rolling relatively quickly and start the learning process relatively quickly. We know for certain that there is demand

for passenger vehicle charging and technology that exists out there. Some of these other applications that we're talking about are slightly further afield.

Commissioner Adams - First of all, thank you. This is a good start for a pilot program. I was going to tell Commissioner Woo Ho, you're talked about shorepower. We have it at the Cruise Terminal at Pier 27. This is a start.

I also wanted to thank Raza from Tesla because it's good that Tesla's on board. Clearly, his boss is one of my favorites, Elon Musk. He's one of the boldest visionaries out there and very fearless. I clearly support this and I look forward to you coming back. I appreciate Commissioner Katz asking about the fleet, but this is a good start as we slowly build upon this. I know we're building on the right direction. With Governor Brown having a summit here next year in San Francisco, this will be up and running.

Commissioner Woo Ho - It sounds to me what you're describing is someone would be temporarily just parking for an hour or two to charge their car and not using it as a facility to park their car for the day while they're at work, which there are some garages right now where you park your car and it's there for eight hours and you're charging at the same time. So the model that you're envisioning is more of a short-term window.

Kevin Brough - That's right.

Commissioner Woo Ho - Okay. Otherwise I was imagining people leaving their car, and some valet moves the cars around so that more cars can be charged during the day, or some other model. I just wanted to be sure.

I just have a slight difference with Commissioner Katz. She's worried about the parking revenue. I'm worried about not charging for power. We need to figure that out because if you have hundreds and thousands of cars, all using power, somebody's got to pay for it.

Whether it's even solar power, alternative power or off the grid, but somehow there's a cost to it. That has to be factored in in terms of how are we going to pay for the initial investment? Hopefully we'll figure that out even if it's an operator, they have to figure out how they're going to get a return on their investment.

Kevin Brough - On that point, it's useful to know that many of those discussions will take place between PUC, PG&E and the providers. The power providers, as you might imagine are quite excited about this opportunity because this is an opportunity for them to sell electrons. That will be a discussion that primarily happens there with the Port acting as kind of a quarterback, making sure that conversation goes in the right direction.

Commissioner Woo Ho - It'll be fun if you're sitting at a coffee shop and then the Smart app alerts you that your car now is fully charged and it's ready to be picked up.

Kevin Brough - Many of these providers have that kind of technology and their business models are centered around trying to motivate people to move along once their car is charged. That's part of the thinking.

Commissioner Katz - I didn't say that I didn't want to figure out how we were charging for the power. I just want to make sure the Port wasn't going to lose revenue on the parking but I thought it went without saying that we would look into the other aspect.

I want to thank you as a Fellow to the Port. I'm not sure how much longer you'll be with us, but we really appreciate having the fellows that are here. It's really invaluable for all of us to have the dynamism, the expertise and the help that our fellows bring to the different departments. Thank you for working with us.

Kevin Brough -It's been a real privilege.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 17-54 was adopted.

9. REAL ESTATE & DEVELOPMENT

A. Request authorization to issue a Request for Proposals (RFP) for a Restaurant Opportunity at Pier 40, located near South Beach Harbor on The Embarcadero. (Resolution No. 17-42)

Elsa Lamb, Property Manager for the Port of San Francisco – I'm here to request authorization to issue a Request for Proposal (RFP) for a restaurant opportunity at Pier 40.

I made an informational presentation to you in May of this year and at that time, I provided a general overview of our proposal. Today I'd like to provide specific details and information and elaborate on our vision for the restaurant opportunity at that location.

The restaurant is situated adjacent to South Beach Harbor on the Embarcadero and is less than a mile away from AT&T Park which is located to the south. The ballpark alone attracts over 3.9 million visitors to the park, and many of which arrive by foot or public transit so they would then pass the restaurant on the way to the ballpark. The restaurant is also located approximately one mile away from the Ferry Building, which also attracts millions of visitors every year.

The restaurant's corner location on the Embarcadero makes it an ideal location for a casual, affordable, family-friendly dining experience, accessible to many

nearby residences, businesses, tourists, visitors to the area. Today the restaurant is operated by the Solis Family under the name of SB40 Café. The restaurant has served the community over the past 15 years at this location.

The Solis Family has voluntarily elected to close the restaurant at the end of October 2017. The restaurant is approximately 1,630 square feet of indoor dining area and an occupancy load of 58. It also has approximately 500 square feet of outdoor, non-exclusive dining area with an occupancy load of 33. Both areas capture the view of the waterfront and the Bay.

We would like to see a full-service restaurant open at least six days a week serving at minimum lunch and dinner. However, we do see a great opportunity to also serve breakfast because of the many day games that are held at AT&T Park. There are many Special Events, races, walks, along the Embarcadero and many parks and Open Spaces in the area such as Brannan Street Wharf and Rincon Park.

We are offering a 10-year term lease with the potential to extend. The rent will be the greater of base rent or percentage of gross revenues. The minimum base rent we are requiring is \$3.50 a square foot. The minimum percentage gross revenue rate is 7%. The proposer may offer a base rent or percentage rent in excess of the minimum required.

The capital investment should be at least minimum amount to cover the cost of putting in building upgrades, bringing the restaurant to ADA upgrades codes, updating the kitchen and restrooms, and then also cover regulatory and building permits.

We are looking for a restaurant operator that has documented experience operating a successful full-service restaurant for a minimum of five years, full time during the last seven years.

The Port intends to establish an Advisory Panel to review and recommend a restaurant operator based on the information on the RFP. The following criteria and point system totaling 100 points are identified for proposal evaluation.

We have Proposed Concept which is 20 points, which is we want to know what the overall vision of the proposer is. How does it intend to market the restaurant and maximize sales and revenues? We want to see an Operation Plan which would include hours of operation, the menu, the pricing, staffing and their source of products and services.

Design Intent and Capital Investment, 20 points. We'd like to see renderings of the restaurant. The floor plan, the signage, and what the capital investment being proposed.

Experience and Financial Strength. We want to see documented experience running a full-service restaurant. Annual gross revenues for the last three years of operation. Verifiable source of funds for the initial capital investment.

Proposed Rent and Business Plan, 25 points. It should include proposed base rent, proposed percentage rent, five-year financial pro forma with projected sales, revenue to the Port, expenses and net income, cash flow generated by business operation. We want to see a sound plan.

Local Business Participation, 15 points. The RFP will strongly encourage partnerships with the Local Business Enterprises and to elaborate more on the local-owned business enterprise roles, responsibilities and the Port's outreach thus far.

Bob Davis - In order to ensure that we have maximum local participation, we started our outreach program for this over a year ago with all of our opportunities. At the African American Business Summit, we held a summit in the spring where we had over 250 people. I visited 50 different sites, restaurants, and events in and around the city. We've shown the site to over 20 people including restaurateurs from Chicago, Los Angeles, architects and engineers.

We've met with the African American and all of the different minority architectural groups to say that this opportunity includes the needs for architects, contractors that work on restaurants, workers. We've talked to Local 2. We've worked with Gwyn Borden from the San Francisco Restaurant Association. We are also holding another summit on October 12, 2017 for the two opportunities that we have which will be the restaurant at Pier 40 which you're looking at today and 33 Butterfly which you approved about a month ago.

We feel that we will have a strong participation both locally. We've reached out to people who have had businesses in San Francisco but have moved, businesses in Oakland like Pican, they're all going to be here. They're all participating. Whether they actually bid on this event or other items that are in the pipeline, there is an awareness within the communities that the Port does have opportunities, that local businesses are encouraged. We're working with La Cocina, Mission Economic Development, African American Historical Society, and the African American Chamber.

We think that we'll have a very good response across the board and we'll continue our outreach.

Elsa Lamb - As Bob mentioned, we are going to kick off with a site visit on October 12, 2017 with a community outreach and then that's where we will release both RFPs for both restaurant opportunities, and then also have an Open House so that everybody can have site visits to both restaurants. We also intend to have a second Open House that's the same month, in October.

The proposal submittal deadline would be November of 2017. Evaluations and interview by the Advisory Panel would take place somewhere between December 2017 and January 2018. Since we're entering the holiday months during that time, we were going to try our best to meet this aggressive schedule. Ultimately what we want to do is make sure that we pick the most qualified respondents.

The Advisory Panel will select the top three ranked proposers and require they make an informational presentation to the Port Commission on one of the February 2018 Port Commission meetings. We will then request approval to negotiate a lease with the successful respondent. In March we hope to have the lease come back to the Port Commission to request approval to negotiate the lease. In March and April, we'd like to present the lease for approval and then present it to the Board of Supervisors for approval after.

Corinne Woods - I'm a neighbor at Pier 40. I think, there's a typo in terms of the outreach section of this. It kind of looks like it was a cut and paste from Butterfly. It should be the District 6 Board of Supervisors Office, not Districts 3. Because Pier 40 is in District 6.

Commissioner Brandon - I was going to ask about that. Thank you, Corinne.

Corinne Woods - I also hope that given the fact that Carmen's has been there so long, that you're opening this up to the Filipino community. I don't know if anybody from the Filipino community would be interested, but when Carmen's was on the Fourth Street Bridge, it was very popular with the Filipino community and I hope they have the opportunity to participate.

The only other thing I want to talk about is the public restroom. If you look at your schematic of the restaurant, the restrooms are actually outside and around back on the pier and they've always been open to the public as long as the restaurant was open. We'd like to keep it that way.

Commissioner Brandon - Thank you so much for this report. Corinne, I did have a check by that District 3, wondering why that was on the list. I also wanted to know the Board of Supervisors Neighborhood Outreach Advertising Newspapers. Who are they?

Bob Davis - We have some standard newspapers, like Sun Reporter. There is a whole list that Renee has of newspapers that we utilize. We've also utilized the Restaurant Association's mailing list. They had two mailers that went out the fifth and the 18th. So it's a combination of newspapers as well as mailing lists. For instance, Shelly Tatum has a 250,000 person Web site. We used Shelly and met with him today.

We think that our outreach both via print and my personal contacts including going to Pistahan. We have reached out to the Filipino community extensively and there are some people from the community that we expect to bid.

Commissioner Brandon - I know last time we discussed a restaurant proposal, there were a lot of questions and a lot of discussion on the selection process and what we actually do. I know at that time we asked, for this type of RFP, do we have to use an Advisory Panel? Do we have to use an Advisory Panel?

Elsa Lamb - An Advisory Panel, another word for that, it would be an Evaluation Panel. We do need a panel to actually review the proposals that come in.

Elaine Forbes - From a code perspective, the Administrative Code has two chapters that relate to solicitation of professional services and construction contracts which require an Evaluation Panel. For a lease, we use an Evaluation Panel because we consider that best practice. We use an Evaluation Panel to mirror what the code requires in solicitations of construction and professional service contracts.

The reason we do it is because we're looking for independent expertise to evaluate, and community-based folks to evaluate proposals and give us their professional judgment. That allows us to step back and let the restaurant bidders compete in a fair and level playing field. That's why we recommend panels generally speaking, but is not required by code.

Commissioner Brandon - Not knowing how many people are going to respond to this, but I personally would like to see who responds. I would personally like to see how we go about the selection process within the responses. I'm not quite sure if it's going to be two responses or six responses. But I know that we have a very capable staff and consultants that can provide a panel, but that the Commission can see all respondents and go through the process.

Elaine Forbes - One idea we've had and we've practiced in the past for development projects and for the Cruise Ship Terminal solicitation is that we empanel a group of professionals that have various skill sets. Then we bring those proposals, the top scores, or all of them, to the Port Commission so you can see an informational presentation. You and the public have the opportunity to see, but the panel spends nearly a day going over the proposals.

Commissioner Brandon - I like that on development projects because I know those are huge projects. This is a small restaurant and I'm not quite sure it's going to take that much.

Elaine Forbes - I think it depends on the number of respondents.

Commissioner Brandon - That is true. However we do it, I would like for us to be able to see all of the respondents, not just the top three and be able to have some say in who we think should be the top three. However we can achieve that, I'm open.

Elaine Forbes - Okay.

