

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

**MINUTES OF THE MEETING  
JANUARY 9, 2018**

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

At 2:00 p.m., Port Commission President Willie Adams called the meeting to order. The following commissioners were present: Willie Adams, Kimberly Brandon, and Doreen Woo Ho. Commissioner Leslie Katz arrived at 2:40 p.m.

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

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

**3. PUBLIC COMMENT ON EXECUTIVE SESSION**

**4. EXECUTIVE SESSION**

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

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

At 2:02 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. \*This session is closed to any non-City/Port representative: (Discussion Item)

- a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)  
Person Negotiating: Port: Michael Martin, Deputy Director, Real Estate & Development  
\*Negotiating Parties: SWL 337 Associates, LLC: Jack Bair

**5. RECONVENE IN OPEN SESSION**

At 3:15 p.m. the Commission withdrew to closed session and reconvened in open session.

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

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

**6. PLEDGE OF ALLEGIANCE**

**7. ANNOUNCEMENTS** – The Port Commission Affairs Manager announced the following:

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

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

**9. EXECUTIVE**

A. Executive Director's Report – Port Director Elaine Forbes reported the following:

- Islais Creek Selection for the Resilient By Design Competition

The Resilient By Design competition is a not-for-profit-led, Rockefeller-Foundation-sponsored, yearlong collaborative design challenge bringing together residents, public officials and locals, national and international experts to develop 10 innovative community-based solutions that will strengthen the region's resiliency to sea-level rise, severe storms, flood, etc.

There are 10 teams in 10 locations. Our location has been defined as Islais Creek. The Port is very pleased that Islais Creek was selected. The city recommended between three sites: Mission Creek, Fisherman's Wharf and Islais Creek. We're very pleased that it was selected. When we learn on January 11<sup>th</sup> who the design firm will be, it will be posted on our website.

This will be a very collaborative process with local residents and community organizations. These conceptual designs will be innovative and will allow us to think about ways in which we can adapt to sea-level rise. We're looking forward to this. We are a key stakeholder as the landlord of this location. We are working closely with the Resiliency By Design competition staff.

- Pier 70 Shipyard Update

The Port has made the decision to reissue the RFP for the shipyard at Pier 70. We have a target date of coming to this commission for approval on February 27, 2018.

As you will recall, we issued an RFP on August 15, 2017. We received three proposals but only one was responsive and that was Vigor of Portland, Oregon. As we worked to clarify the response with Vigor, we saw that we would need to repackage the RFP and broaden the scope of the RFP in order for the facility to be economically viable.

Given that we learned this, we wanted to put it out again to offer the other shipyard operators who did not come in with a responsive proposal to think again and perhaps bid again. That is the reason for that decision.

We remain very committed to seeing the shipyard up and operational again and hope that this new RFP will yield a very good, responsive bidder.

- Port's Response to the January 4, 2018 Berkeley Earthquake

As you are all aware, on January 4th, we got an early-morning earthquake with the epicenter in Berkeley. It was initially reported at 4.7 but it was downgraded to 4.4. Though we knew right away that the Port facilities probably did not suffer damage given the size on the Richter Scale, we did a full deployment in order to test how we inspect and respond to earthquake. We know this is something that will be in our future. We want to be prepared. By 7:30 a.m., we had 10 teams out, five in boat and five on land. The entire Port staff participated, from engineering and maintenance, in the exercise.

It was high tide that day. Normally, we would have wanted to go under the piers to inspect but because of the high tide, it was not safe. So we did perimeter reviews. The tide was at 2.5 feet. By 11 a.m., it was at seven feet so it was impossible to get under the pier.

We did learn that perimeter inspections are excellent. We were able to get all our results in by 1:30, which we felt was a very good result. We identified nine issues, none of which the earthquake caused but were very good issues to know about.

We also realized that we're getting very good at deploying our staff but prioritizing what work to do first is something we need to work on with protocol. I'm very thankful to Rob Iwashita, our chief harbor engineer and Tom Carter, our deputy director of maintenance who ran the operation as well as Diana Bartram, our Emergency Operations Coordinator. It was very well done. There were 34 staff involved. I want to remind all the public to also practice your emergency response. There's lots of good cognitive research

that says, if you don't practice something, you don't know how to do it when you're worried. People will dial 411 in a catastrophe instead of 911 because they're used to dialing 411. So practice, practice, practice.

- 2017 MFAC Public Managerial Excellence Award to the Encampment Resolution Team - Tom Carter, Deputy Director of Port Maintenance, Scott Walton, Manager of Department of Homelessness and Supportive Housing, and Paul De Freitas, Project Manager of San Francisco Public Works

I have the great privilege of announcing that our own deputy director of maintenance, Tom Carter, has won the MFAC award this year with Paul De Freitas of Public Works and Scott Walton of the Department of Homelessness and Supportive Housing.

This special event for the awardees will take place March 21, 2018 at 5:30 p.m. in City Hall Rotunda. They won this award for the Warm Water Cove encampment resolution and the Navigation Center at 25th Street.

As most people familiar with the Port last year, we were going through quite an insurgence of encampments along Port property at Warm Water Cove and Islais Creek. We were also seeing more and more homeless people on Port property.

Our commission both wanted us to do something positive and respond with compassion. This group of folks got the work going. First, we did clearing of the encampments with a focus on compassionate services to people. Then, we identified the Navigation Center as city policy as the best of breed in providing care to the homeless population. We found a site at the terminus of a street on 25th Street. We even got the local neighborhood residents and the community organizations to support the Navigation Center.

It was a long process but it was a very rewarding one. The awardees spent many hours doing the hard work that is involved in encampment removals. We're very proud that they were given this very prestigious award.

- Special Port Commission - January 30, 2018 at Pier 1 Bayside Conference Room

We are having a special meeting on January 30, 2018. The open session will be at 3:15 in the Bayside conference rooms at Pier 1.

B. Port Commissioners' Report:

Elaine Forbes - Staff has prepared some photo images of our beloved Mayor Edwin Lee. We know that the Port Commissioners would like to say some words about our former mayor.

Commissioner Woo Ho - President Adams, thank you for giving me the privilege of going first. I have two parts to what I'd like to say about Mayor Ed Lee. First is personal. My husband and I have known Ed Lee since 1989 when he joined the government and when my husband joined as deputy mayor with Art Agnos.

Anita and Ed tend to also live five minutes away from us so we were in the same neighborhood. We frequently got together over the years, and certainly when he was mayor, for dinner.

We have a very close personal association. Along the way, there were other intersections. It's funny how life is. There's always six degrees of separation. Ed Lee, as you know, is an alum of Bowdoin College and my son happened to also attend Bowdoin. They had that connection between them. It so happened that my son-in-law Ben went to high school with Brianna, his daughter. So we had that connection too. This loss is very personal to us, not just for the city but just personally.

He was such a humble man. We all remember his tremendous sense of humor and his corny jokes and none of us remember his corny jokes. We just remember that everybody would start laughing because he would start laughing. He was enthusiastic about his new jokes.

When he asked me to join the Port Commission, I accepted. As we can see over the years, he was a tremendously vibrant supporter of our waterfront and all our projects. All of that is known and documented starting with all the Port projects he believed in, first with the Warriors, Pier 70, Mission Rock, Forest City, etc.

As he transitioned to be the mayor, then Executive Director Monique Moyer and I, as the president of the Commission, had several breakfast meetings. He wanted to make sure that there was a smooth transition. He was probably more involved as a mayor with the Port than some of his predecessors. He wanted to make sure that we were on the same agenda and that we got along. He also had people and Mike Martin will remember, in terms of from the city hall's standpoint.

It was very important that he took the time. We used to have a few breakfast meetings to talk about what was going on at the Port and that worked out well. I think the transition worked out well.

I'm on the board of the San Francisco Opera. Ed Lee was honorary chairman of the Dream of the Red Chamber, which is an opera based on a Chinese classic, which is a bridge to U.S. and China and between Asian and American culture. He was a tireless champion. He traveled with me at least three times to Asia to make sure that we were able to get it not only presented here in San Francisco as a world premier but also in Hong Kong and eventually last September in Beijing, Changsha and Wuhan, which was an absolute first to be able to get this opera to China given the State of China is very nationalistic to get a foreign import to talk to them about one of their great classic stories. He went to Beijing. He talked to the mayor of Beijing. We talked to the minister of culture. The

minister of culture visited San Francisco. These are all absolutely revolutionary firsts.

The fact that the flags were held at half-mast not only here in San Francisco but in Washington D.C. and other places, speaks to the respect that Ed Lee had across the country and internationally.

I know that, within four hours of his passing here, the news was flashed in China. All of a sudden, my husband and I started getting text messages all over the place. My husband was in the hospital room with Anita the night that he passed and it was very sad. Unfortunately, I was in Minneapolis at the time but it was something so unexpected, as you know. It's very difficult. I'm still trying to comprehend that loss. Ed Lee saw Dream of the Red Chamber. It relates back to how he saw San Francisco. He saw it not because of just his Chinese heritage. He saw it as San Francisco's cultural gift to the world and it's a gift that will have a legacy that goes on.

It will be not only hopefully in Asia but in other parts of the world. He used to champion those things. He saw San Francisco as the gateway to the world. I think, through what he did in technology in San Francisco, enhanced the city's international reputation. We had such respect from other places in the world.