Commissioner Katz - I have a couple questions. First, do we have any sense of what we're looking, or what the potential tenant is looking at in terms of capital investment in the space? What kind of condition is it in? Are there any significant infrastructure improvements that they're going to have to make? Or are we leaving that up to the respondents?

Elsa Lamb – One of the first things that comes to mind is the public restroom that Corinne brought up earlier today. That will require improvements. It needs update. The exhaust fan needs to be upgraded. There are a lot of tenant improvements or capital investments that we would expect the respondent to make to the bathroom.

The kitchen needs updating also. Maybe even the set-up, the way it is today you've got the bar that sits sort of in the middle in the restaurant. So they may even want to relocate the bar and the kitchen the way it is.

It's not the best use of space in the way things are set up right now. There could be a lot of potential for capital investment in that restaurant even though it's only 1,600 square feet.

Commissioner Katz - And then from an infrastructure standpoint

Elsa Lamb - The infrastructure for the most part is good. It would be more focused on the interior of the restaurant.

Commissioner Katz - There's been a little bit of a trend with some restaurants these days where a restaurant might have dinner service but let a smaller or another entity use that space for lunch service or vice versa. Would that be something that could be contemplated or even suggested so it might allow a smaller restaurant to get a handle on, and opening up some business.

Elsa Lamb - I don't know if we have anything of that nature at the Port at this time. It's worth discussing with our staff to see if it's an opportunity.

Commissioner Katz - That's what I'm thinking. What I'm getting at is we've tried to figure out ways to allow some local businesses to get the opportunity to be on Port property which is generally considered desirable, but it's often cost-prohibitive for some of the smaller restaurants. Maybe not necessarily having it as a requirement, but perhaps creating an opportunity or suggestion to some of the responders that they might submit that or contemplate something along those lines.

Bob Davis - We have reached out and we have had extensive talks with La Cocina which has a similar kind of a thing. Staff would have to get together to talk about the concept of pop-ups and how it would be managed and we haven't done that yet. I certainly hear what they're saying.

Commissioner Katz - Or even if we suggest that the lessors not be discouraged from including some opportunity for pop-ups, something like that.

Bob Davis - Certainly, it could be something we would consider.

Commissioner Katz - My next question was in terms of advertising. I know we've done outreach to a lot of the community newspapers. Is there a significant online component for that or is there any online advertising that we should also be including? Because so many people are no longer going to print.

Bob Davis - We're using mailing lists like Shelly Tatum's mailing list. Different associations like the Restaurant Association has been quite helpful in that they have a very extensive mailing list. All of the consultants, Amy Lee, Veronica Sanchez, they've all been working with us as well in their outreach. That's why we've been able to reach out to Oakland and some of the other places where we have entrepreneurs that have left the city that would like to come back. We are trying to expand our horizons in how we think about advertising and outreach.

Commissioner Woo Ho - It sounds like we have a done a tremendous amount of outreach which is great and I appreciate that. Would you characterize at this point that you already know you have a certain number of hot leads that will be bidding, not that you'd know until obviously the RFP is out there? What is your intuitive sense?

Bob Davis - For Butterfly which is 5,000 square feet, we'll have a smaller pool of bidders. It's a large space. For Carmen's, which is 1,600 square feet, the visibility is quite different. I think we'll get a larger turnout. I'm hoping for four or five. Any of these undertakings requires capital. If you look at a small place like Queen's, \$700,000. We want restaurateurs that are local but that have experience and have capital. The guys from Chicago are working with local people. There are some large restaurateurs that are looking. I would say that the pool would be four or five max.

Commissioner Woo Ho - Because it sounds like we're putting the tenant improvements on their side of the ledger, what's the range that we think are for both the aesthetic as well as functional improvements? We must have some sort of estimate of what we think that range is.

Elsa Lamb - We didn't quite ask for an estimate as far as dollars because every proposal comes in differently. We expect that some may actually even gut out the entire space and start fresh with a new layout. Or some may just invest the money in putting into the capital improvements for the restroom, the kitchen and area. It's really hard to gauge. It could vary. It would be a very long range.

Commissioner Woo Ho - We don't have any idea is what you're really telling me. If I were to look at this, to flip it the other way, and outside in, and let me ask you, \$3.50 a square foot. How does that compare to any other downtown restaurant rent at the moment?

Elsa Lamb - \$3.50 a square foot is the minimum that we're requiring.

Commissioner Woo Ho - I understand that. How is that relative to the market?

Elsa Lamb - We looked at our other tenants in the area to get a feel of what the range is.

Commissioner Woo Ho - For instance, is Coqueta paying something like that?

Elsa Lamb - We stayed closer to the Central and Southern Waterfront area. We looked at places like Red Java's House, HiDive, and the Rincon Park restaurants which are a little more higher scale.

Commissioner Woo Ho - What I'm trying to get at is indirectly, we are very interested in encouraging Local Business Enterprise. On the other side, we have a rent that we wish to achieve because that's the economics of what the Port needs. There's only 58 covers, maybe another 30 some covers depending upon the turnover. If you just go through the restaurant math, at some point you've got to understand whether this can be a very casual dining place, or it has to be a little bit more upscale because they have to have more price per cover. It's just the economics of a restaurant.

We should understand how the economics can work because they have to have so much per cover, per day, in order to cover all of their expenses given in San Francisco the labor cost in restaurants is much higher, and the health tax and everything else that adds up that the employers are expected. I'm saying that we should also understand what the economics are so we could be aspiring to get Local Business Enterprise, but they may not be able to achieve what they need to achieve in terms of be able to stay afloat. We want them to stay afloat. We should just be modeling in our own minds where that comes out. It has to be a good balance for everybody.

Bob Davis - Certainly we think that we understand the business of the Port. As we've shown the properties, we're talking about different uses. Even for the upscale restaurants casual dining is becoming more appealing. And have two or three different service times so that you're moving employees around and you're not hiring everybody at once. We think that that concept is going to be more to the liking of the bidders than a more formal restaurant.

Commissioner Woo Ho - I agree with that. It's just a question of there's only so much capacity that can throughput with a certain number of covers and how often the tables turn, etc. That has to sort of translate and then you figure out what's the average ticket per cover? If you get one and a half turns, or whatever it is that you assume, then you can figure out whether they're going to be able to sustain themselves in the long run.

Commissioner Adams - Director Forbes, did you have a comment?

Elaine Forbes - I'd like to clarify Vice President Brandon's comments and make sure that I understand it. Last time, when we had the informational item, the Port Commission expressed an interest to see the bidders. As a result, we have a process where we have a panel, but the top three bidders come back to the Port Commission and make a presentation.

I want to understand what you're proposing here. As it's written here, the submittals are reviewed and evaluated by an Advisory Panel who is advisory to you. You always make the selection. They don't make the selection, you make the selection. They consist of five individuals with expertise in Real Estate, Retail Leasing, Restaurant Operations and related industries and they make an evaluation based on the scoring criteria here.

They have an oral interview with the top three. I think we would need to modify with all, or some number that makes it reasonable so we can get people to serve on this panel. And then they all come back to you. Right now, in the resolution it says, invite selected respondents in the last resolve clause.

If I understand it correctly, you want to see all the respondents. I would suggest that just in case we get a lot of respondents, we limit it to five, because five I think is a reasonable number for your Advisory Panel to review and five will be a reasonable number for you to see along with the public.

Commissioner Brandon - Doesn't the Advisory Panel have to review them all?

Elaine Forbes - They have to review them all but they would interview a top number. As it's written here, it's the top three. I would suggest we move that to the top five or some number you are comfortable with and I feel I can get an Advisory Panel to serve with that number of oral interviews just in case the outreach creates just a very large number of respondents. All of those who advance to the oral interview process would be brought for you to see and review.

Commissioner Woo Ho - We are talking about less than 2,000 square feet, so I think we're overkill. The Advisory Panel should look at five and pick the top three, and then we can have three come to the Commission. Relative to the 2 million square feet that we have to manage, let's not overkill trying to micromanage where we are on this.

Commissioner Brandon - But I would like to...

Elaine Forbes - See them all. That's what I was responding to, Commissioner Brandon.

Commissioner Brandon - It's not necessarily that they have to do a presentation before the Commission, but I would like the Commission to be able to see all that responded. Even if the Advisory Panel interviews three or five or 10 or

however many, I would still like to see the process that they went through to get there.

Elaine Forbes - So you would like staff to explain their process?

Commissioner Brandon - That's fine.

Elaine Forbes - To unpack it. I think that it's up to you Commissioners, obviously if it's three or five. Right now it's written as three. As it's written, the top respondents that the Advisory Panel is selecting will come before you and make an oral presentation. The big question is, "Three or five?" I now understand the process as outlined, but I need to know if it's three or five.

Commissioner Brandon - They can interview five and bring the three.

Commissioner Woo Ho - I think what Commissioner Brandon was saying, if I understand, is that if you included in the staff report the information on all five, at least the Commission has transparency and awareness of who they were, but perhaps the presentations could be a little bit more efficient and to the top three. Unless we say, based on the material we saw, there was somebody we thought maybe you should bring to the Commission. If we could do it on that basis, then we're not subjected to two hours on one presentation on this item.

Elaine Forbes - That makes good sense. I would recommend we amend the Resolution, the second sentence in the last resolve clause to, instead of invite, actually, "invite selected" is fine or we could say, "Invite three."

Commissioner Adams - Three.

Elaine Forbes - Invite up to three.

Commissioner Adams - All right colleagues. Hopefully we're on the same page. We've got agreement there.

Elaine Forbes - We are going to empanel an Advisory Panel who is advisory to the Commission in its decision-making. They will consist of up to five individuals with experience in Real Estate, Retail Leasing, Restaurant Operations and related industries. They will review and evaluate the respondents' written proposals. They will interview the top five and they will send to you the top three for presentations at the Port Commission.

Along with the staff report, we will outline all who responded and the process in which the Evaluation Panel came to five and came to three so you have full transparency in their process.

Commissioner Adams – Elsa and Bob, good job. Elsa, you've been up in front of us a couple times now. You seem to be feeling more comfortable. Public speaking's a very horrifying thing to do. Great job.

ACTION: Commissioner Katz moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 17-42 was adopted.

- B. Request (1) adoption of environmental findings, including a mitigation monitoring and reporting program and a statement of overriding considerations, pursuant to the California Environmental Quality Act; and (2) approval of a Disposition and Development Agreement (“DDA”) with FC Pier 70, LLC (the “Developer”), and the attached forms of Master Lease, Vertical Disposition and Development Agreement, and Parcel Lease, for development of 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. (Resolution No. 17-43)

Request approval of a Compromise Title Settlement and Land Exchange Agreement for Pier 70 with the California State Lands Commission. (Resolution No. 17-44)

Request (1) consent to zoning amendments to establish the Pier 70 Special Use District over the 28-Acre Site, the “20th & Illinois Street Parcel” (Assessor’s Block 4110/Lot 001), and land owned by Pacific Gas and Electric Company known as the Hoedown Yard (Assessor’s Blocks 4120/Lot 002 and 4711/Lot 008A) and related amendments to the City’s General Plan and (2) approval of the Pier 70 Design for Development. (Resolution No. 17-45)

Request approval of amendments to the Waterfront Land Use Plan and its Design and Access Element. (Resolution No. 17-46)

Request consent to a Development Agreement between the City and County of San Francisco (“City”) and FC Pier 70, LLC, for the 28-Acre Site. (Resolution No. 17-47)

Request approval of a Memorandum of Understanding between the Port and the City regarding Interagency Cooperation. (Resolution No. 17-48)

Request recommendation to the Board of Supervisors to establish, authorize the issuance of bonds, and otherwise implement (1) Sub-Project Area G-2 (Pier 70 - 28-Acre Site), Sub-Project Area G-3 (Pier 70 - 28-Acre Site) and Sub-Project Area G-4 (Pier 70 - 28-Acre) within Project Area G (Pier 70) of the City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); and (2) an Infrastructure and Revitalization Financing District to finance the construction of Affordable Housing in the Pier 70 Special Use District. (Resolution No. 17-49)

Request (1) approval of a Memorandum of Understanding between the Port and the City’s Controller, Treasurer and Tax Collector, and Assessor-Recorder to implement the Financing Plan in the DDA; (2) recommendation to the Board of Supervisors to appoint the Port Commission as the agent of the Infrastructure

Financing District, the Infrastructure and Revitalization Financing District and one or more Special Tax Districts; and (3) approval of and recommendation to the Board of Supervisors to approve a Form of Special Fund Administration Agreement between the Port, IFD, IRFD, Special Tax Districts, and a corporate trustee. (Resolution No. 17-50)

Request recommendation to the Board of Supervisors to approve proposed amendments to the Special Tax Financing Law, Article X of Chapter 43 of the San Francisco Administrative Code. (Resolution No. 17-51)

Request approval of the terms of the Port's sale of Parcel K North (a portion of Assessor's Block 4110/Lot 001) and a form of Vertical Disposition and Development Agreement. (Resolution No. 17-52)

Brad Benson, Director of Special Projects – I'm here on behalf of the Port's Pier 70 Team. We're very happy to be here today. It's been a long road getting here. I'm just going to introduce a few people who are here in the audience and then invite Jack Sylvan who is the Vice President of Development for Forest City up to do the first part of the presentation.