On the domestic front, I'm sure the paper will talk about how he was the champion of housing in the city. He was the mayor that has achieved the most units of affordable housing than any other mayor in the city. That goal still hasn't been met and it's only been 11,000 thus far.

He was a quiet, unassuming man. I know that there was a lot of criticism and lots of issues we have in this city but as soon as he left us, we realized how great he really was. The legacy that he left us is an amazing legacy for the City of San Francisco and, for me personally, a tremendous loss.

My husband loved to have dinner with him. One of the things that they used to like to do -- which if you knew Ed Lee, he loved to smoke a cigar. So as my husband said at one of his services, he lost a buddy to smoke a cigar with after dinner. Thank you.

Commissioner Katz - Many of us in this room go way back with Mayor Lee. It certainly came as a shock to me. When I served on the board of the supervisors, I used to call him my go-to Eds, Ed Lee and Ed Harrington.

Anything I wanted to do, I went to one of the two of them because, no matter what it was even if it wasn't in their official area of duties, they thought it through. They understood the impact on the city, and they cared about making a difference.

I remember having many conversations with then Director Lee at both Human Rights Commission and at the Department of Public Works and then later, when he was city administrator, about issues impacting the city that went far beyond his scope. He knew how the city is all intricately intertwined. He cared so much

about it. His passing was certainly a shock to all of us. I know, at countless events and whenever I would see him, he would always ask about some small detail about the Port. No matter what, at dinners, at other functions, he'd always lean over and ask something very specific and want to know what was happening here. He paid a great deal of attention to the Port.

He cared very deeply about the city as a whole but also about what was happening at the Port. This was one area that he saw as a significant legacy of his in terms of what's been transpiring along the waterfront.

I also know when we selected a new Port director, he took it upon himself to mentor Elaine as a new department head. We've certainly seen how well that's come out. We owe him a great deal of thanks for taking that extra time to go above and beyond to make sure that everyone was able to be successful throughout the city. That was something he felt very strongly about working with people to give them the opportunity to be their best selves and to soar. I know we can all tell a lot of stories. I certainly have quite a few about the mayor.

Something that I personally appreciate and he didn't have to do it was he spearheaded efforts with the U.S. Conference of Mayors to support the LGBTQ community so much so that a national organization, the Human Rights Campaign, sent out a press release regarding his passing and what he's meant to the community nationally and how he spearheaded those efforts to bring other mayors to fight for equality for all communities. That speaks volumes of the kind of person he was. As many of us look back on his legacy, we'll appreciate even more how he quietly just got things done and just made them happen, didn't always take credit for it but made sure that the city moved along.

It's often an ungovernable city but he seemed to manage to push things along. We'll all reflect well on a lot of the work that he did during his tenure. He will certainly be missed by all of us up here.

I've said this before but hearts go out to his wife, Anita, and his two daughters. Losing a partner and a father at such a young age is really hard. We thank them for lending him to us for as long as we had him.

Commissioner Brandon - It's still so hard to believe that he's gone. I first met Mayor Lee back when he was with the Department of Public Works. I would see him at different events throughout the years. When the opportunity for him to become our caretaker mayor happened, I thought he was the perfect person because I thought that he wasn't political.

He wanted to do the right thing and create a fair and level playing field for everyone. Then, when the Run Ed Run campaign started, I jumped on the bandwagon because I just thought he was perfect.

Even though he said he wasn't going to run, I was happy that he did. Working with him over the last seven years has just been absolutely wonderful. He's been so engaged and so involved in our Port activities, from the creation of the

bond measure that will be on the ballot in November and everything that we've needed, he has helped us with.

He has just been there to guide us. As Commissioner Katz and Woo Ho said regarding our new director and taking her under his arm and making sure that she's successful, I mean he has just been so wonderful to work with.

We're all going to miss him very much. We all had the opportunity to attend his memorial service at City Hall, which was done so elegantly, so wonderful, so lovingly, which was just his character, all of what he represents. It's really hard to believe that he's gone. We're definitely going to miss him.

Executive Director Forbes - Mayor Lee was an exceptional human being. He was just such a good man and that really did come through more after he passed away, what we lost because truly good people -- they're not impossible to find in politics but they're not everywhere.

He was somebody who wanted other people to do well and didn't take credit for things and didn't blame other people for things but he truly wanted us to do well and that was how he governed.

It was just such an exceptional gift to have him in that chair. He was clearly the father of two daughters and a loving husband because he was a great mentor to me as a woman. Through all the times I would tell him things, he would say, "Well, what do you think? What's your recommendation?" He had complete confidence that I could figure it out. I think that boded extraordinarily well for a younger woman coming into this role, that I had his confidence. That is not easy to find in such a big job. He gave me incredible gifts and I will always treasure those gifts.

President Adams - Last year was a year of reflection. I thought about the state of our country. I thought about the fires that happened in Sonoma and Napa and then the death of Mayor Lee. Mohammad Ali said it best, "Service to others is the rent you pay for your room on earth." Ed Lee did that.

Ed Lee, like me, came out of Washington State. Ed Lee and his friend Gary Locke grew up in a housing project in Seattle, Washington, eventually coming to San Francisco. I'm from Tacoma, Washington.

Ed's life reflected the best of us. He transformed this city. If you watch and you look at this city, this city has changed so much. It happened under the transformation of Mayor Lee. He was a visionary. He was a very savvy, humble, down-to-earth human being.

When you're the mayor, the chips are always down when you're a leader. There are never any victory laps. Mayor Lee understood that. His dad was a cook. His mother was a seamstress, very working class. He would talk to anybody on the street. Clearly, he nourished the soul of this city, how much he cared for the homeless issues here. Talk about the power of modesty. That was Ed Lee.



He was an unparalleled public servant. He was the perfect recipe for success and accolades. I read an article in the paper from Suzy Loftus, the former president of the police commission. Ed Lee believed in the power of women.

He appointed a lot of women to a lot of different positions. When I heard Oprah Winfrey's speech the other night at the Golden Globes, I thought about Ed Lee. She talked about the women, but also she talked about the men. Ed Lee is one of those men. Ed Lee understood that when dealing with women, strong men don't hurt you. Weak men do. He understood that. He lived his life by that. Ed Lee reached out to the labor movement, myself as a working-class labor leader.

He believed in the unions. He believed in the working class. He threw himself in supporting this Port. Commissioner Woo Ho is right. Other mayors didn't engage themselves. He embraced this Port wholeheartedly. What do you need? What's going on? He talked. Mike Martin, I need to tell you something. He called me one time about you. He said, "I don't really know Mike that well but he's a good man."

He always has something good to say about people to uplift people and to build people. I know everyone was shaken when Mayor Lee died, as this commission was but we have work to do. His spirit is still with us, will always be with us. We have a busy year. We have to continue to have that visionary spirit, that compassion, that humbleness that Mayor Lee had. We've got to get these projects done. This is what Ed Lee would want.

Being at the memorial service clearly to me, from the dim mist of eternity, his spirit was there that day, from his daughters speaking to everyone that got up to speak about Ed Lee.

It's funny sometime in life when you want something bad, you never get it. He never wanted to be mayor. But he will go down in history as one of the best mayors that this country and the city of San Francisco has ever seen.

As we move forward, let's have an upbeat spirit. Ed Lee will always be walking with us as we move forward. We've got work to do. This is what he would want. Whether it's Forest City, the Giants, whatever we're doing, he would want this Port and the staff, the leadership and heads to continue to lead.

Eventually, we'll get a new mayor. We're going to continue to move forward because San Francisco is like no other city. We have resilience. That's what we are going to do. Just remember, we all have a certain amount of time on this earth. We don't know how long.

We need to make the most out of every moment and every second that we have on this earth. Ed Lee did that -- because sometimes, we don't get the memo. If you have cancer or if you have an illness when you die, you get to say goodbye to everybody. If you have a heart attack or an aneurysm and die suddenly, you don't say goodbye. When I went to City Hall both times to see the casket, I thought about this little man who was big in stature, big in heart who had a vision and it was about San Francisco.

At this time, I would ask everyone to stand. We're going to have a moment of silence for Mayor Edwin Mah Lee. Mayor Lee, may you rest in peace.

C. Election of Port Commission Officers

Commissioner Adams - At this time, we're going to open it up for nomination for president of the Port Commission. Is there any public comment? Being none, public comment is closed.

At this time, I will relinquish the gavel. I would like to nominate Commissioner Brandon for president of the San Francisco Port Commission.

Commissioner Katz - Nominations are now open. Commissioner Adams has nominated Commissioner Brandon for Port Commission president. Are there any other nominations?

Commissioner Woo Ho – I second the nomination.

Commissioner Katz - There's a nomination and second for Commission Brandon to serve as president of the Port Commission. Seeing no other nominations, nominations are closed. Seeing no objections, Commissioner Brandon has been elected Port Commission president.

Commissioner Brandon - Thank you. Is there any public comment on nominations for commission vice president?

Commissioner Katz - I'd like to move nomination of Commissioner Willie Adams as vice president of the Port Commission.

Commissioner Brandon - There is a nomination for Willie Adams as vice president of the Port Commission. Are there any other nominations?

Commissioner Woo Ho – I second the nomination.

Commissioner Brandon – There's a nomination and a second for Commissioner Willie Adams as vice president of the San Francisco Port Commission. Commissioner Adams has been elected vice president of the Port Commission.

I would like to thank Commissioner Adams for his presidency over the last couple of years. He has just been a very strong, fearless leader. I don't think he has missed a meeting in the last two years -- probably the last four or five years but at least the last two years as president. He has just done such a phenomenal job for us locally, nationally, globally.

Everywhere he goes, he has the Port of San Francisco at the top of his mind doing whatever he can to benefit us and that is absolutely wonderful. Thank you so much for your commitment.

Commissioner Adams - Thank you.

Commissioner Brandon - I always want to thank my fellow commissioners because I think we all are a great team. I think, not only does the Port have the best staff in the city, but we have the best commission in the city. I'm just looking forward to carrying out all of the projects and activities that we're working on.

I look forward to working with our esteemed executive director and all of our staff to continue everything that we have done throughout the years to make the Port such a wonderful place for everyone (staff, visitors, guests, etc.) to enjoy.

To see what has transpired over the last 20 years here at the Port, everybody should be very thankful for all of your input, all of your guidance, everything that you do for the Port. I look forward to continuing that legacy. Thank you, everyone.

Commissioner Woo Ho - I wanted to add my personal thanks to Vice President Adams and also to congratulate President Brandon. I want to say that Willie has brought not only just the business of the Port. He has given us the perspective of the world. He is a man of principle. We've informally codified a lot of values that we believe in as a commission and I think that the city also believes in.

We actually not only talk the talk. We walk the talk at the Port of San Francisco and at the commission. I want to applaud Willie Adams for actually doing a lot to verbalize that in our commission meetings.

I want to thank him for his leadership. I also have worked with Commissioner Brandon before. I know she's going to be a great president. I look forward to working with both of you again through this next couple of years.

We still have a lot of things to do, as Willie Adams mentioned. We have a lot of legacy to continue to carry out under what was started at the commission here as well as under Mayor Ed Lee. We look forward to working with whoever is going to be in City Hall.

I also want to thank Elaine Forbes for everything that she's done in her term so far. It's been a great team. I think that we, at the commission level, do our oversight. We don't rubberstamp what the staff says. We hope we give constructive feedback. Staff really is very intelligent and gives us the best reports, very thoughtful. I think this is a truly working commission on both sides and I think it's remarkable. I think, those are the reasons many of us are motivated and energized to come to our meetings every time.

Commissioner Katz - I wanted to take the moment to thank former President and current Vice President Adams. Thank you, Commissioner Adams, for all your hard work over these past two years.

I don't think people realize how much goes into serving as commission president. There are countless meetings with staff, with other constituencies, with elected officials, with tenants that go on behind the scenes.

It's a huge obligation and a labor of love. Commissioner Adams, I know you guided us through to a very stable point. We've had a lot of significant projects and activities taking place, not the least of which was selecting a new executive director to replace a long-term ED.

We're thrilled to have Elaine serving in that role. We've really moved into a very stable time period. Given all that's going on around us, it's somewhat remarkable how stable the Port has become under your stewardship, under the stewardship of Executive Director Forbes and also under former Vice President and current President Commissioner Brandon.

The amount of time and work that goes into serving as officers of the commission is significant. I want to thank you for all that you've done to lead us through this. As Commissioner Woo Ho indicated, while we do what often may look like sometimes mundane work, also articulating values that are so important to all of us as commissioners and as San Franciscans.

Looking at this commission, it sends a message to others around that you can have a vibrant, thriving waterfront and working Port and reflect a tremendous amount of diversity in the leadership as well. Just by virtue alone, it really sends a strong message to others around about what we're all about, what can be accomplished and the importance of inclusion for everyone. I want to thank you for all of your inspiring words at all of our meetings. It's something quite special. President Brandon, I'm wishing you all the best. We will stand with you and be excited to serve under your presidency.

Commissioner Adams - First of all, I want to say to President Brandon, we've been teammates. It's been a privilege working with you. You also didn't miss any meetings. I also want to thank Commissioner Katz and Woo Ho. You guys have been the rock. We've had a good team here. I want to thank Director Forbes. I really want to thank the staff. Day in and day out, you have to deal with the commissioners. It's a lot of work. You guys go to a lot of meetings on your off time when you get done here. Sometimes, you take your work home with you. Everything rises from the bottom up and it's because of the effort of the staff. You're always thorough. You were ready and you came out.

I thought about last year when director Monique Moyer had left. We haven't missed a beat. We've gotten our projects done. We've worked very hard. We have a lot of veterans. Mike and Katie came in. Director Forbes put her own team together. I think this is the best staff in the city. Sometimes you might think that the commissioners are a little overbearing. It's because we really care about a lot of the issues. Old timers like Tom Carter, you guys show up every day and we really appreciate it.

I want to say another special thank you to Corinne. We're nothing without the community. Corinne Woods is someone that's practically here at every Port Commission meeting. Some people only come when there's something that's self-serving that affects them but you never see them at any other Port Commission meetings.

Corinne comes to almost every meeting because she cares about the Port. A lot of people, they'll just come. Once their issue is done, you never see them again. I call them sometime people that want to come around and care about the Port. Corinne is consistent. She's always here. She always gets up at the mic. She gets on us commissioners. She gets on Elaine. She gets on the staff. She and her crew gets on everybody. I like that because, Corinne is not a politician. She comes, and she's active. Corinne is on four or five different committees. She's donating her time.

Corinne, thank you. Please keep coming. Please keep staying on top of us. Hold our feet to the fire. It makes us all better having you and the community out here because we work for you. It's been a privilege. Thank you very much. I look forward to 2018. It's going to be a great year.

Elaine Forbes - I would love to say a few words. Thank you so much for the opportunity, President Brandon. I'd also like to thank you very much, Vice President Adams. You were an excellent president. You absolutely helped widen our lens. You told us to go to Washington D.C., and we said, "Why?" We won't get anything in Washington D.C. but we marched there. Sure enough, we're getting things from Washington D.C. You told us to engage our Port partners. You've been just incredibly strong on building maritime business in areas where we have thought that maybe the future might not even be there.

You have pushed us and pushed us to imagine what's possible. I remember when you announced there was a renaissance in the southern waterfront. I went home and I thought, what exactly is a renaissance in the southern waterfront. You pushed us to think through what would that mean? How can we be bold? How can we look at our assumptions and say, well, what would it look like to bring it in to the next generation? You've been very bold about the way in which you view the Port.

I think that the Port needed that lens and to step up and look outside of what was the day to day. President Brandon is right, this Port has transformed itself over the last 20 years but we're on warp speed right now. That's in large part to your leadership, to President Brandon's leadership. You two are fine officers for me as a new director. Thank you so much. Port staff feels like we come in to our seats. We buckle up in the morning because we've got a huge plate of projects, a bond measure in November, a ferry project, an RFI, end of the waterfront land-use plan. The future is very open because of the leadership that you provided.

Of course, Port needs to get a fair deal, earn its economics but you have said, let's build this waterfront for everyone. Let's build it in a way that truly invokes possibility and not just what's come before.

I thank you so much for widening our lens and getting us out of our box and pushing us to D.C. and pushing us to Sacramento and pushing us to all these places because it's been very good for us. Thank you so much.

Renee Martin - This beautiful floral arrangement was just delivered by Mr. Timothy Simon.

Commissioner Brandon - Thank you. They are beautiful.

## 10. CONSENT

- A. Request approval of Memorandum of Understanding M-16334 with the San Francisco Public Utilities Commission (SFPUC) for use of a portion of Seawall Lot 345 (SWL-345) at 855 Terry A. Francois Boulevard to construct, operate, and maintain the Mariposa Dry-Weather Pump Station for a period of thirty (30) years for a lump sum rental of \$502,294 with two options for a total of up to sixty-six (66) years. (Resolution No. 18-01)

ACTION: Port Commissioner Katz moved approval; Commissioner Woo Ho seconded the motion.

## 11. PLANNING & ENVIRONMENT

- A. Informational presentation regarding the Port's Proposed Federal and State Legislation Program.

Daley Dunham - President Brandon and Vice President Adams, congratulations. I'm the Port special projects manager here to present to you the Port's proposed legislative priorities for 2018. I'm joined today by the director of special projects, Brad Benson.

This is our annual presentation at the outset of the year. This is in follow up to a mid-year update in 2017. Beginning with our state legislative priorities on December 13th, Port staff, Brad and myself, presented at the city's state legislation committee at City Hall and what's going to follow in this presentation approved at that committee. It's chaired by Katie Angotti, the mayor's head of legislative and government affairs and also has other departments represented there. One update on some recent activity -- there was some tax legislation in the news coming out of D.C. not too long ago.

That legislation started off with an elimination of the federal historic tax credit, a change in law that would have had devastating impacts on the Port's development outlook. Port staff, together with our federal advocate, working with

other partners across the country, weighed in on that effort and ultimately contributed to some amendments that restored most of it.

What's remaining is that the federal tax credits now have to be claimed over five years, dilutes the power of them somewhat. But it feels like a big win based on where we started.

Commissioner Woo Ho - When you say five-year rollout, does that mean it sunsets in five years?

Daley Dunham – No but they have to be claimed over a period of five years instead of being claimed all at once upfront. So time value of money over the five-year period as opposed to getting them all at once.

That's the fiscal impact, much better than not having them at all. The items approved specifically by the city's state legislation committee are new -- in support of the Seawall Resiliency Project, new IFD legislation to capture a tax increment, cap and trade appropriations and to pursue funding in the state resources bond authorized by SB5, should it succeed at the ballot in June of 2018.