First I'd like to introduce the Pier 70 Team led by Kevin Ratner who is the President of Forest City West. Thank you so much for being here. We have Director Romulus Asenloo from the Contract Monitoring Division, who has negotiated the LBE provisions of the agreement. Sarah Dennis Phillips representing the Office of Economic and Workforce Development and your Port staff team.

Jack Sylvan - Wow, it's actually happening. On behalf of Forest City, we're really excited to be at this point that is in some ways the end of one part of the process and hopefully the beginning of an even more exciting part of the process. This is the culmination of an unprecedented outreach and planning process and we've talked to you about that along the way. Getting to this point has been now 10 years in the making from when the Port started the Pier 70 planning process in 2007 to selection of Forest City through a competitive process in 2011 to where we are today.

Along the way we've done everything we possibly could think of to try and get folks to engage in the planning process, whether that's the neighborhood stakeholders, community groups, and other interested citizens. This has included with the partnership of the Port, activating the site through large and small community events, which for the first time in decades opened Pier 70 to the public.

You'll recall that in 2014, we took the project to the voters of San Francisco. Seventy-three percent of voters voted to support a project with robust public benefits which you see outlined here. The 30% affordable units, nine acres of new waterfront parks and a mixed-use project with the development program between, on the 28 acres, 1,000 to 2,000 housing units, a million to 2 million

square feet of office. That allowed a height limit increase from 40 to 90 feet which will take effect when the plans are approved, and more than 150,000 San Franciscans voted and indicated that they really wanted to see this happen at Pier 70.

With a great team that includes a really engaged neighborhood, committed City and Port staff which include the folks that Brad pointed out, and a fantastic design team, we believe that we put in place a foundation to create the great future place that Pier 70 deserves to be once again.

This exercise originated from what we often refer to as the DNA of the site, which is a place that's rich in history and industrial character. It's infused with the creativity and the sensibility of the Dogpatch and an opportunity to create a new urban waterfront.

If you reflect back to the Master Plan that we inherited in 2010, we envisioned that all of the 28-acre site would be commercial uses. It was about 3 million square feet. Working with your staff and working with the neighborhood, this evolved into what is now a solidly mixed-use plan that at its core is residential, local retail, space for makers and artists. It's all oriented around revitalized historic buildings that are connected to the waterfront by a network of active Open Spaces.

The DNA of the site that we refer to also comes with some inherent physical challenges. Site grades, soil conditions, environmental cleanup and in particular, adjacent property conditions. The northern boundary of the site adjacent to the Ship Repair Facility, we programmed uses that can only be commercial office to buffer that use, knowing that that's a really important part of the economic vibrancy of the City and the Port.

Along the southern boundary of the site on which the adjacent uses are a decommissioned power plant and an open air electrical switchyard, the development potential is zoned to be able to be flexible to either do residential or commercial so that it can accommodate what happens with these industrial facilities as they transition, if and when they transition to a use that might be compatible with residential.

In terms of overall development programs, we've got the 28-acre site that is our development opportunity. There's another seven acres that we're entitling that is part of the entire Special Use District, 35 acres, and that's the Illinois parcels. The total program is 1,650 residential units, about 1.1 million square feet of commercial office and then another 1.1 million square feet that could either be residential or commercial, again subject to environmental and adjacent site conditions.

One of the great opportunities here is to connect the city to the waterfront here. We've heard from the beginning of the conversations that we've had with the

neighborhood an opportunity to create a local feeling waterfront that reflects the character of the historic district.

Working with our landscape architect, Field Operations who are the folks that are best known for the High Line in New York City, the park's plan was shaped as a mosaic of rooms reflecting unique site conditions such as the Crane Way piers and spaces that could accommodate Special Events on an active weekend or casual picnicking on a quiet day.

Bookmarking the parks at the heart of the site are two significant centers of activation and place making. The Building 12 Maker's Market Hall where small scale makers will mix in a European Public Market experience potentially with a small grocery. On one of the prime waterfront sites, an arts facility of up to 90,000 square feet that we envision housing an eclectic collaboration of performing and visual arts organizations and state of the art replacement studio space for the Noonan Building community who are on the site today.

The revitalized shoreline will be transformed to accommodate Sea Level Rise. We're also providing a truly unique San Francisco waterfront experience and more than two thirds of the site is designed to prioritize the enjoyment of pedestrians. Including special moments like what's shown here which is this peek between two historic buildings which if we were starting from scratch, we actually couldn't create this moment.

Because Pier 70 is a historic district that requires great care because our community and City partners pushed us and because we believe long-term value is achieved through creating great lasting physical places, we developed what we believe to be far and away the most detailed, proscriptive and innovative design guidelines the city has seen. The toolkit functions in some way like a lead score card establishing certain requirements, allowing flexibility to arrive at creative design solutions and mandating or prohibiting use of certain materials.

Historic structures will be repurposed in unique ways to maintain the authenticity of the district, and new buildings will complement the adjacent historic structures, allowing future visitors to experience the 18th, 19th and 20th centuries simultaneously. We're really excited about the opportunity that we have to work with the Port and all the City agencies to implement this.

It's a vision that has seen a lot of consistent support from across the city. It's taken a lot of work to get here. I got to present the fun vision and I know there's a presentation that is going to involve all of the hard work that's gone into negotiating and preparing the transaction documents. We're happy to answer any questions that you may have for us at the end. Thank you for all of your support along the way.

Christine Maher - I'm a Development Project Manager for the Port. I'd like to take a minute to acknowledge all of the hard work that's gotten us to where we

are today. We obviously have a dedicated Port team, Commission staff, consultants including Century Urban, Brooks and Associates, Jones Hall, Goodwin Associates, Public Financial Management, Stifel and Parsons.

We have Forest City and their dedicated team of consultants. We have our City partners, the City Attorney's Office, OEWD, Planning, MTA, SFPUC, Public Works, Fire, MOHCD and the Controller's Office. Our state and regional partners including BCDC and State Lands Commission. The community - CWAG and the Dogpatch Neighborhood Association. Hopefully we've got everybody. A huge thank you to everyone that's gotten us to where we are today.

Next is actions by other City agencies. Since the last Port Commission meeting, there have been two public approvals. Planning Commission on August 24th and SFMTA on September 5th. One of the Planning Commission's recommendations was that the Board of Supervisors consider setting a cap on the amount of office to be built on the site in order to achieve a better jobs/housing balance.

Staff understands the need for this balance, particularly given the current housing crisis. But the discussion on this issue actually took staff somewhat by surprise given how the project has progressed over time. From the commercial project under the Pier 70 Preferred Master Plan to the current mixed-use vision for the site.

We respect the role of the Planning Commission and the Board of Supervisors and deciding this very important policy issue. But we are recommending that the Board of Supervisors take certain factors into consideration that speak to the need for flexibility on this site. These include the need for a buffer between the active Shipyard Repair uses and residential at the northern edge of the site, environmental conditions on the site, the uncertainty about adjacent land uses at the southern edge of the site and changing market conditions.

These factors are included in Resolution 17-45 which is before you for consideration today.

Next, I'll talk about responses to comments and questions that were raised at the last Port Commission hearing. With a recent article in the paper about the possibility of restructuring or sale of Forest City, we've all been thinking a lot at the staff level about how transfers work under the DDA and the parcel lease. Under the DDA, for all horizontal transfers, a transferee must have direct and substantial experience as a master developer with projects of similar size and complexity and a net worth of \$27.5 million.

Forest City can transfer to an affiliate that meets these criteria at any time without Port approval. For third party transfers, there's a different process. During Phase One, there are no transfers without the approval of the Port Commission and its sole discretion. During Phase Two and Three, reasonable approval of the Port Commission is required. Finally, if Forest City's rights under

the DDA are sold for cash at a profit, that money is put back into the project as land proceeds.

The parcel lease sets a different process depending on whether the transfer is before or after completion of a building on the site. Prior to building completion, there is no Port approval for a transfer to an affiliate. There is reasonable approval by the Executive Director for a transfer, to a qualified transferee which is a third party that meets again an experience requirement and a net worth requirement of \$27.5 million.

On these transfers, the Port gets 1.5% participation in sales proceeds, net of the original sales price and soft cost if it's sold within the first three years of the lease. After building completion, the Port gets notice of all transfers, whether it's to an affiliate or a third party. Again, 1.5% participation sales proceeds less total development cost or the last sales price in building investments. Participation is also triggered by stock sales above a certain threshold.

Overall, Forest City has 25 years to complete horizontal improvements including the streets, parks and utilities subject to delay for things like force majeure, litigation and market conditions. Forest City has seven and a half years from the approval of the project to complete Phase One which we hope will start next year. Phase Two then has to be completed within eight and a half years after Phase One, and then Phase Three within eight and a half years after Phase Two.

As you can see on this slide, most of the infrastructure will get built in Phase One which is shown here in yellow and estimated to cost approximately \$140 million. The size and the cost of each phase then gets smaller in each subsequent phase.

Project Design Review and Public Participation. There has been extensive community engagement in the planning phases of the project. Now that we're moving into a more technical phase of the project, there will still be opportunities for the community to engage and be informed about what's going on. This slide tracks the approval process for the different components of the project.

Phase submittals will be presented to the Port Commission after approval by the Executive Director. Historic buildings will be reviewed by Port and Planning staff consistent with the Secretary's standards. New construction will be reviewed by Planning and Port staff. In addition, based on what we heard at the last CWAG meeting and the last Port Commission meeting, there will also be a public presentation at CWAG prior to approval.

Finally, Parks and Open Space will be reviewed by a Port Design Review Committee that will hold public hearings and will be approved by the Port Commission.

The project will provide significant transportation improvements. Site design features will include a new street grid and bicycle network. A robust TDM program will include things like transit passes for residents, unbundled parking and a shuttle connecting the site to Muni, BART and Caltrain.

The project will also contribute up to \$50 million in impact fees for transportation improvements surrounding the site. These include upgrades to Muni's 10 and 12 lines and the new 11 and XX lines. Routing for these new lines is still subject to community outreach process being coordinated by OEWD.

Next is the Port's Southern Waterfront Community Benefits and Beautification Policy. Commissioner Brandon, in response to your question at the last Port Commission hearing, staff looked at how the project complies with this policy. I won't go into each of the areas shown on this slide but would like to note, in terms of job training and placement, the project will utilize the First Source hiring program and provide job training for District 10 residents.

In terms of local employment, the project includes a 30% Local Hire commitment and 17% LBE utilization. Another component of this policy is the 5% set aside for beautification activities. Staff's understanding of this policy is that the 5% requirement applies to parameter rent leases because these leases don't otherwise include community benefits.

However, the Commission can decide to apply the 5% aside to his project, or defer a decision until project revenues start to come in off of the project and the Commission can make trade off decisions at that time between the 5% set aside and other priorities. The Commission may also wish to review the policy to clarify whether the 5% set aside applies to parameter rent leases, Maritime leases and/or development projects.

Next is the Waterfront Land Use Plan. We're now in the middle of a public process to update the Waterfront Plan. But that process won't be complete until 2019. Staff is therefore recommending that we amend the Waterfront Plan now to conform with the Pier 70 Special Use District and the Design for Development and then we would make any necessary revisions later as part of the Waterfront Plan Update process.

Brad Benson - I'm going to go over changes to the transaction document. We have been negotiating furiously on some final details. With respect to the Disposition and Development Agreement, I'll point out a few changes.

For the Arts Building that is planned on Parcel E4. This is going to be a potentially great space, facing a new park. This would be a 50-year lease. The City is offering up to \$17.5 million in Communities Facilities District financing for this building. That would be matched by an equivalent private fundraising.

Noonan tenants, regardless of whether they go in this building or not are guaranteed affordable replacement space within the project which could be

elsewhere on the ground floor of the project. With historical buildings 12 and 21, we do not project that these buildings are going to make significant money. They are going to require a subsidy up front and we have negotiated the means of calculating that IFD subsidy.

We did want to make sure that there was an outyear participation equivalent to 3.5% of modified gross receipts starting in Year 31. We have clarified some of events of default. If there's a failure to honor the indemnity that Forest City is granting to the Port, that would be a material breach which could result in termination.

Very importantly, and this goes to some of the transfer questions too, and the financial capacity of the LLC that Forest City has created for this transaction. Forest City Realty Trust will be providing a \$5.5 million guarantee to the local entity to guarantee their obligations under the DDA.

Under the parcel lease, Christine already mentioned that we have negotiated participation in future vertical events, 1.5% of net sales, refinancing and recapitalization events. With the help of Director Forbes, we negotiated some protections around hazardous materials, unknown hazardous materials. Although we do think that the site has been very well characterized.

We plan to request to the Board of Supervisors, subject to your direction, formation of two districts to capture tax increment growth over time. An Infrastructure District using the Port's IFD law and an infrastructure revitalization and financing district, the latter to fund affordable housing in the project.

The Port's IFD will capture both local and state growth in property taxes. Most of the funds, 92% will go to fund the infrastructure in the project, parks, streets and utilities. Another 8% is available to spend elsewhere in Pier 70 and it will be a later decision of the Port Commission and the Board of Supervisors how to program those funds. It could be the historic buildings, parks, to the Shipyard. That's an option for you to consider later.

After the project is fully funded, there is an additional \$29 million. It's actually in terms of nominal revenues, \$555 million to fund the Seawall and Sea Level Rise. That will happen many years in the future, but it could be a good source for the future to address Sea Level Rise say in 2050.

A great feature of this financing is that it protects the General Fund and the Port's Harbor Fund. We are able to issue bonds, but if there are not enough proceeds to pay those bonds, bondholders cannot come after the Port and the Port's Harbor Fund.

We plan to couple the IFD tool with a Community Facilities District tool. CFDs are very well known in California. It's a method to be able to issue bonds early in the project to avoid too much reliance on developer capital. It's a low cost financing because it's also secured by land interests.

We propose to form three CFDs in the project. One would be over leased properties like office buildings or residential rental buildings. Another would be over condominiums in the project. The final one would be over condominiums on the Hoedown Yard, which is PG&E owned property.

Each of these CFDs would fund public facilities, the Arts Building, maintenance costs and Sea Level Rise improvements either now or in the future.

The project includes \$2.8 million in 2017, dollars to fund maintenance of the 28-acre site and more than \$700,000 to fund Irish Hill Park and Crane Cove Park, areas outside of the project site.

In order to implement the CFDs, there would need to be some amendments to the City's local financing law. The City, as a Charter City, has its own form of local financing law to implement the state's Mello-Roos Act. The amendments that we propose would be to enable the use of CFD proceeds to fund historic rehab and affordable housing. Also to maintain public facilities before they're accepted by the City. These will be in the future public streets or parks and need to be maintained until they're accepted and also to fund shoreline improvements.

In order to form IFDs, the law requires a showing of net financial benefit to the city, even after you dedicate tax increment to the project. Berkson Associates put together a report that is summarized in your report today showing that after all city costs, there's still a net projected financial benefit to the city in terms of tax dollars of \$8 million per year. I've talked about some of the maintenance funding that's additive to that and \$184 million in impact fees.

Significant economic benefits to the city. Projected 17,000 construction jobs. Another 11,000 new permanent jobs in the project. Very significant Port financial benefits that I'll summarize later in the presentation. The other public benefits that we've talked about like parks, historic rehab, etc. The project actually takes \$183 million off of the Port's capital backlog.

We've talked to you in the past about Parcel K North. The plan since term sheet has been to sell this parcel to generate early proceeds to be able to pay off the developer's entitlement costs which are projected at \$33 million. The proposal would be, along with the other transaction approvals to request your approval, and then the Board of Supervisors' approval to sell this parcel for condominium development with a broker managed offering.

We're going through the process now to appraise the site. We should have the final appraisal within a month or so. That appraisal would be the floor price above which bidders would have to bid in order to buy the site. The process would result in a short list in early 2018 and then we would hope to close escrow in the quarter one or quarter two of next year within the timelines required by the DDA.

This third-party buyer would have to close escrow within 12 months. They'd have to construct the 20th and Illinois Plaza and build Michigan Street. They'd have to consent to the condo transfer fees that we've been talking about for all condominiums in the project and pay CFD Special Taxes. They would have to comply with the design standards of the D for D that Jack described earlier and also contribute to transportation improvements.

Finally, I want to summarize for you again, at a very high level, the financial performance of the project. The developer is projected to spend \$152 million in developer capital over time over the three phases. That's less than the projected \$262 million or so in investment because we should have public finance proceeds to pay directly for some of this cost.

They are projected to get paid all of that back and earn in today's dollars, a \$94 million profit on that investment. That's in 2017 dollars on a net present value basis. That would result in an 18.7 internal rate of return.

The Port would earn, through all the forms of land revenue that the Port earns, through parcel lease participation rents, through sharing of land proceeds through the condominium transfer proceeds, an estimated \$102 million in 2017 dollars over the next 120 years.

There would be public financing proceeds that would be available to help with Sea Level Rise and the Seawall. We estimate those at \$88 million in 2017 dollars for a total financial benefit to the Port and the City of \$215 million. The Port has a couple of ways to manage the financial performance of the project over time. Early CFD bond issuances and deploying Port capital which can be repaid with a 10% return. Unlike many of the Master Plan's DEA projects in the city where the developer has to earn a return first and then there's a sharing above that threshold, in this case it's 18%.

Most of the proceeds that we're projecting on this chart are not subject to that 18% return. The Port is likely to do well in this deal regardless of where we end up with the developer's IRR in the project.

To staff's recommendation, we have these categorized in four areas. First is approving the project and the land use changes associated with the project. That would be approving the trust exchange that also requires California State Lands Commission approval. Consenting to and recommending the Special Use District to the Board of Supervisors that the Planning Commission has already adopted. Adopting conforming amendments to the Waterfront Plan and adopting CEQA findings and a Mitigation and Monitoring Reporting program.

Then adopting the project which consists of the Disposition and Development Agreement. Attached to that are the Master Lease, the Vertical Disposition and Development Agreement and the parcel lease. Also consenting to and being a party to the Development Agreement and the Interagency Cooperation Agreement. Then the public financing approvals, recommending these to the

Board of Supervisors, both the formation of the IFD, the IRFD and the CFD and the changes to the local financing law and then authorizing the Parcel K transaction.

Those are all of the Resolutions that Amy read out earlier, and we would recommend your approval of those. The next steps after you act today, PUC has also acted today. We don't have the results of that action. We would head to the Board of Supervisors and staff would represent you at the Board of Supervisors' hearings starting in October.

Commissioner Adams - Kevin Ratner, the President of Forest City, would you like to say something?

Kevin Ratner - Thank you, Commissioner, for giving me an opportunity to speak. As Jack mentioned, it's been a long time. I remember standing up here in 2011 and making the presentation and only hoping, a glimmer of hope that we would be selected and that we would eventually get here. It's been a tremendous process.

It's been a lot of learning. I personally have never been involved in a ballot initiative before and a public process like that. That was certainly something which, while I learned a lot, I don't know that I ever want to use that knowledge again, but what it did is gave us an opportunity to communicate, to get responses and we had a 73% approval of that ballot initiative.

I think that was very reflective of a process and a project which is supported by the community which will be very beneficial to the community, the city and all the surrounding neighborhoods and be an example of how to go through a public process and build a new part of a community that's going to be very well used and going to be a strong example of what can be accomplished when lots of smart and passionate people get together and do something like this.

This has been a great process. Hopefully the next month or so, as we finish up the entitlements will go smoothly and easily. Then we'll get into the hard work of actually building it and putting the land into use. Thank you very much for the time and the opportunity.

Commissioner Adams - Colleagues, is there a motion to accept Resolutions No. 17-43, 17-44, 17-45, 17-46, 17-47, 17-48, 17-49, 17-50, 17-51, and 17-52?

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution Nos. 17-43 to 17-52 were adopted.

Michael Theriault, San Francisco Building and Construction Trades Council - I want to commend you on your patience. Having served and serving now on Commissions, I know the volume of paperwork you've had to chew through in order to prepare yourselves for this meeting and the set of approvals now before

you. I also want to commend Forest City. I've watched them in action for years now on this particular project and their outreach has been thorough and imaginative. If you've been by the site when they've given their presentations, you'll know what that last adjective means.

We have had a good relationship with Forest City for the entirety of my tenure in this position. At the very start of it, we had a very fruitful agreement with them for 834 Market Street, the current San Francisco center. We've recently come to agreement with them for 5M and we are close to an agreement, part of it's waiting on what happens with the City, for this particular project. We found them to be good partners and we look forward to continuing to work with them. We ask for your approvals.

Arnie Morgan - I just want to piggyback on what Mike said. We're in support of the project and it's going to create a lot of good paying union jobs and help supplement our apprenticeship program and put a lot of San Francisco residents to work and create opportunities for the Bayview community. It will give them the opportunity to learn a trade and our apprenticeship program and Local Hire and help with the housing crisis in the city. It's a good thing. We're in support of it.

Moy Eng, Executive Director of Community Arts Stabilization Trust (CAST). CAST is a non-profit in the business of cultural place making through acquiring, holding and managing below market rate space to keep arts and culture in San Francisco.

Arts and culture play a central role in our city's unique identity, history and economy and yet, artists are being displaced by the city due to spiked demand and prices for real estate. According to the May, 2017 Forbes article, Bay Area markets have endured substantial increases in rent during the last six years. With rent increases averaging 30%, keeping affordable space for arts and culture organizations has become a significant challenge.

To mitigate this issue, CAST brings together public, private sector leadership, philanthropic support and other resources to secure long-term and permanent space in urban centers. This enables arts and culture organizations to sustain the creativity and capacity necessary to promote lively and diverse communities. With support from the City of San Francisco and a cohort of visionary funders, community and business leaders, CAST has created our first two projects with Luggage Store Gallery, and CounterPulse, stabilizing two contemporary cultural centers with permanent affordable space in Central Market and the Tenderloin.

Our long-term plan is to develop more, including several thousand square feet in the historic Dumpster Building at 5M. We've had conversations for several months with Forest City and the Port of San Francisco about the potential for us to develop and lease up to 90,000 square feet of waterfront arts space which we believe will be singular opportunity to build something truly iconic along the waterfront.

We look forward to advancing those conversations in the near term. We're excited and hopeful about the potential to join a long-standing arts community in the Dogpatch including the artists at the Noonan Building and neighbors like the Minnesota Street Project and BAYCAT. As you know, the Noonan Building space will be replaced on site at Pier 70 and the plan is to currently house this replacement space within the future Waterfront Arts Facility.

With additional arts users, we think this mix of small scale arts and performance spaces will make for a world class center, a jewel for the Central Waterfront neighborhood and for the City of San Francisco. We're happy to be here to talk a little bit about our vision and our excitement and to lend the Pier 70 Project our enthusiastic support.