In addition, they approved us doing the same, pursuing funds that will become available through RM3 if that succeeds at the ballot as well. RM3 is an increase in bridge tolls to fund infrastructure that takes pressure off of the bridges. It's a good target for our Mission Bay Ferry landing.

On the IFD legislation, we're fortunate enough to have assembly member and former waterfront supervisor, David Chiu, who has offered to be our sponsor. We had great support from Senator Wiener as well.

Port staff have been engaged with Sacramento stakeholders over the last many months looking to start off on the right foot. The choice we have is whether or not we are looking at a San Francisco-only bill, a district bill or something that's broader statewide, the tradeoff being a bigger coalition, has more political support but costs the state more money. We are actively getting feedback even as of late last week. It's an ongoing conversation about what looks like it's going to have the best odds for success, how we approach that.

Commissioner Katz - Are there other communities seeking similar kinds of IFDs?

Daley Dunham - Not for resilient sea-level-rise type of project like we have now. One of the things that separates us from other communities around the state is that we're farther along than anybody else is for this kind of effort. We have other unique features that distinguish us from other jurisdictions. We would be first out of the gate.

Commissioner Katz - Yeah. Could you explain what the difference would be if it were statewide versus for us only?

Daley Dunham - For state, this is also still in process. We're looking at a couple of different ways to structure the statewide bill, in particular what the coalition would look like. Who would be able to buy in? Would it be ports only like CAPA, maybe CAPA and their associated cities since some of the ports themselves might not have eligible projects? Bigger than that? Other coastal communities?

The coalition part of it is something that we're still working on. They would be able to apply and be eligible for the same kind of tool if it were a statewide coalition type of effort. If it's San Francisco only, then the appeal to the state is going to be it's a lighter hit on the general fund.

Where do we go from here? We are working on a draft of the legislation. Port staff has a lot of experience with AB 1198 and the IFD at Pier 70, which captures the state share, something that we're looking for in this legislation. We have to get something into legislative council by the 19th. So that's something that's very active and we'll be taking care of sooner rather than later. Our discussions with administration officials and legislations are ongoing about this same issue we were just discussing. We're getting feedback about what kind of cost the state is willing to endure, signals we're getting from other parts of Sacramento.

Depending on how we go with this -- how we brief our potential coalition partners or just look for support on the bill even if it's San Francisco only. Another promising area of investigation are cap and trade funds. The cap and trade funds were expanded in terms of scope and extended for how long they're eligible. Last year, the last quarterly sale was a lot of money, \$800 million.

If there is some small piece of that we could be eligible for on an ongoing basis, that could have a huge impact. We're working through that. The main issue there is that they are limited geographically in ways that they are designed to be associated with low-income communities and how the project associates with those and how that makes us eligible or not eligible as a port.

The final detail on the legislative agenda for the state are these two June ballot measures, SB5 and RM3. SB5, the state resource bond, will be administrated by the SF Bay Conservancy. There's a pot in there that's worth about \$14 million. We're certainly not going to get all of it but we're going to try for as much as we can. RM3, if it succeeds at the ballot, we'll be working with WETA on those funds.

We did have some success there when that bill was being crafted, offering amendments that explicitly made sure that Mission Bay Ferry Landing was eligible, that landside infrastructure was available because, otherwise, there was a risk it would all just go to the ferries themselves.

On the federal side, similar to what we've been doing in the last year, which is trying to make sure that we are engaged in the general investigation process with the Army Corps of Engineers, has big upside if it works.



We need to be ready with a study. Our goal is for a Water Resources Development Act (WRDA) 2020. We're continuing to work toward that end. Same thing with CAP103, the small-scale seawall project.

With respect to WRDA 2018, we've just had a call for projects, and we have a few ideas about how we might be able to make some changes that will benefit the Seawall Resiliency Project long term.

Lastly, the federal project for the dredging of the Central Basin remains a priority for the Port. While we're waiting for results for the new solicitation, we're committed to continuing work with the Army Corps of Engineers staff to preserve this project for the benefit of the yard and yard employees that work for us.

Next steps -- we're very interested in the Port Commission's feedback. We will continue to meet with our state and federal delegation partners as we try to implement this agenda. We'll be back as soon as we have something important and significant to update you on. Because we've been so wildly successful, we'll be back to report those things hopefully soon.

Commissioner Woo Ho - I echo what was said earlier in terms of the Port's effort to reach out. Obviously, we just talked about the fact that reaching out both to Sacramento and Washington is paying off and it's clear in this report. Appreciate that it is because we are finding other sources of funds and support for the various things that we need to do besides just within the city and the region of San Francisco.

I can't disagree with any of the efforts that you're doing but I do applaud the efforts. It seems like we're dealing at the federal level and you do say you're going to talk to the federal delegation, which obviously either means at the Congressional or at the Senate level. Since we know that potentially national infrastructure, given that tax reform has gone through, that could come back onto the agenda even of the Trump administration.

I don't think we should be so hesitant not even to approach even though we're not so sure how friendly the reception might be. We still have to try and to talk to the Department of Transportation so that we're not just relying upon the Congressional delegation to represent us. We should make some contacts there. If there is going to be some national infrastructure budget, we should try to at least have some engagement and see whether we could be part of it.

I would suggest that maybe we talk to some of the other ports on the East and the West Coast. Obviously, they're going to have the same issues with sea-level rise. They may not have a seawall issue. I don't really know the details of all the other cities.

I think that's something that we should probably look to expand upon. You've already done a great thing already in terms of where you are but you can continue to expand your penetration in Washington on that level.

That's one of my comments. The other is I'm really happy to obviously see the ferry infrastructure in the mission. What will be the next step? We have to keep thinking ahead in terms of the ferry network. Where else would we go? I know we have an idea from WETA and some other operators of where they would want to go but we should be pushing to say, what is the network?

We should have a grand scheme of what this should be and then figure out where the funding comes from and what agencies have to be involved so that's not just purely legislative. Legislative is a very huge part of the means-to-the-end piece.

Commissioner Katz - Thank you, Daley. That's a lot of work to distill, some pretty broad-ranging topics into this. Great job. I've got some more specific questions but then also some broader ones.

On specifics, if we ensure that the seawall is eligible for historic tax credits, does that impact any of our efforts to do the rebuilding by getting those historic designations?

Daley Dunham -I'll defer to Brad on this.

Commissioner Katz - In other words, does that limit us in some of the scope of the work we can do?

Brad Benson - So far, none of our pier development projects have undertaken improvements to the seawall adjacent to the piers. The thinking is, as we go out for this RFI that Director Forbes was mentioning, can we test whether or not taking on a portion of the seawall as part of a broader project is financially feasible? Will federal historic tax credits make it financially feasible? That's something that we'll be exploring with future development partners know as we move down the road with these projects.

We do need to consult with the National Park Service and the IRS about whether or not the seawall would be qualifying. We think it is at the staff level because it's a contributing resource to the Embarcadero Historic District but we need to confirm that with National Park Service staff.

Commissioner Katz - Piggybacking on some of Commissioner Woo Ho's comments about the potential for expansion or more funding for infrastructure might be worth exploring. We've talked about this repeatedly -- expanding the water taxi and ferry service and opportunities there. If there's a way we could start getting on the table for any funding that's coming in that direction, we may want to start thinking about that and argue that building out more terminals throughout the Bay and even partnering with some of the other cities in the area to help expand water service would be a useful effort to undertake.

Finally, looking at where there may be some support for some types of P3 projects because we're looking for the funding particularly for the seawall.

Frankly, there's a lot of large companies adjacent that are going to benefit significantly.

We might explore where there are some funding opportunities at the federal level to find some added partners that would enhance that effort. We've probably got some willing partners if they just saw ways that they could participate.

Although, conversely, if they don't and we don't, they might get waterfront property literally as it floods into their basements. But if we could take a look at where there might be some other opportunities to get added funding because I think it's going to be such a significant project. There may be ways there.

Please use all of us as resources when and if needed both at the state or the federal level, as we all have some fairly good relationships with people in both places.

Commissioner Adams - Good job, Daley and Brad. I'm so glad that we're so engaged. We have to use our bully pulpit sometimes. You just have to use that. We've got David Chiu. We've got Scott Wiener. I'm glad that we're playing in Sacramento. Unfortunately, the senior leadership that got the seniority is in Southern California. Eventually, David Chiu and Scott Wiener will have seniority.

I know they're going to have a new Senate pro-temp. These are relationships that we need to have. I want to piggyback off on something that Commissioner Woo Ho said. I don't think we can take no for an answer on this infrastructure.

Senator Feinstein is almost the top of seniority in the U.S. Senate. Maybe we need to get a letter from her or Senator Harris, Leader Pelosi and have them send a letter saying, we need to be a part of this discussion about infrastructure and how important it is to the Port of San Francisco. We need that. I think that we shouldn't take no for an answer. We need to get Elaine Chao here. She's the secretary of transportation. She goes to other ports. I don't care what we've got to do. We need to use the politicians in D.C. that we have and ask them, you need to get Secretary Chao here.

I knew her from her days when she was secretary of labor. Commissioner Woo Ho was on a board with her at one time but she needs to come to the Bay Area. She can visit San Francisco Port and Oakland.

I was thinking from the Governor's office it'd be nice. If we couldn't get the secretary of transportation from the state, but someone from Governor Brown's office to come down here to the Port, so they know what's happening with the Port of San Francisco and give them a tour.

That is so important. I think we really need that. I'm hoping this year that, with the Chamber of Commerce, I'm sure President Brandon and Director Forbes and others will be going back to Washington, probably you too Brad, with the chamber. It's important.

We've got to be back there scrambling and even also talking to the Army Corps of Engineers. I think that's so important. Also, get Congressman John Garamendi down here. He's the leading Democrat on infrastructure and transportation. We need to get them down here. Sometimes, we've got to remind these politicians they work for us. We've got to get them out of the office, have them to come down here where we're at, roll up your sleeves and see what's going on in our port. We've got a great port here. Sometimes, you've got to call people out and have them come down.

The last thing that I would just recommend and this is just a friendly recommendation. We've got some new supervisors on the board. I don't think they've been down here to the port to visit this port. Sometimes, we've got to start at home before you go to the head table. Sometimes, you can make a big splash but I wonder if you can swim the lap of the pool.

I think we get those supervisors down here to come see our port and give them a tour of our port. I don't think they understand what the Port of San Francisco is. They just see it driving by. They need to go out on the water, so they can see the depth and what we're doing on the southern waterfront and they can see the port. We have to engage them. I know a lot of times they're busy. We've got to keep hammering them and keep needling them till they get tired of us bothering them, and they finally come down here.

That's what I want. Guys, I really like this. Thank you for all your hard work. I would hope that, maybe once a month, even send the commissioners an update on what you're doing, if it's something that you can do or somebody you want us to call, I have no problems with calling them because we've got to make these politicians accountable.

We have to make them accountable. This is our port. If we're silent about it, then they aren't going to do anything. We've got to keep till they say, yes, I'll come down there and see what you've got and get that letter from Senator Feinstein, Harris and Pelosi. We need to get Elaine Chao down. Maybe Commissioner can work some of her magic behind the scenes.

Commissioner Brandon - Thank you, Daley and Brad for all you've done for the Port and our legislative priorities. As we can see, there are a lot of them. My fellow commissioners have made great recommendations on how to move forward and what we need to look for.

I do think that outreach is very important on every level, national, state, local. I think we really need to get out there. I think we did a great job this year. So we can only continue what has been started because we have several priorities that have to be funded. I agree with my fellow commissioners and their recommendations. Thank you for all that you've done.

## 12. FINANCE & ADMINISTRATION

- A. Informational presentation of the Port of San Francisco Employee Drone Policy relating to the Port's use of drones on Port property pursuant to the City and County of San Francisco Citywide Employee Drone Policy adopted by the City's Committee on Information Technology.

Diana Bartram, Emergency Services Coordinator for the Port - We're here to introduce you to this policy addressing employee drone usage at the Port, not public drone usage. It's how employees or contractors or staff would use a drone or a UAV to conduct different assessments. It's for Port usage, not public using drones on Port property.

As stated in the staff report, the Committee on Information and Technology adopted a citywide employee drone policy in May 2017. The city, being dedicated to embracing technologies that help improve its services and operational efficiency and dedicated to protecting the privacy and safety of its residents and for us for our visitors that come to the Port.

Its intent is to guide officers, employees and contractors in the use of drones and UAVs on Port property. There are five participating city departments in this program. The Port of San Francisco, the San Francisco Fire Department, Public Utilities, Recreation and Parks and the Controller's Office have all created policies for their employees to use drones.

There are three authorized uses for drones on Port property, and that would be for disaster response and recovery, for inspections during and after a disaster, for example like the earthquake we just had.

If we could put a drone up in the air to inspect around, it would increase our operational efficiency and most likely address a lot of safety issues that could happen post disaster. For the inspections for surveys and assessments of Port properties regardless of if there's a disaster, we could put it for roofs and inspecting things for our engineering departments and for maintenance and for marketing to capture video and still photographs.

For example, if we wanted to do something for Pier 70 or for the seawall project and use a drone to get some great aerial images, we would use this policy to address that. There are a lot of requirements that are listed in the policy that you have before you.

There are specifications for the drones, safety requirements, training of the operators, notifications to the public and to the city. We file a flight permit and let them know and the FAA know when we're flying and what we're doing. There are also prohibited zones along and in the city. There's privacy concerns. Data security is also a very major concern and compliance with all of these. Some of the prohibited zones that are mentioned in the policy include five miles

of an airport or any FAA no-fly zone, which includes the Giants stadium when there's a game in process.

Drones may not hover over trolley, streetcar, or light-rail line wires, which would be right outside on the Embarcadero unless authorized by the MTA. They're not authorized within 500 feet of historical landmarks without authorization, especially when considering historical landmarks defined by Article 10 of San Francisco's Planning Code, which include City Hall and the Ferry Building, which concerns for us.

Also, in the Maritime Transportation Security Act, there are some properties that you cannot fly over because of maritime security so when the cruise ships are in the ferry terminals.

The most important concern, which was the driver for creating this policy, is the protection of personal identification. There are definite methods to how you have to scrub personal information out of any video that is captured and then how we store that information is very important.

There are strict guidelines on how we do that that the city has come up. We also have to destroy any raw data after one year. As stated in the strategic objectives for this policy that are really important, it builds resiliency by allowing for a faster response and recovery process through inspections both pre and post-disaster. It also contributes to the economic vitality of the Port by enhancing our marketing capabilities for upcoming projects.

Commissioner Katz - On the training, the Port will designate specific employees who will be allowed as our drone operators. We'll cover their training. They'll actually have the skillset to do that.

Most of the report refers to drones. There's a couple times where they're referred to as flying machines. What's the difference between the reference to drones through most of the policy and then occasionally to flying machines?

Diana Bartram - I'm not exactly sure. Interestingly enough, in the Port code and in the Rec and Park Code, before the word drone became common, they just referred to everything as a flying machine. It also includes hot air balloons and all kinds of contraptions and kites.

Commissioner Katz - That's what I was getting at. I assume it's broader and why some of it is more specific, and other times it's broader. That's sort of the reason behind it. One thing that would be helpful would be, in terms of the permission to go within the 500 feet of historical landmarks because we have so many along the waterfront, I think we should be fairly clear as to who can grant that permission.

Right now, it just says building owners. Is that our tenants? Is that us? I think we should be clear as to who is and is not authorized to give that level of permission for flight.

I appreciate the acknowledgment of the data security. Are we going to have the opportunity to ensure that the servers are not, in fact, capturing or maintaining the data that's collected?

Diana Bartram - Yes. I believe so. We will be looking at how we capture that here at the Port and then how we connect with COIT as well on the data.

Elaine Forbes - If I may make one clarification and ask maybe a question for you, Diana. Commissioner Katz was speaking about historic landmarks portwide. We certainly do have an Embarcadero Historic District and a Union Ironworks District. I believe this policy only pertains to those listed in chapter 10 of the planning code.

Diana Bartram - That's correct.

Elaine Forbes - We're only talking about the Ferry Building. Is that right?

Diana Bartram - That's correct. I checked that with Mark Paez at the Port. He said that they're specific to just the ones in that part of the code, which is the Ferry Building.

Commissioner Katz - That makes it a little bit easier. Just going into some of the specific concerns over privacy and anonymization of the information collected, I guess DJI company is an outside company that maintains the servers?

Diana Bartram - That is the main manufacturer of almost every drone out there. That part of the policy came from the PUCs when they put out a memo when they stopped using the drones. You may have heard of that because they had been worried about a concern about that.

They added this language in there about how to address the issue of that brand of drone, if you're using that kind, how you can turn off the signal so that they cannot capture the information is my understanding. By turning off that GPS signal, it's not able to do that.

Commissioner Katz - That sort of answered my next question, which is what steps are we taking to turn off the ability for them to maintain the information?, I would assume that, in our contracts with them, that we will have some language in there and review their privacy policy pretty carefully.

Diana Bartram - You purchase their drones. It's just the product. If our employees are flying it, then it goes through our IT department who has been involved in this process on how we store the data and then how we destroy it after a year.

You can keep the non-raw data. You can keep that for marketing purposes longer than a year but the raw data, you have to destroy. If you hire a contractor to do that, you'd have to examine what type of drone they're using.

Commissioner Katz - I'm getting it more specifically that the privacy policies and security policies of a lot of these companies leave quite a bit to be desired. I would strongly recommend that somebody take a concerted look at those policies to make sure that we're not inadvertently giving them access to the data.

That's really where I was going because the capabilities will be there on the drones to collect the data. Whether we say they're not going to collect it, the capability could well be there. I want to make sure that we have people with far greater technical skills than I, reviewing both the policies as well as the capability so that there isn't inadvertent capturing. I look forward to seeing some of our marketing materials.

Commissioner Woo Ho – This is a very good, interesting presentation. I want to have an explicit statement. We adopt this policy for the Port. Since it's been an interdepartmental effort, that the essentials of this policy are the same across all departments in the city.

Diana Bartram - Yes.

Commissioner Woo Ho - But we're just adopting it specifically for ourselves.

Diana Bartram - Adopted it a little bit, yes.

Commissioner Woo Ho - What are the height limits of where these drones can fly? I'm curious to know how that is governed.

Diana Bartram - Normally, the height limit is 500 feet. The drones have to fly under 500 feet to keep it in a safe zone because one of the concerns that we have around here is U.S. Coast Guard helicopters. For the FAA, when you become a drone pilot, you learn more about those regulations.