Marti McKee, Noonan Building artist – I'm here to speak in support of the project. I'm representing a narrow and self-serving view but one that is important, and that's the preservation of affordable studio space. I'm one of about 40 artists at Pier 70's Noonan Building. The building has been an artisan place since the '70s. The building is currently home to painters, sculptors, printmakers, jewelers, photographers, fabric designers, illustrators, musicians, two architects, a letter press business and a writer. We're pretty diverse out there.

Many of us in the building have been working on our studio for more than 20 years and have closely followed project developments. We've been very active in advocating for retention of the artists and small businesses in the Noonan Building. While we're devastated that our Noonan Building is going to come down and will be demolished, we're very pleased with the commitment from Forest City not only to provide replacement studio space for the existing artists, but also at an affordable rate.

More importantly, Forest City is committed to building permanent below market studio space that will be available to the artists who come after us and will most likely face even more difficulty in finding affordable work spaces.

Forest City has presented the current plans for Pier 70 to the Noonan Building artists and we're very excited about the ideas and concepts. As a group, we have faith that Forest City will continue to keep us involved in the planning process. I might add, we couldn't be happier to know that CAST may be involved in the future.

If you haven't been out there for a while, come out at the end of the month for Fall Open Studios. We'll be there.

Toby Levine – This, of course, is a very important day. It's a recognition of the fine work that Forest City has done over the years, and particularly in their outreach to the community and we are very appreciative of that.

But we do have some concerns and that is for the future, and we're hoping that the Port Commission can find ways to ensure that this future will continue and that it's documented in the documents and that we have assurance that if Forest City goes away, and some other company comes along, just as has happened in Mission Bay, that the project will continue as outlined in the documents.

The Central Waterfront Advisory Group is very appreciative of everything that Forest City has done, and also that the Port has done because you've been partners right along the way. But we do believe that time should be taken for the last step of ensuring that the future will shine for us.

Bruce Huie - I'm the President of the Dogpatch Neighborhood Association (DNA) and Chair of the Eastern Neighborhood Citizens Advisory Committee. Both meet monthly so I listen intently to issues in the adjacent Dogpatch Neighborhood to Pier 70. I want to talk about community engagement. It's important and key to our city's vitality and values. DNA membership voted in June of this year to support the Pier 70 Project. We sent this to a membership vote for a reason. Community matters.

At the time the Pier 70 Project started, we estimate our current population of about 1,800 residents will be about 6,000 by the time it just starts construction. Those include the 800 new UCSF students we're going to absorb into our neighborhood, and the three apartment buildings with about 700 units in them for rent right now. Our accelerated development has created a huge population increase.

With our neighbors to the west on the hill, and some of them are here, Dogpatch Neighbors continue to work with SFMTA and the Office of Economic Workforce Development to develop a tangible commitment to expanded access to the neighborhood commercial areas, regional transit and local job centers by land and sea.

It is our understanding that additional work is required on new additions to bus lines, improved service on the T-line Light Rail and adding new water transportation, ferry and taxi service. All positive in Dogpatch will continue to evolve with the new addition of Pier 70. I ask for your support in moving this forward, for all the residents adjacent to Pier 70 we will now include it part of our neighborhood, as part of the ongoing development.

Commissioner Adams - Thank you Bruce. Thank you for your group's support when we had to deal with the Navigation Center, you guys stood up. Thank you very much and we haven't forgot that.

Susan Eslick, Dogpatch Neighborhood - As a 20-year Dogpatch resident and business owner, I've worked closely with Forest City and my neighbors on the proposed Pier 70 Project which sits adjacent to the Dogpatch neighborhood. Over the years, I've seen a lot of changes in housing, transportation and

demographics in our neighborhood. More change is occurring with the Pier 70 Project.

It will happen slowly, but under the neighborhood's watchful eye, the largest piece of the Pier 70 revitalization is being done thoughtfully. I'm embracing this change and I'm eager, as are many of my neighbors, to see this project come to life. I'm not blind to the impacts on transportation and traffic, but I believe the project is doing what it can to address them.

As a neighborhood, we must work with the City to ensure the long-promised improvements to the neighborhood are provided. Pier 70 and the waterfront have never been accessible to the public given its industrial history and other uses. I'm excited that this is going to change and know that neighbors recognize the importance of this to our district. We'll have access to a huge part of shoreline, have a new playground and other Open Spaces once the project gets rolling.

Forest City has held countless community meetings and repeatedly presented to the DNA and other community groups over the past six years. Those interactions, discussions and collaborations resulted in a plan that reflects a list of community wants and needs. In fact, the Dogpatch Neighborhood Association voted to support Forest City's plans for Pier 70 just in June. Please support this project.

Corinne Woods - I'm a member of the Central Waterfront Advisory Group and I'm also working currently on the Waterfront Land Use Plan Working Group which is why I'm here. One of the most important objectives of the Waterfront Plan Update is improving community outreach and the relationships of the Port with the community, to improve those connections. We've worked very hard over 10 years, a lot of the people in this room, a lot of the people who aren't here yet or who couldn't be here to create what we think is a good project and we don't want it, if you will, value engineered.

We want to be sure that the goals and objectives that the community asked to be built into this, and which Forest City absolutely included, move forward with the project. We want some kind of binding agreement that says that the community will continue to be consulted, will continue to be part of this process. Three minutes at a Board hearing, a Commission hearing, whatever, is not enough time to begin to ask questions, to begin to resolve differences.

We need a give and take. It is really unusual for the Port Commission or any other Commission except Planning to actually ask questions of the community when we come to a hearing. What going through a community engagement process does is allow for those questions, the give and take.

We know we've got work to do, particularly on transportation. We know we've got work to do that all of the neighbors totally get and have always gotten. We just want to be sure that the community is at the table and not just put in a box with a three minute check off when some agency decides to approve the project.

Please be sure that community engagement is built in to the agreements that you approve. Because it's going to be twenty years or so before this is done. We need your help.

Commissioner Adams: Okay. Thanks Corinne. Is there anyone else out in the community that would like to get up and speak? Please come up and speak. We want to hear from everyone.

Allison Heath speaking on behalf of the Potrero Boosters Neighborhood Association - The Boosters have worked diligently and in good faith with all parties to ensure that Pier 70 will be a long-term benefit to Dogpatch and to Potrero Hill. Our organization supported Proposition F and collaborated on the Design and Development, which we consider to be a model document.

Unfortunately, unresolved issues remain. For this reason, our organization filed an appeal of the EIR yesterday. First, there's a lack of good public transportation in our neighborhoods. Connections for regional transit like BART and Caltrain are poor, while the impacts of Uber and Lyft on our streets have not been addressed. With the additional time afforded by the appeal, we will continue to work from SFMTA and OEWD to get a firm commitment to expand our transit options.

Secondly, related to the transportation issue and within the scope of your authority is that of future land use. While we have established trust with the Forest City team, the potential sale of the company reminds us of the importance of safeguarding the public good over the long term rather than focusing on the short-term bottom line.

While potentially quite profitable, we know that office uses have great impacts on transportation than residential ones. Furthermore, we are all cognizant of the area-wide imbalance between jobs and housing. Whether we have adequate housing for our workforce is dependent upon the aggregation of land uses throughout the region. However this project is not small and it will affect the balance one way or another.

For this reason, we ask that you endorse the recommendation of the Planning Commission to require a conditional use if the project exceeds a reasonable cap for office development. Finally, we encourage the Commission to formally establish a robust, on-going public process with the oversight of the Central Waterfront Advisory Group.

Katy Liddell, co-chair of CWAG - I'm here to enforce Corinne's and Toby's message that community input and involvement be formally put into development agreements going forward. We've been lucky to be at the table with the sponsors of Pier 70 and with Mission Rock but we need to stay involved as these new neighborhoods unfurl. Why? Because the people who live in those new neighborhoods, and those of us who live right around them are the ones

who are going to see how they develop, what is working, what might need to change.

One of our very articulate CWAG members last month at Port Commission did raise some concerns about Pier 70. They mainly revolved around review of transaction documents before Port Commission approval. Knowing details about proposed shuttle and Muni services so that we can assure that they meet neighborhood needs. More involvement in the design review process to assure community acceptance and in particular with the proposed public plaza at the corner of 20th and Illinois and last review of agreement documents to avoid problems such as those experienced in Mission Bay where streets were completed but the city would not accept them.

We have some competent, smart members on CWAG who I know would be very involved in overseeing this project or any projects that come along on Port property. I just want to back up Corinne's and Toby's message and ask once again that community oversight be built formally into these agreements.

Commissioner Katz - First of all, I want to thank everyone, from members of the community to our Port staff and to the people at Forest City for working together and coming forward with what I think is generally a pretty spectacular project. I know an incredible amount also just went into today's presentation and the myriad of presentations we've had leading up to us. Thank you all. Brad, I don't even know how you manage to ever get any sleep these days. Thank you.

Coincidentally, my very first Port Commission meeting was when we voted to select Forest City as the master developer so I've seen this from its infancy. I remember speaking with Mayor Lee very early on saying, everyone was very excited about America's Cup coming to San Francisco. And I said, "The real excitement is going to be the Pier 70 project. Just watch." I think it's been borne out.

There's a lot of material here and we've been briefed on it but there's a couple questions that I wanted to just see if I could work on a little bit. One, just as was brought up by some of the members of the community, first of all, in terms of the issues raised about ongoing interactions with either some representative organization from the community, CWAG, or keeping them involved. Because as we know, this is a long-term project. Things do change.

Our transportation situation has changed dramatically just in the last few years and the transportation needs and impacts on the city. There are factors that will be changing as this project moves along. Are there some ways of building in that opportunity to have that ongoing discussion? Quarterly meetings? Opportunities to make adjustments as needed with community input?

Brad Benson - Commissioner Katz, I thought maybe to answer that question we could start first with the public points of contact that are built in right now, including some points of contact that were suggested at the last CWAG meeting.

There are three phases of the project. At each phase, the Executive Director will review the phase with staff and determine whether or not it's consistent with the Phasing Plan that you approve. But there will be an informational hearing about that phase at the Port Commission. So that's one point of entry before anything starts with a phase.

With respect to new construction. The D for D has won accolades by the Planning Commission, by members of the community. There was a very specific request at CWAG to be able to take a look at these new buildings and understand how they're going to fit into this historic district. Forest City did agree to an informational meeting at CWAG, as long as it can be scheduled and CWAG is able to meet within the timeframes, before the submittal to the Planning Department for a design review. There will be that opportunity to review each architects' vision for each new building.

With respect to Parks and Open Space, this is maybe the most public portion of the project because it is the public realm. In this case, there will be a public Design Review Committee, not unlike the WDAC that we have in the northern waterfront. In addition, you'll get the recommendation of that Design Review Committee and that would come to the Port Commission.

That's what built into the document right now but we hear the concern today about the three minute limitation. That exists at the Port Commission, at the Board of Supervisors. There is more give and take at our Advisory Committees and we're able to do Q&A much more freely in those cases.

If the Commission wanted to, the Commission could layer in and direct staff to have CWAG informational hearings at the phase level and also before you hear your Park and Open Space design approval. That would be one option for you to consider.

Commissioner Katz - Would that be something that we would request at this point in time or ongoing throughout the project?

Brad Benson - You could request that ongoing throughout the project.

Commissioner Katz - So requested.

Elaine Forbes - We would then make an amendment to the Resolution or how would we accomplish that Brad?

Brad Benson - You could make an amendment to the Resolution approving the DDA directing staff to hold these hearings before you have these informational hearings or approval actions at the Port Commission, that we go to CWAG and that we bring to you, when we're coming to you feedback from CWAG. That could be a motion amending the Resolution approving the Disposition and Development Agreement.

Commissioner Brandon - Maybe we wait until we hear everything. There might be several amendments.

Brad Benson - Yes. That would be one. Let's keep track of that.