Commissioner Woo Ho - Do we see these drones even going underneath the piers to do inspection?

Diana Bartram – Yes, they could be going underneath as well.

Commissioner Woo Ho - They can go as far down as long as they're not touching the water.

Diana Bartram - Correct.

Commissioner Woo Ho - I know this is the policy of the city and that public usage is governed by the FAA. If the public is using a drone, are the drones that the city and the Port going to use be marked in a very specific way that anybody who sees it automatically can say, that is a Port of San Francisco official drone and it's okay? Or is there going to be some system that you can identify as soon



as you see it that it is an authorized drone other than somebody else. Is there a way you can immediately identify that this is a Port drone?

Diana Bartram - I believe we can have a drone that is identifiable for the Port. The drone has to be in visual eyesight of the operator.

Commissioner Woo Ho - I would suggest we have a branding that's very specific so that anybody who sees it can see that it is Port of San Francisco, and it's official.

Diana Bartram – Yes, and with the operator standing there in a Port uniform.

Commissioner Woo Ho - Right.

Elaine Forbes - Branding is an excellent idea.

Commissioner Woo Ho - I think that one of the uses is going to end up being a lot for inspection. Presumably, we hopefully don't see too many for disaster and there will be marketing. How often are we going to see drones on Port property?

Diana Bartram - For inspection purposes? I'd have to ask engineering and maintenance the answer to that question. If you were to do an inspection every year and you have data that shows pre-existing conditions for that, I think that annually would be a great idea.

Commissioner Woo Ho - I could see people standing on Embarcadero just wanting to watch these drones fly around. It could be an attraction.

Diana Bartram - The public flies them all the time down here. You can see them all over.

Commissioner Woo Ho - I haven't seen it. You did mention that there's all sorts of restricted and prohibited areas. Do we have a signage plan to let the public know? Obviously, we're going to observe it. But they're governed by those same restrictions, right? Are we having a signage plan to make sure that people know that you can't fly your drone here?

Diana Bartram - It's something I'd like to propose. It's a new topic.

Elaine Forbes - In general, the public use of drones is regulated by the FAA. Isn't that correct?

Diana Bartram - They still have to comply with the rules.

Elaine Forbes - Our rules. It's something for us to look into about how we will communicate that with the public and to talk to the city administrator about the plan for all the city departments engaged in this policy.

Commissioner Woo Ho - They should observe the same rules. It's more dangerous for them to not know than it is for the Port, because they could have some accidents or whatever. While it's not our purview to understand the public policy, but is the public policy for drones from the FAA that different from what we're talking about here?

Diana Bartram - No.

Commissioner Woo Ho - Just so we know in parallel, what are the differences?

Diana Bartram - I was trying to collect information on all the different policies even that are not FAA. The FAA regulations speak to height, flight plan, license being a pilot for an FAA to fly a drone and compliance with them for that.

Other regulations include national parks, state parks and all the parks that do not allow drones flying in their areas, any of the NBA and the major ballparks that do not allow flying.

I'm trying to collect that information to get a better understanding of what codes are out there from the Coast Guard around maritime facilities so that we can gather that into a guidance document to bring back and to educate everybody for the commission and for Port staff, so we can understand better.

It's a little bit of a gray area. There's not a lot of enforcement. There isn't a lot of backing to enforce it. What do you actually do when you find someone who is flying a drone over these areas, besides tell them, "You can't do that. Please stop"? Which is good because it can cause accidents. You're not supposed to fly over groups of people. It's very dangerous. There's all kinds of other concerns that could happen.

Commissioner Woo Ho - I think we can expect that the popularity and consumer usage of drones is only going to increase. I happen to have some friends who are aficionados of model airplanes. A drone is sort of a model airplane. I can see other people saying, "Let's fly it around on the Bay."

Diana Bartram – Exactly, it's a very broad subject.

Commissioner Woo Ho – It's good that we're adopting a policy. If we can just make sure that we're in sync with the other departments as well as somewhat make the public aware as well even though they're governed by a different policy.

Diana Bartram -Yes.

Commissioner Adams -Diana and Katie, thank you. This is a good report. I'm very supportive of this. I just recently saw a documentary on Amazon and how they're going to be using drones to start delivering packages and stuff. This is the future here and this will help. I'm glad that the city and the Port are adopting

this policy. It's going to work out. It's going to help with safety and a lot of other things that's going to help. I think it'll help us to strike a balance. We might as well use this new technology. It will make the job easier, make it safer. It's right here at our doorstep. We need to embrace it. I'm supportive.

Commissioner Brandon - Diana, thank you so much for this presentation. My fellow commissioners have gone through everything. I'm happy that we have this pilot policy along with other city departments and look forward to what recommendations come out of it.

### 13. REAL ESTATE & DEVELOPMENT

- A. Informational presentation on the proposed transaction documents related to the Alcatraz Embarkation Site located at Piers 31-33 on The Embarcadero at Bay Street: (1) a General Agreement between the Port and the National Park Service (NPS) for a thirty (30) year term with two (2) ten (10) year options for use of the Site by successive ferry operators selected by NPS including: (2) a form lease with an initial ferry concessioner to be selected by NPS for site improvements and ferry services including from the Embarkation Site to Alcatraz Island for a term coterminous with the NPS ferry concession contract; and (3) a lease with the Golden Gate National Park Conservancy for site improvements and to operate visitor amenities including a visitor contact station and café for a thirty (30) year term with two (2) ten (10) year options.

Jay Edwards, Senior Property Manager - I want to first of all congratulate President Brandon. We're looking forward to your leadership and support throughout your term and also want to thank Vice President Adams for all your dedication and stewardship while you served as president. We've enjoyed your counsel.

I'm also joined here today by Rebecca Benassini, who is our assistant deputy director of real estate and development as well as James Hurley who is our project manager for real estate and development as well.

We have two of our partners here in the audience. Jessica Carter is the chief of business management division. Her partner, Anne Altman, is not here. Anne is the special assistant with the management and administration of the Park Service.

I want to thank also Rona Sandler, our deputy city attorney, who has helped us in an unbelievable way to get these documents. I also want to thank Suzanne Carlson, the solicitor for the U.S. Department of Interior.

We also have our partners. Brian Aviles, the chief planner with the National Park Service. Greg Moore, the CEO and president of the Conservancy. Nicolas Elsishans, the vice president. Carey Feierabend, deputy superintendent.

I also wanted to thank Elaine Forbes for all her help and Byron Rhett and Diane Oshima and Mike Martin because, without that, we could not have gotten here.

We were here back in July of 2016, presenting to you the term sheet, which we had then requested your endorsement. There was a resolution in which the Commission endorsed the term sheet as well as the sole source findings for both the ferry concessionaire and the Conservancy to act as partners here on the site.

We subsequently went back in November of 2016 and received our board of supervisors' approval for the same. It was adopted by our Mayor Ed Lee. That was such a beautiful presentation on the mayor today. I was honored to be here on the same podium that we showed him and his achievements.

The Pier 33 site consists of approximately 25,000 square feet of interior space in the two sheds and the bulkhead buildings as well as about 43,000 square feet of marginal wharf area that people presently associate with the Alcatraz landing and then about 60,000 square feet of submerged land, which is used for vessel berthing, boarding and staging.

Historically, this concession contract solicitation requires officer to have an existing lease on Port property to provide the embarkation site for Alcatraz Island visitors. This approach resulted in some challenges including, during the contract transition, it limited the amount of investment. It also made this a limited the competition. In addition, it had the potential possibility of bringing it off Port property.

This is a long-term business partnership with the Port and National Park Service. This secures the Alcatraz Embarkation Site at 31½, 33 and 31 for all these fantastic reasons. It's a lot of public benefit here and we're excited about that. We've got improved visitor orientation experience, a significant investment in the site. \$30+ million is going to be invested in this and historic preservation of these wonderful, historic bulkheads and sheds. It's enhanced competition for the ferry concession contract which is important to our Park Service partners. There's tremendous economic benefits to all the parties. It will also revitalize a very active and busy part of the waterfront. We're excited for that.

It represents the partnership agreement in its fundamental stage. It's a partnership agreement between the Port and NPS that designates the site as a long-term, sole visitor contact station and ferry embarkation for public access to Alcatraz Island. That's really the key: sole, long-term, visitor contact, ferry embarkation for public access. The general agreement also outlines the independent and joint obligations of both the Port and the National Park Service.

Through that agreement, we'll have a concessionaire's lease. We'll have a conservancy lease. Golden Gate National Park Service will have the ferry concession contract that's their obligation. They have a partnership agreement with the Golden Gate National Park Conservancy.

Carey Feierabend - I am the new deputy superintendent at Golden Gate National Recreation Area. I feel very fortunate because I get to come in towards the end of all this long, laborious discussions and creativity at work.

I want to mention I also bring the regrets from our new general superintendent, Laura Joss, who has just started. This is her week number seven on the job. She got called back to Washington for a Department of Interior work session on planning for the next 100 years of the Department of Interior so can't wait to hear what she learns. She sends her regrets. She looks forward to working with you all in the future with all of these great efforts underway.

First off, I'm looking at Elaine because I know a lot of your team has been working closely with our team on embracing the vision, identifying the vision and figuring out how to make it happen. It's taken a lot of work, a lot of blood, sweat and tears. I want to thank and acknowledge everyone. Certainly, this will be a new landmark. We already have embarkation going on here but it's going to be the new, improved and enhanced gateway to Alcatraz, which we're thrilled about.

We're very pleased with solidifying finally the business terms for this long-term arrangement which is really important and I think brings benefits for all stakeholders and, most importantly, our visitors who come here.

I want to acknowledge some of the recent accomplishments that have been reached, which includes the NEPA compliance pathway is wrapping up with a record of decision, about to be signed if it hasn't already been signed today.

The National Historic Preservation Act (NHPA) approvals have been secured. We've engaged closely with the city on the CEQA compliance pathway. That is on track for completion in the near term.

We've also engaged on the schematic design, really drilling down to understand how the site will function in the future and working closely with the BCDC on the comments and the design review boards on embracing what this waterfront site means and how to embolden the historic presentation and yet create this gateway site.

We finalized the business term sheet. We have the draft general agreement almost ready to be signed. We know that we're near completion on these important lease agreements. I want to thank everyone who has helped work on that.

I wanted to articulate a little bit of the overall goals for the project and for the site. For the cycle, we want to have a high quality, integrated, seamless experience for visitors, those who are going to Alcatraz Island but also those who may just be coming along the Embarcadero and seeing the Port and just getting views out to the Bay.

We want to recognize that there are all types of visitors and create a welcoming place for all. We will also feature key interpretative stories that tie into the Port and the history with Alcatraz and provide exhibits, programs and services to really enhance this visitor experience.

With regards to the site and the operational activities that will go on there per the draft agreements, which have laid out the specific terms, there will be significant investments made in facilities there and return of economic benefits to not only the Park Service and the Port but the surrounding waterfront community, we believe, and businesses over time.

With regards to site operating roles, Jay did a fine job of presenting that rather complicated arrangement that we have -- it's quite a dinner party, I guess you'd say, with all the invited parties -- but just to highlight that the Port will fulfill its typical roles as the property manager.

The Park Service will be on board to provide that unifying role for the site to help promote that seamless visitor experience across the site between the two operating partners with the conservancy and with the concessionaire and play an important role with the interpretive themes and exhibits that are going on.

We have a long-term collaboration with the Golden Gate National Parks Conservancy, our long-term cooperating association who has successfully delivered similar experiences elsewhere within the park, which Greg Moore will highlight shortly.

The Park Service has a long and well-established program and process for establishing concession operations within our national parks. We're poised to release the concession prospectus. Mid-January is our target and anticipate a four-month solicitation period and then evaluate the proposals later this summer.

There are a whole series of internal reviews and approvals that we have to go through to get to a target contract-effective day of May 2019. It sounds like a long time off. But as you probably know, it really isn't when you go through all the steps.

The concessioner will run the ferry and manage all of the associated services and be making investments in the site. The Conservancy will manage the interpretive welcome center, retail and café.

This is a very effective diagram to lay out the big concept for the future site. Clearly, this big civic plaza acknowledging that the open space is really important and maintaining the views out to the waterfront, that will be open to all who are coming. On the sides, we will have the embarkation-dedicated functions. On the right side, the disembarkation, coming back from the site. But all of it is open to the general public. This is just a nice site diagram.

This is to illustrate that, through the schematic design process, we've refined the program and the functions for drilling down and making sure that these things are going to work, and they do fit within the site and within the facilities.

With regards to the site assignments, the green is the area which will be managed by the Parks Conservancy and the blue is going to be managed by the concessioner. It illustrates the overall footprints.

I want to conclude by saying that the nature and structure of this partnership is unprecedented in many ways. Golden Gate has been known for being on the edge. We're there again for paving the path forward and creative solutions and want to thank you for your help and helping us be creative and reach a win-win solution. We're genuinely excited about what the future holds.

This new, identifiable, welcoming gateway to Alcatraz will be centered right on the waterfront's historic district. As you heard earlier, the Park Service is all about historic preservation and with tax credits and other projects that we do.

The site will, again, provide a seamless, integrated experience for visitors and create a distinctive public plaza -- about one acre on the Embarcadero with access to the water's edge and use of the Bay that we're just happy to be able to share.

Greg Moore is going to speak to the Conservancy's role and participation in the process and a colleague of mine for many years and with the Park Service.

Greg Moore - First, congratulations to President Brandon and Vice President Adams. Good afternoon to Commissioner Katz and Commissioner Ho. I'd like to begin by thanking not only the Port Commission but Executive Director Elaine Forbes and her incredible Port staff for advancing this vision for a revitalized gateway to Alcatraz Island.

As you can imagine with all these partners, the experience, the talent, the good will and the perseverance of the Port staff has been so instrumental to working out a rather complicated but important and visionary project. Our hats are off to the commission board and the staff for hanging in there with all this.

In this partnership, the Conservancy really has two primary roles, which relate to our mission and experience as a non-profit partner to the National Park Service. The first role is to plan and deliver a new Alcatraz Interpretive Welcome Center.

This center will provide information, interpretation and Park and San Francisco-related products to Alcatraz and Port of San Francisco visitors. The second role is to plan and deliver a seamless visitor experience by offering food at the Alcatraz Café at the embarkation.

We are fortunate that the Port has wonderful, historic buildings to house both these visitor-serving functions. Pier 33 is a grand and welcoming space with the

right size, eventually the right lighting and public access to serve as a new Alcatraz Interpretive Welcome Center similar to many other facilities within the Golden Gate National Parks.

We, at the Conservancy, feel gratified to fulfill this vision because it's very consistent with our experience throughout the Golden Gate National Parks where the Conservancy facilities and staff serve about seven million visitors per year.

These similar facilities were designed and built with our partners, which include the Golden Gate Bridge Welcome Center, the Lands End Visitor Center, the Alcatraz Museum Store and, just recently in the past -- in February 2017, we opened a new visitor center at the Presidio of San Francisco.

We also bring experience in providing healthy, locally sourced food to park visitors at three locations including Crissy Field, Lands End and the Golden Gate Bridge. We will bring this experience to the renovation and operation of Pier 31 as a new Alcatraz Café, providing food for Alcatraz and Port visitors in a stunning and well-situated location.

You can see the incredible space that building provides for that function as well. These two new visitor facilities along with the many improvements in the plan for the Alcatraz embarkation will provide a gateway consistent with the vision and goals of the various partners in this effort, the public service and design standards that we uphold and our collective role in the travel and tourism industry of San Francisco.

After many years of planning, discussion and negotiation, I am happy to call the Alcatraz embarkation a winning partnership between the Port and the Park.

Jay Edwards – As part of the Port's obligations, we wanted to now take you through this important work that's going to be done to improve the Pier 31½ marginal wharf, which is a key component of the visitor experience.

We want to ensure that the public is well served, it's safe, and it's functional for the term of this agreement. We're launching into this repair project for the Pier 31½ wharf. It's a separate project. Roughly \$5.7 million of Port capital funds is the anticipated cost for the repairs.

The potential bid is out right now. We expect hopefully to have a contractor secured in the next several months and the work completed in May of 2019. There will be no disruption to the current ferry operations or the visitor experience at the site.

As I said, the general agreement is the overriding agreement between ourselves and the Park Service. This is for a 50-year term. It's a 30-year firm term with two 10-year options to extend, exercisable by the Park Service. There will be a ferry concession lease that's going to be attached to the concession contract that is going out for competitive bid.



That will be the lease that will secure the ferry operator to operate the ferry service to the island. It'll be co-terminus with the initial concession contract. There will also be a lease with the Golden Gate National Park Conservancy and that's going to be for the visitor service amenities that you've heard about, that's a 30-year term. That'll have two extension options as well.

Obviously, the National Park Service has to go out and solicit and then secure an award for a ferry concession contract. When that's done, the ferry concession lease will be approved by the Port. We've done a lot of pre-work on the lease so we think it's in very good shape.

The improvements will have to be completed no later than five years after the effective date of the initial ferry concession contract. There is a firm date on getting these improvements done and we will see those in that time frame.

In addition, we're having a new, very exciting potential service. That's through interpretative park cruises that the ferry concession would operate. It's a new source of maritime business for us. We're really excited to expand our maritime activities here at the Port. That's one of our missions.

The NPS is solely responsible for selecting and contracting the operator. They have a whole federal process to do that. The marginal wharf repair will be the Port's obligation. We'll have our maintenance and repair obligations for the substructure and the superstructures that surround these facilities. These are multi-tenant facilities. There are other tenants that'll be in both the Pier 31 and 33 shed. We'll take on that normal maintenance and repair obligations.

We have joint obligations. We spent a lot of time on this portion of it because it is important that we act as a partnership and, therefore, have non-binding mediation for dispute resolutions so that's an avenue available to us.

There are termination rights. Everybody would think these are prudent in light of the sea-level rise and catastrophic events by either party. We have the conditions that render the site unusable. Those hopefully will never happen but those are available.

The closure of Alcatraz Island for a year or more -- we're hoping that doesn't happen. But we've thought ahead about all these different events that could happen and what would be the corresponding action by either the Port, the NPS or the ferry concession.

This is a very comprehensive agreement. There's been a lot of thought going into this. We thought about conceivably every possible scenario that could happen.

One of the things that allows us to do is continue on with the ferry concessionaire should there be an opportunity to do so at a later date. We can

talk about that. These are the business terms that we've negotiated. These are exactly what was negotiated in the term sheet. There are no differences in this. It's a tremendous opportunity for the Port to participate in the future upside with our percentage rents and we have a base rent that increases annually.