Commissioner Katz - Thank you. That addresses a little bit here. I had something along those lines written out so thank you for that. In terms of areas where there may be some hold up and we're under fairly strict time deadlines as we move the project along and I know what the Port's capable of doing and is committed to. I know there may be some difficulties coordinating with some of the other departments as we try and hit these metrics or move it along. Is there anything that can be done to coordinate and work with the other departments to expedite the work that they need to provide such as the PUC or the DPW? Is there some staffing recommendation or opportunity or embedding some staff both in those departments as well as at the Port that can help as we have to as there'll be significant review of the various different phases and actions that come along?

Brad Benson - I want to invite Sarah Dennis Phillips up to address that. She's with the Office of Economic and Workforce Development. I will say that this interagency coordination as we design and go through the acceptance process for infrastructure is a vital component of project success.

Commissioner Katz - What I'm getting at is there something we can request or offer or facilitate further interaction and expedition of actions and steps taken by the different departments?

Sarah Dennis Phillips - We can certainly use your support. You have correctly, Commissioner, honed in on an issue that we've noted. We're actually just rolling out now some of our earlier Development Agreements - Park Merced, Schlage Lock. The Shipyard, which is redevelopment, but under a similar model. It has been rolling out over the last couple years and that has been a problem.

We have been working on that specifically at OEWD, and we're happy to roll that out with the Port projects too. We've developed an implementation division within our joint development office as part of OEWD. They are solely tasks with providing the coordination among the different departments, making sure that people are moving, using the name of the Mayor when it's necessary to get things moving and get people to approve the plan so move things along and make sure people aren't sitting on them. We've got a staff member assigned to each major project as it's approved. Once these things move forward, they will have a staff member approved as well.

They'll be working hand in hand with the Port because some of the approvals are coming here which is wonderful, especially building permit approvals. But on infrastructure, particularly with DPW and PUC, that's where we see ourselves pulling all that other weight.

Commissioner Katz - I assume you'll come to us if there's something that's needed or I imagine somewhere baked into the financials of the project, it includes support for additional staff that would help in this expedition process.

Sarah Dennis Phillips - That's right. We welcome the invitation to come back to you and there are timeframes built in as well. But as we all know, sometimes getting people to say an application is complete so that we start that ticking clock needs a little bit of pushing. We welcome your support in that.

Commissioner Katz - One thing we didn't really talk about that's been recently in the news is the adjacent site and the proposed development there. I know it's barely out of its infancy in terms of what's going to be happening at that site now that they have selected a developer. Do we have a sense of the impacts of some of that project or what impact that project might have on our site?

I know there's significant cleanup efforts that will need to be undertaken at least in portions of that site as well as some remaining portions on our site. Do we have a sense of where and how that project may have an impact on us?

Brad Benson - We're beginning to get a glimpse. Associated Capital is the developer who's acquired that site.

Commissioner Woo Ho - Can we be specific? You're not talking about K.

Brad Benson - No, this is the former Potrero Power Plant site. It's quite a large site just south of Pier 70. This slide shows the Pier 70 development. At the bottom of the slide, the red and blue parcels border this former Potrero Power Plant site. Some of the streets need to extend into the site. Maryland is the major north/south street in the project and it will likely need to continue south into that site.

There need to be other street grid connections to that site. There's thinking about how transit may move through 22nd Street, south on Maryland Street and through that site. We talked earlier in the presentation about how the land uses on the blue and red parcels on the southern border of Pier 70 may need to think about adjacent uses on the Associated Capital site.

I know that that developer has been working with the Planning Department and the Office of Economic and Workforce Development to create its initial vision. I think even some Port staff have had the benefit of a very early presentation. We'd be happy to follow up with an invitation to that developer to come to you and talk about their vision for the site when they're ready to do that so that you can have a sense about how thoughtful they're being about their adjacency to Pier 70.

Commissioner Katz - That brings me into a little bit of my next question or concern. The Planning Commission has requested some sort of conditional use with respect to limitation or exceeding a certain amount of office space. My

concern would be building in flexibility on the project. Can you maybe go into a little bit some of the ways that the adjacent project might impact it, some of the toxic contamination and the cleanup levels and other things?

I just want to make sure we have the flexibility to have the best possible project but also address the concerns that we all have certainly right now with expanding housing and making sure that we meet the needs of the residents and all of us here in San Francisco. I want to make sure we have a good balance and that flexibility to be creative.

Brad Benson – Your thinking on this is very similar to the staff's thinking on it. As Jack mentioned, we started with the Pier 70 Preferred Master Plan. That was an all commercial project. That was the initial vision for Pier 70 based on community feedback. We were convinced over time that a mixed-use project would create a better, more lively, 24-hour neighborhood at Pier 70.

We think that the project's got built into it now a flexibility to respond to those environmental conditions, to be able to react to what's happening on that associated capital site just to the south, and to think also about environmental conditions which may vary in different locations of the site. It may be better to do commercial development in some areas of Pier 70 so having that flexibility is a good thing.

We have built into the Resolution approving the SUD your recommendation to the Board of Supervisors if you choose to make it, to keep that flexibility and to think about those factors as they're weighing this Planning Commission recommendation about a cap above which a conditional use authorization would be required.

Commissioner Katz - Will there be opportunities as we go along to make sure that we can weigh in on the uses, the numbers, that sort of thing? If we don't go with a conditional use, we'll still have opportunity for some public input and other input as it proceeds?

Brad Benson – If it's consistent with the Phasing Plan in front of you right now and the flex uses that are before you right now, the developer would be able to propose those flex uses and it would be subject to the Port Director's reasonable approval. So as long as it was consistent with the Phasing Plan, we'd have to approve that. If they tried to build additional office outside of that flexibility, that would have to come back to you, to the Planning Commission, to the Board of Supervisors.

Commissioner Katz - Colleagues, I know there's probably a lot of other questions, but those are sort of the big ones that I wanted to hit on. Again, I want to thank our friends from Labor, because it's always heartwarming to see that we've got a project that gets Labor support coming forward. I know there was a lot of effort put into coming together on this so I want to thank you for being here as well and supporting the project.

Commissioner Woo Ho - First of all, I want to thank the staff. Brad, this presentation certainly simplified the complexity of the matter. I don't know how many pages was presented in the staff report but you synthesized and summarized it extremely well. Obviously, I joined the Commission shortly after Commissioner Katz. So I was not at the actual Commission meeting that selected Forest City, but it was shortly thereafter.

This has been a very long journey. It's been a very productive journey. We've learned a lot. Obviously we have been learning as it relates to other projects that we have in the pipeline as well. It's quite amazing that we are here today. I also want to echo the comments that have been made by other speakers to say that we're finally here to approve this project in full is a wonderful feeling to have gotten here. We felt it was not an easy journey along the way. There were many bumps to overcome and unexpected surprises too - the ballot initiative, etc. but we're here.

What I hear is three things and I think we resolved one which is how do we bake in the community engagement going forward. It sounds like we've got a plan to actually officially formally bake that into the process which is good.

The second and third issues are kind of tied together as I hear them on the remaining end. One is not exactly within the purview of this Commission but has always been an issue on any of the major waterfront development projects that we have and that is transportation.

I'm not exactly sure how we put that into a Resolution per se, but we have to make a very strong statement as far as making sure that all of the partners in the city that are involved with transportation, from the SFMTA and Caltrans and everything else are doing everything they can to improve -- because it's not just Pier 70. It's across the whole waterfront that we have to have a stronger and effective Transportation Plan whether it's water transport, municipal transit, Caltrains, whatever.

We can't reemphasize how important that is. That also ties into some of the questions about the balance between jobs and development. I happen to support what we have in the Resolution which is to retain flexibility. Twenty, 30 years is an awful long time to decide today exactly how much should go into what kind of development. If the market changes, things change. We're taking a very microscopic view and not understanding what's going on in the bigger issue which we all recognize in housing. There's a lot going on in housing under the Mayor.

We also have housing that's going under the Port's portfolio. We had the Affordable Housing Project on Broadway. We've got this Parcel K that looks like it's headed for residential development. I don't know what this other parcel is going to end up in terms of its mixed use. To look at Forest City and decide we're going to put a cap is looking at it in isolation and in a vacuum. I don't think that's a smart thing to do.

I think there's a lot of long time horizon. As long as we have a process, as you alluded to Brad that along the way, that there is an opportunity and there are certain levels, and I heard there are certain levels that the Director would have. At certain levels we would have a discussion with the developer to look again at that flexibility and the balance of what's needed at the time and the Port Commission would also weigh in.

We're not casting it in stone but saying there should be flexibility built in. Hopefully, we're all here for the right objectives. We're here for the city. We're here for the citizens. We're here to make sure the Port is sustained on a long-term basis which is why we have to make sure that our revenue sources are balanced and they're not skewed in one direction or the other.

Hopefully we continue to have smart staff. We continue to have an excellent Director. We have great Commissioners and we have a great developer. If we all work together, this is not where you have to make the decision today. I support the Resolution as it states today. The only question, Elaine, is how do we get the message on transportation in a stronger way? Because we've solved the other issue that's been raised today.

Elaine Forbes - If I may Commissioners, I'd like to go back to the jobs, the CU for commercial cap. The Planning Commission told the Board of Supervisors to set a CU requirement at a reasonable cap for commercial development, to determine what that is. We have said there are three considerations that the Board of Supervisors may want to think about when they take up this issue. We have not said that this does not need a CU with the Planning Commission, we think the zoning is fine as proposed. Staff did not want to go against another sitting Commission. This is the Planning Commission's recommendation to the Board of Supervisors.

We would not have recommended this to you. This was not something Port staff would recommend. I want to bring up one other issue. This used to be a heavily industrial area. That there's a buffer required which Commissioner Katz was describing. That the flexible zoning has been very carefully structured with Forest City to allow the economics of the project.

This project, unlike private development, the results of the payment to the landlord is a benefit to the public because this is a public project. If, in some instances, in some markets, Forest City would want to build more housing. In some instances, they may want to build more commercial depending on the economy. If this is restricted, this could result in lower revenues which would encumber Port land value which would mean less revenue for the Port.

But as it's structured now, the Resolution gives the Board of Supervisors some advice in taking up the Planning Commission's direction to them.

Commissioner Woo Ho - Duly noted. We're looking at it and talking from the same angle, but you're putting it in a very diplomatic way.

Elaine Forbes - Yes. On transportation, I don't know that I have an answer but wonder if Sarah Dennis Phillips might help us out.

Sarah Dennis Phillips - Before I offer recommendations, let's talk about what is happening with the plan. This project is contributing \$45-50 million which is going to be held for use in this specific neighborhood. It is going to be complemented by another \$45-50 million that will come from the Mission Rock Project which you will be seeing shortly. Our hope, and this is a little further out, we just talked about the Potrero Power Plant Project. That project will also be contributing transportation impact fees.

We have a tacit agreement with our MTA that we also hold that money and keep it and add to that pot so we are working on transportation improvements up and down the Southern Bayfront. We're aggregating all of the projects that we're working on, specifically as you mentioned Commissioner Woo Ho to ensure that transportation works up and down the entire corridor. As we know, transportation doesn't work within a project or within a neighborhood. It crosses neighborhoods. It crosses projects. And that's the whole point, to connect things.

Another thing that the project does have baked into it and this was a commitment from MTA again, directly from Ed Reiskin. We are going to have a staff member who is expressly dedicated towards working on the implementation of these funds as they are aggregated. On improvements to the 10, to the 11, the XX. On improvements to the 12. On changes to streetscapes within the neighborhood. On the new bike lanes that have been proposed, etc. so that staff member will be directly responsible for working with the community like the Dogpatch Neighborhood Association, Mission Bay, Potrero Boosters, on shaping and refining those projects and then ensuring that dollars are spent and the projects are implemented.

One thing we haven't talked about and what I'm hearing from you today is that one thing that might be very valuable as this project builds out is that staff person who is working on a multi-modal basis, also comes back to this Commission, potentially to CWAG, to give reports on progress on the different key projects that we've actually called out in the DDA that the money be expended on to explain what input has come from the community over time, etc. That's one thing we can think about adding into the project. I'm open to other suggestions as well.

Commissioner Brandon - Jack, Brad and Christine, thank you very much for this report. I know a lot has gone into this and I want to thank all the staff, our City family, our City Attorneys, Forest City, everybody who put so much work into this. I appreciate the fact that we have had several briefings over the last six months on this project, because it is such a big project that it just takes a lot to understand it.

I was honored to be a Co-chair of the Planning Committee for this project in 2007 so I am just so happy to see this project come forward. I want to thank

everyone who put such hard work into this to make this new community happen. There are so many benefits to this project, fiscal, economic and public. It will create thousands of jobs, affordable housing, revitalize historic buildings, lots of new Open Space and hopefully create an economic boom for residents and businesses in San Francisco, especially the Southern Bayfront.

Sarah touched on one of the questions that I had how this project fits into the overall Southern Bayfront Strategy and Eastern Neighborhood Program as far as funding of transportation and Open Space and all the planning issues that are going to effect the whole corridor. If you can just expand on that a little bit?

Sarah Dennis Phillips - One of the things that we did not squeeze into today's presentation, although we have asked the Port to include it in past ones is a kind of overview of our Southern Bayfront Strategy. Just a refresher, that is something that OEWD is leading only because not all the projects are Port projects.

Our key partners are the Port and in some cases Rec Park, MTA and our infrastructure agencies so that we can look at every new development that is happening up and down the corridor and there are several there. Some under implementation right now, like the Warrior's Project and there are many more coming. This project, Mission Rock, India Basin, the Potrero Power Plant.

We are looking to ensure that all of those projects work together to create a cohesive whole. Transportation is probably the number one issue. It was key in the Warrior's negotiations. What we're trying to do from the Warriors negotiations as a starting point is built upon that and say, given the agreements that we've reached on increasing transit service in Mission Bay there, especially around events, how do we bolster it with the day-to-day, 24-hour services that are going to be needed by the office and residential of all these neighborhoods?

It doesn't stop at transportation though. Affordable housing is another key component. Open Space is another key component. Sustainability is another key component. Each project is weighing in in a different way. Affordable housing is another good example. This project is providing a significant amount of lower income affordable housing. It's going to have some mixed income as well, but a lot of it will be at our lower income, 55% of AMI and below.

Mission Rock, when that comes to you, we'll be looking at more mixed incomes and some higher incomes so we can get teachers and other working residents to live in our places. We've taken that same strategy in looking at all the different aspects that a community needs. Another one we haven't spoken to but has been a key concern for many of the community members is community space.

Where do we have place for both the existing community residents, and the new community residents to come together, to learn together, to teach our kids, to grow together as a whole community, not individual communities? All of those are part of the Southern Bayfront Strategy.

Commissioner Brandon - If the focus is on all this new development, how do the existing communities stay involved as far as transportation, open space, all of this?

Sarah Dennis Phillips - Transportation is a great example. We talk about how the MTA with its new staff member is responsible for working with them on a regular basis to both design these key improvements and implement them. We are talking about existing neighborhood structures. We're talking about the Dogpatch Neighborhood Association. We're talking about CWAG. We're talking about the Potrero Boosters.

What we've heard from the community residents today is that they are welcoming the new residents into those neighborhood groups, so that's how they'll be participating. But it really is focused on working with the people who we've been working with to date and will continue to work with who are part of the neighborhood as it is today, not the people that will come.

Commissioner Brandon - I'm talking about more of Hunters Point, Candlestick, Schlage Lock, all of the development projects along the corridor and how we're making sure that all of these projects and the funds work together to make sure that there is transportation. There is Open Space. All the strategies of the Southern Bayfront Strategy.

Sarah Dennis Phillips - I think you raise a good point. To date, on each and every project as we've worked with and we welcome everyone to the table and we work with the communities that have come to the table. I think what happens is that neighborhoods focus on the development closest to them. Lennar has worked closely with the Hunters Point Shipyard community as part of their development. Forest City has worked closely with the Dogpatch Neighborhood Association as part of the community.

We are trying to wrap all of those up when we work with people. What I'm taking from your comments is that we need to be sure to broaden how we talk about transportation to a more of a district level so that we're meeting with multiple organizations. MTA does do that on the natural, when we talk about improvements that transcend those borders. What I think I'm hearing from you is we need to go beyond just a specific bus line outreach and try to look at it more broadly.

Commissioner Brandon - Right, like the T or whatever it's called.

Sarah Dennis Phillips - Yes, absolutely.

Commissioner Brandon - Everything because what happens here is going to impact what happens at Mission Rock is going to impact what happens at Schlage Lock or Candlestick. It's all going to impact each other. I was just wondering, which brought into the community oversight which I think is an excellent idea to establish some type of ongoing process for the community

oversight but we need to expand it a little bit. CWAG will be a great starting place, but the Executive Director should be able to add members as necessary from all the communities being affected by these projects.

Sarah Dennis Phillips - That's a great recommendation. Another thing we can look to too is both broadening the scope of that staff person. With the existing advisory bodies that exist, for example the Shipyard Project, those are consulted as well.

Commissioner Brandon - That would be absolutely wonderful. With the approval process, and for the phased submittal, I'm wondering why that goes to the Executive Director and not the Commission. Especially since I noticed that we've been negotiating with Forest City and I just noticed that they set up a separate LLC. I really wanted to know what the legal relationship is between Forest City and Forest City Pier 70 LLC. Does that new entity have the guarantee of the parent company?

Brad Benson - As to how the phase approvals work, all of the documents before you today including the staff report describe a Phasing Plan as actually represented on this slide.

This represents the Phasing Plan. There is an attached Schedule of Performance that describes each of the public benefits that need to be delivered along with each of these phases so there is a timeline to deliver those public benefits and associated public benefits like the affordable housing pads.

All of that is before you today to approve. If Forest City comes in with a phase application that is consistent with what you have approved, then it rests with the Executive Director. The Executive Director is reviewing the Phasing Plan, reviewing its consistency with your prior approval and granting her authorization to proceed.

If there is a material change to the Phasing Plan, that rises to the level of bringing it back to the Port Commission for you to review because it's something different than you have previously approved.

Commissioner Brandon - Can you give me an example of a material change?

Brad Benson - It would be a change to the boundaries of a phase, sequencing of infrastructure and public benefits among the phases. Those types of significant changes would rise to the level of a Port Commission approval.

Question two was the legal relationship between Forest City Realty Trust and FC Pier 70 LLC and this is described in the staff report. The FC Pier 70 LLC is a subsidiary of Forest City Realty Trust. There is a corporate parent guarantee from Forest City Realty Trust in the amount of \$5.5 million dollars. That's equivalent to the 20% of the net worth of the LLC to guarantee the obligations under the DDA. That is consistent with the standard in other development

projects like Treasure Island and Hunters Point Shipyard. That's where that 20% standard came from and thank you to Joanne Sakai for recommending that.

Commissioner Brandon - Is \$5.5 million enough for Phase One?

Brad Benson - It's enough until there is a phase application. What happens at the phase application is Forest City comes in and says, "We plan to build \$140 million worth of infrastructure. Thirty million of that is parks. Another \$5 million is affordable housing pads." They post a \$35 million bond to the Port to cover the parks and the affordable housing pads. The remaining \$105 million worth of infrastructure that they're building for Public Works or the Public Utilities Commission, they post bonds in that amount, \$105 million to the Public Works and the Public Utilities Commission.

The City is holding performance bonds a face dollar amount equivalent to all the infrastructure that has to be built in the phase. If Forest City doesn't build, the City can call on the bonds and either request that they perform under the bonds or we take the funds from the bonds and deliver the infrastructure.

Commissioner Brandon - can you tell me a little bit about the LBE Workforce Development Program? I notice in the staff report, it says that it will make good faith efforts to reach a 17% outreach goal applicable to certain construction work for LBEs.

Brad Benson - Director Asenloo is here as well who negotiated this provision. He can do a better job of responding to some of these questions. I will note first, the 17% applies to each building in the project and to each phase of infrastructure in the project. It's not counted as the project as a whole. It's counted on a building by building and phase of infrastructure basis.

Romulus Asenloo, Contract Monitoring Division - The negotiations that we had for many of these years has been 17% LBE goal. It includes both the infrastructure portion as well as the residential and commercial buildings. It does exclude the arts building and the two PDRs since they're light industrial.

The good faith efforts include hiring an LBE liaison that is also a LBE that would focus on how to engage as many LBEs and maximize LBE participation as possible with a particular emphasis on LBEs from the Southeastern Neighborhoods. There are provisions for, and requirements for advertisements for a specific length of time as well as invitations for and creations of pre-bid and pre-proposal conferences in no less than 15 days prior to proposal due dates.

We will work with Forest City as well with the LBE liaison on how to get as many LBEs as possible to get interested and excited about the project and also find areas in which we can get the maximum use of LBEs on your projects.

Commissioner Brandon - Does that 17% apply to future tenant improvements also?

Romulus Asenloo - Yes, it also includes the initial build outs of the commercial and retail tenant improvements, 10,000 square feet and above. It also includes after that, the follow on tenant improvements for 10 years and that is actually very good.

Commissioner Brandon - Are we doing specific outreach to the disadvantaged neighborhoods? Is this written in the DDA somewhere?

Romulus Asenloo - Yes, the provisions for conducting outreach and also trying to reach out and get contracting teams that fit the diversity of the city is one of the primary goals. In particular, the Southeast Waterfront. We understand that there is both a need for not just increasing the value of the city's Port properties but also trying to balance and engage our most disadvantaged neighborhoods.

Commissioner Brandon - That's wonderful and I appreciate Forest City stepping up and really making that commitment of working with an LBE consultant and doing extensive outreach. I appreciate that effort. I'm interested to learn how the Port and Forest City can collaborate to ensure that we seek out those contracting teams. I'm wondering what would be the first step or your approach to achieving those aspirations.

Jack Sylvan - We're required to go through a competitive bidding process. We've done that for our engineering team for the first phase of the infrastructure. We put the LBE requirements into the contract. We tell them that when they bid, they need to hit that and the better they do in that, the more competitive they're going to be ultimately. There's a price component.

We literally put that into the contract and require our contractors to meet that. We then have a reporting requirement as we go through the process that's not unlike our Local Hire component which we also have. We put that into the contracts and we have a reporting requirement that we work with CMD, OEWD and the Port to make sure that we're hitting all those goals. We're supposed to come back to the Commission on a regular basis and report on that.

Elaine Forbes - Jack, could you please talk about the process for the outreach to disadvantaged communities.

Jack Sylvan - Honestly, we've been waiting until we get to the point of an approved project. We know that there are some really qualified folks who on their own in terms of the business that they do is focused on the Bayview and those zip codes. We need to go out and start putting together our RFP to select that person who will then work, including with the Port to identify, to make sure that folks know when we're out issuing bids that they're aware of those things or potentially that person for this small diverse business retail component, they could also be helping with that.

We also will be working with YCD on the workforce training and maybe less for the LBE component in another way that we have a local presence that's doing outreach around the workforce programs.

Commissioner Brandon - I really appreciate it. The Southern Waterfront Beautification Policy and Plan is as old as Forest City. It's 10 years old. I totally agree that this is a perfect time to revisit it so that we are all on the same page and understand it. I think that the thought in the policy was to any leases, whether their master leases, parameter leases, leases in that, in the parameter of the policy could have that 5% allocation.

We have not been adhering to the policy and updating it annually and think that staff should be aware of the policy and it should be part of any lease in this project, in this parameter of the lease. It shouldn't be up to me to ask where it is in the lease. It should be up to staff to say why they are or are not including it in the lease parameter. It's the perfect time to review it. We need to amend 17-43 to direct staff to apply the 5% beautification set aside to land revenues for the 28-acre project. I read somewhere in the staff report that there are dedicated shoreline improvements for the area.

Brad Benson - There are shoreline improvements within the 28-acre site. Forest City's going to be improving the shoreline, and raising the site to deal with Sea Level Rise. There is funding in the project from CFD Special Taxes and trailing Infrastructure Financing District proceeds that can be available to help with the Seawall or Sea Level Rise across the Port's entire waterfront, the seven and a half mile waterfront.

Commissioner Brandon - We should keep that funding dedicated to the Southern Waterfront.

Brad Benson - We're not forming the CFD yet. The CFD is a later formation action. When we're collecting the state's property tax increment, the IFD is limited to Pier 70. When we stop collecting the state's property tax increment and there's outyear tax increment, that's 30-40 years down the road.

Commissioner Brandon - I think all of this is 30-40 years.

Brad Benson - You could spend potentially all of it in the Southern Waterfront. You could spend it in the Northern Waterfront. I think the staff would recommend that because of the limitations in law on some of the public financing sources and the far out nature of those proceeds.

Elaine Forbes - These funds help us adapt to Sea Level Rise and protect the shoreline. Forest City, as Brad mentioned, is preparing their site for our Sea Level Rise and will be fine. It's the public lands that we own in between. I would suggest that these funds should be utilized to address the most urgent need, where we have flooding and adaptation needs that are imminent and that the

Port Commission at the time is going to want the flexibility to make the decision that protects the harbor and the city in order of priority.

Similar to the Seawall Project where we're trying to figure out the highest vulnerability, we may have a desperate need to protect the shoreline in the Southern Waterfront. It may be from the Central Waterfront. It may be from the Northern Waterfront. But we worked hard in our negotiations with Pier 70 to move our shoreline tax to be Portwide because we wanted the commission and the City to be able to have a Portwide view on this issue.

Commissioner Brandon - Well, maybe we can say Portwide with priority to the Southern waterfront.

Elaine Forbes - With priority, absolutely. It would be the Commission's decision. We would come to you for appropriate of funds. We would show how we made the decision. We should have the priority language and we would decide together where the most urgent need was.

Commissioner Brandon - Okay.

Elaine Forbes - Maybe we won't decide. It may be future people.

Brad Benson - It could be.

Elaine Forbes - It will be. It's many years down the road.

Elaine Forbes - This is collected for 99? Or 75?

Brad Benson - There's a portion of the CFD tax that will be collected right away. We may be back to you within 10 years to ask what's the priority area on the waterfront to spend those CFD proceeds. But most of what we're talking about is revenues happening 30 years down the road around 2050.

In order to actually make appropriation decisions as to those funds, the staff will have had to work with the Planning Commission to do environmental review of the projects. Before funds can be allocated to specific projects, that environmental review needs to be done, and then the Commission can act and decide where to place the funds.

Commissioner Brandon- Thank you. I think that covers everything for me.

Commissioner Adams – Before I make any comments, we ought to hear from our Executive Director. You came in about a year and a half ago. Monique Moyer started this project. You came in and I can say that you and the staff have not missed a beat. It would only be fitting before I make my comments for you to say probably one of the biggest things that you've done since you've taken over as the Executive Director or the skipper of the Port of San Francisco.

Elaine Forbes - Thank you for the opportunity to speak. I would resemble the comments of one speaker, it was Toby who said, "This is a really big day for us." We have been at this for a decade and the process has been long and sometimes arduous but I believe that as a result, we have a really fine project.

The neighbors are right when they say they're not blind to the number of units of housing, that there will be big changes to the neighborhood. That we've worked very diligently to make sure that the new neighborhood works. The connection that the citizens of San Francisco will have to the shoreline will be magnificent and this is the best before and after picture this Port has ever seen in this area minus the Embarcadero freeway coming down.

This is truly transformational. It is really an overwhelming privilege to manage and lead such a talented and hardworking team. The staff that have worked on this project have been working around the clock for this project. I know we're against maybe not big, but a developer on the other side and I would take my team to the negotiating table against any developer, any time. You have incredibly fine staff.

The City Attorneys, Joanne Sakai, Grace Park, Eileen Malley, you have no idea what they've been going through. What you see in terms of preparation is maybe 10% of the work that goes underneath the documents that are necessary to get this deal done. It is just incredible what they've been doing.

I can thank every single person again, but I'm going to thank one person and that's Brad Benson. You have been managing this project so skillfully for 5 years. I don't know how many hours you've put into this project, Brad, but you have done an incredible job. An incredible job with your intelligence, with your incredible tenacity. Jack can attest to it. Jack, you have your own. Kevin can attest to it.

You've done a great job pulling in other people and showing their expertise and bringing together a truly great package that we will be very proud of. It's amazing that you're the Port Commission that gets us to this point and it's amazing to be the Director today.

Commissioner Adams - Thank you. I know what you're saying. We're down to the one yard line. We're not going to do like the Seahawks. We're not going to pass. We've got the best running back in the game. We're going to take it over.

Clearly this is a historical day for the Port, San Francisco and also for Forest City. Kevin, Jack, Brad, and to everybody - a debt of gratitude to you all. Thank you. To the community, we're hearing you Corinne, everyone. We know that this community engagement and oversight has to continue. But everyone has worked together.

I want to thank Mike in the building trades for all the work and you don't know of all the Union jobs that it creates. Maybe some people will be able to still live in

the city of their birth, that they don't have to move outside because of good paying jobs to take care of their families and to put back into the community.

I was really glad to hear about the arts. That's a great thing. The arts is a big part of who San Francisco is. I was talking to some young guys recently about this new development down there with Forest City. People are excited because that would be the model city of the future. This is the future. It's awesome, it's part of San Francisco 2100 and it's evolving right in front of all of us.

I want to thank my Commissioners. Commissioner Brandon, she's been on the Commission 20 years. She's seen it all. Commissioner Katz, Commissioner Woo Ho, they were all on the Commission before me. They asked great questions. They really dug down into issues.

I need to thank one more person but he's not here. That's Ken Rich. I know at times it got tough dealing with Jack & Kevin. Ken Rich and Elaine had to go in there and they had to fight with Jack and Brad. They were like rumbling in the streets but they got it done. I also want to thank Mayor Lee.

In closing, to Port staff, we owe you a debt of gratitude. Thanks for all your hard work seeing this through and a lot of people. About a year and a half ago we went through a change in leadership here at the Port but you guys have never wavered. We have just moved forward as a Commission and there's the staff of the Port, a new Director came in and I'm really proud. We just showed the guts, and the vision and the determination to get this through.

Elaine Forbes - President Adams, we have some amendments to deal with.

Brad Benson - Director Forbes, just before you get to that, there was a little housekeeping item. I'm sorry after that great set of remarks, I apologize.

Brad Benson - We have an attachment B2 to the staff report. I believe the Commission has it in hand. We made a calculation error in strike prices. These are prices for each parcel in the project used to measure when there is a down real estate market. It plays a very important role in the transaction document. These are the corrected numbers that you have and that now, Amy, the Port Commission Secretary has. We would like your approval to include this change to the staff report.

Commissioner Adams – Okay with the revised Attachment B2.

Brad Benson - It's attachment B2, Pier 70 Strike Price.

Elaine Forbes - I'm going to call out what we need to do and then Brad and Eileen are going to help us decide how we're going to do it. The first thing is about continued community participation in the implementation phase. We are going to the CWAG before we come to the Commission so you have the benefit of the community's input and spending some good time with CWAG.

In addition, I am going to review the membership of that sitting Advisory Committee to make sure that we have representation from the entire area that has impacts from the project. I will add members as I see fit and I will let you know when I do so. I believe we want to make a motion to amend the DDA relative to going to CWAG before the Port Commission and regarding me reviewing the membership.

Eileen Malley - This would be an amendment to the Resolution 17-43 which is your DDA Resolution.

Brad Benson - As to the membership, I'm not sure that's actually an amendment to one of the Resolutions before the Commission today. The Port Director already has your delegated authority to appoint members to CWAG and we have the suggestion to add additional members.

Eileen Malley – Right, so the amendment to 17-43 would be amending the phase approval process to include presentations to CWAG as it may be composed at any particular time prior to the Port Commission presentation on the phase submittal.

Brad Benson - Yes.

Eileen Malley - That's the amendment to 17-43.

Elaine Forbes - The second item is related to transportation and Sarah Dennis Philips I think had a very good suggestion that MTA staff come to the Port Commission and report to the Commission on implementation. I want to point out that the Port cannot direct MTA. OEWD can in its role but for the MTA to come to you and report on implementation I think will be an important tool for transparency.

Brad Benson - There is an Interagency Cooperation Agreement among the departments including the SFMTA and the Port. We can't change that unilaterally, but we could talk to MTA and see if we could include this reporting mechanism subject to their agreement in that Interagency Cooperation Agreement.

Elaine Forbes - We suggest bringing back an amendment to that MOU.

Brad Benson - This might exist within the delegated authority to both you and to the head of SFMTA.

Eileen Malley - The ICA Resolution is 17-48 and you could urge the MTA to include this process.

Elaine Forbes - We should include that urging language. The final amendment that I have is to apply the 5% and that would be an amendment to the

Resolution. In New Business I'll recommend bringing the policy back before the Commission.

Brad Benson - That is also an amendment to 17-43, right?

Elaine Forbes - Do one of you want to restate everything, just for clarity?

Eileen Malley - So you moved approval of all of the listed Resolutions and you are now amending that motion to include in Resolution 17-43 an amendment to the phase approval process to include presentations to the CWAG or its successor organization, community organization, whatever the Director concludes. That a presentation would be made to that community organization prior to making a presentation to the Port Commission on each phase submittal.

There would also be an amendment to Resolution 17-43 to require 5% of lease revenues be placed into the Southern Waterfront Beautification Fund. There would be an amendment to Resolution 17-48 regarding the ICA urging the SFMTA Director to include in the ICA a requirement that the dedicated staff person report back to the Port Commission regarding the expenditure of the transportation funds.

ACTION: Commissioner Brandon moved approval of Resolution Nos. 17-43 & 17-48 as amended. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Elaine Forbes - I forgot one. This is related to the Special Tax for Sea Level Rise where we would add language that there is a priority for Southern Waterfront funding. Didn't we agree that we would add language that there be a priority for improvements to the Southern Waterfront but the Commission would look at all of the various issues at the time.

Brad Benson - I thought I heard you say that there would be a priority as to the areas that are most at-risk.

Elaine Forbes - Yes, that's how we do the analysis and make the decisions, but I thought we agreed that we would have language that stated that there would be a policy to have consideration for Southern Waterfront improvements. Isn't that right Commissioner Brandon?

Commissioner Brandon - Yes.

Elaine Forbes - So would that be a Resolution change?

Brad Benson - There is Resolution 17-49 and Resolution 17-50. You could choose Resolution 17-49 and direct staff in developing future Infrastructure Financing Plans to address Sea Level Rise or the Seawall to prioritize areas that are most prone to flood risk with special consideration to the Southern Waterfront.

Elaine Forbes – Yes, that's good.

Eileen Malley - Commissioner Brandon had made a motion to amend Resolution, we probably should have a new motion to amend the Resolutions to include this most recent amendment to 17-49.

ACTION: Commissioner Katz moved approval of Resolution 17-49 as amended. Commissioner Woo Ho seconded. All of the Commissioners were in favor.

Eileen Malley - You've now approved the amendments and so your final action would be to vote on all the Resolutions as amended.

Commissioner Adams - All in favor of Resolution No. 17-43, 17-44, 17-45, 17-46, 17-47, 17-48, 17-49, 17-50, 17-51, and 17-52, say aye.

Commissioner Katz - Aye.

Commissioner Woo Ho - Aye.

Commissioner Adams – The resolutions passed unanimously.

10. NEW BUSINESS

Elaine Forbes - For New Business, we will be inviting the developer of the former Potrero Power Plant to make a presentation to the Port Commission when it's timely. We will also add an item to the forward calendar to take a look at the Southern Waterfront Beautification policy to ensure that we have a unified understanding of that policy. Is there any other New Business?

Commissioner Adams - SFGovTV, thank you for being in the house. Thank you for your patience. You make us look good. Thank you very much.

11. ADJOURNMENT

Commissioner Katz - Can we adjourn in memory and honor of those impacted by the recent natural disasters including the earthquake in Mexico?

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

Port Commission President Commissioner Adams adjourned the meeting at 6:50 p.m.