Out of the potentially \$25 million that the ferry concessioner will be investing into the site, we have agreed to the \$2.5 million of rent credits over a four-year period. They all have to be completed before any grant credits are going to be authorized.

We feel very comfortable with this. This is the term sheet that you endorsed and the board endorsed as well. Then, we're into the ferry concession termination provision and this is a piece that we really had to think about carefully.

What would happen under that general agreement, the ferry concession contract was terminated. How would we handle this? You have a tenant that's going to invest a tremendous amount of money into Port assets. What's fair? What's reasonable? What do we do as an organization with all our tenants?

We've come up with these three alternatives that we think do take care of both a party that's going to make an investment, us as an organization that needs to continue to run ferry concession services. So we've got ways to deal with that. We think we've handled it here in the agreement. It's just thinking ahead, being fair and being proactive.

We have a 30-year term with the Conservancy lease. I do want to point out this is one deviation from the term sheet with the two 10-year options to extend. There was a lot of reasons that we all collectively felt this would be beneficial to not only us but to our partners here at the Park Service as well as the public and that is consistency of the visitor experience and what that means and how the visitors are being treated when they come onto this site. It was highly important that the Conservancy, as one of the lead partners here with the Park Service, continue to be involved in the site should that be extended.

It's not always extended if the general agreement is extended. They have to do everything we require our other tenants to do. Put money back into the site. Show us a plan. Make sure that it's feasible. Make sure it's financeable. Make sure everything's in there.

We're not handing them anything. It's all the things that people would be required to do that we've talked about here before. They're held accountable for that and it's up to our discretion. We think that it's a good partnership. They're reinvesting in the site. We're going to get returns for that and the public will see benefits. We have a base rent. This is a fair-market base rent that's escalated.

We have a percentage rent. We're benefitting on the revenue growth. There are going to be rent credits, again all per the term sheet. They're going to invest \$5

million to our property and turn it into a beautiful visitor station as well as with interpretive retail and café.

We're partners. We're making this investment. They're making this investment. There are some rent credits available to them. We do continue on our maintenance repair obligations. Those are normal things that we typically take on. It's a little more spelled out than in our typical agreement only because we don't want to have issues and problems as we address it. These are very detailed agreements that we spend a lot of time on, and we've thought through very carefully.

We have been engaging right up front about the importance to the Port of the seawall project and what that means to this project. We reserve our rights to access it and do what we need to do.

The sea level rise is a problem we're all going to be dealing with down the road. There are mitigation measures that can help us protect for that. I want to point out that both these leases have all the city requirements that we impose on all of our tenants. None are being waived. They're all in both leases. We are really glad to see that and I think our partners are as well. This is on our standard form lease that we typically use for visitor-serving retail operations. Again, there are no deviations from our normal course of business. We're happy that our partners could see the benefit of doing that as well.

Jamie Hurley - I have a few slides to discuss about environmental and regulatory review of this project. As was mentioned earlier, this project having a federal sponsor and involving federal funds is subject to both the National Environmental Protection Act as well as the California Environmental Quality Act.

As was mentioned, the environmental impact statement was released a year ago and is very close to getting a record decision on that. Under CEQA, very recently on December 6, the city planning department published a preliminary mitigated negative declaration. That's the CEQA document for this project that kicked off a 30-day public review period that ended on January 5th. However, an appeal was filed. City Planning will be scheduling a hearing with the planning commission for later this month on that issue.

This is a significant project. It involves both in-water construction and landside construction, pile-supported construction, rehabilitation of historic resources, etc. It's going to involve a number of permits, BCDC, the Army Corps, and Regional Water Quality Control Board in particular.

The Park Service is prepared to release their prospectus (bid package) for a new ferry concession operator in middle of this month. They plan to receive responses to that prospectus in May and that'll begin about a yearlong period of evaluation, award notification and transition. They're looking at April 2019 to have all of that done.

We plan to come back at the very next Port Commission meeting scheduled or on February 13 for approval of the transaction documents that Jay just walked you through. Depending on what happens with the CEQA appeal, that could get pushed back but we're optimistic. After that, we need to take these through the Board of Supervisors.

That's obviously a multi-step process but according to our schedule, we'll get through that process by the end of March. This is going to be a phased construction of a couple of major phases. One of the big reasons for that is the fact that the site will remain operational throughout construction and that's very important. The first construction activities will start next fall.

The Conservancy will take on phase one and they'll spend eight, nine months on that phase. Later on when the ferry concessioner is in place, they have their own construction project. The schedule shows them basically starting in October of 2019. It's a phased, multi-year construction with the site scheduled to be completely built out by the year 2024.

Veronica Sanchez - President Brandon, Vice President Adams, congratulations on your appointment. We are very pleased to have you again in leadership positions. Commissioners, I am speaking on behalf of the Masters, Mates and Pilots. Captain Hunter, who was here and was going to address you, unfortunately had to leave to coach his son's basketball game and expresses his regrets. In advance of this hearing today, we did submit a letter for the record on behalf of both the Masters, Mates and Pilots and the Inlandboatmen's Union of the Pacific.

You have heard today that NPS will issue the ferry concession in mid-January. While that ferry concession bid will have many of the requirements that the Port is imposing and also BCDC requirements, we do not know at this time whether that bid will include a prevailing wage reflective of local-area standards.

We are coming to you today not to ask you to impose a local prevailing wage because, certainly, the city does not have the authority to do that but we're asking you to send a clear message, to use Commission Katz's word, to the National Park Service that they should adhere to federal law and actually impose or set a local standard, which they can do under the law.

Their sister federal agency, the Department of Homeland Security, for example, at San Francisco International Airport set a wage standard that is pegged to the SEIU contract. That is a representative workforce there. That reflects the cost-of-living needs of this area. What we are worried about is that the Park Service will use a national wage standard, which has substandard wage and benefits that reflect wages in Texas or the Gulf area because it's a national standard.

We do not know at this time whether they've done a wage survey, which they can do just as Homeland Security asked Department of Labor to do, and to do it

for ferry workers. Ferry workers are very different than tugboat workers. The standard they're using right now is for tug workers and special projects nationally. We ask that you reiterate this and memorialize this in the contract documents before you because, unfortunately, we think that the Park Service needs this type of reminder about the city's commitment to paying the workforce, especially ferry workers, a standard wage and a competitive wage for this area. I will provide to Director Forbes a copy of the TSA standard.

Elaine Forbes - My comment is that this is an issue of federal law that Ms. Sanchez is referring to and that we can look into what we could do or what we could propose to you to do. But in general, this is an adherence with federal law. I would actually ask if NPS could speak to this issue if it were appropriate.

Carey Feierabend - I will just say that our concession contract will require the concessioner to comply with McNamara-O'Hara Service Contract Act, which includes payment of prevailing wages consisting with a wage determination. That's as much as I can share at this moment in time but we will be consistent with all regulatory requirements as a federal agency.

Commissioner Katz - Along that point, is there something in our contract that requires compliance with federal law?

Rona Sandler, City Attorney's office - The general agreement does require NPS to comply with federal laws in issuing the solicitation and in contracting for the services.

J.B. Davis - I came to also support what Ms. Sanchez was talking about. Currently, the Park Service is using a national survey to determine working wage that comes in at \$12.01 per hour. A wage that completely fails to reflect the reality of living in the Bay Area. I'm a member of the Inlandboatmen's Union. We ask that the general agreement between the Port and the National Park Service include a requirement that the Department of Labor conduct a wage-and-benefit survey of deckhands that are working in and around San Francisco Bay.

Further, we ask that the general agreement include language that requires the National Park Service to compel potential concessionaires to pay prevailing wages to deckhands working on the Alcatraz ferries.

It sounds like I'm asking for more money, and I am but I want you to think of this at least as a safety issue on top of everything else. Just on the way over here, I did a quick little Craigslist survey to rent not an apartment but a room in an apartment in San Francisco. I found it ranged anywhere from \$1,200 to \$1,700 a month. Alameda? \$1,100 to \$1,200 a month. Oakland? \$775 to \$1,500 a month. That's a room in an apartment. These are middle class shops. When we start getting squeezed out of the local housing market, we're driving in from Stockton, Modesto.

Alcatraz is a busy, busy run. At the end of the day, you're tired. You've been sweeping boats. You've been helping people. You've been throwing lines. Hard, hard work. When you show up tired from a two-hour drive fighting traffic, you're not at your best and that's a safety issue.

When I show up to work as a senior deckhand, my priority is the safety of my passengers, the safety of my crew. It's a lot easier for me to do that when I don't have to spend two hours on the road just getting to and from work.

Commissioner Katz - Thank you for a very detailed presentation. It belies the months and months, years of work that it took to get here. Thank you for all the work that everyone has put in to making this happen. It should be an exciting project as we move forward. Obviously, with respect to the concession operator, the Park Service has sole responsibility and obligation for the selection. What occurs if there's a violation of some of the Port policies? Does the Port then require the Park Service to take steps? I can't think of something specific but be it a safety policy or failure to maintain the premises properly, that sort of thing. Because we've been removed from much of the oversight of the concessionaire, what obligations do exist in a situation like that?

Rebecca Benassini - This was the part of the team presentation I drew the star on. To be clear on our relationship with the concessioner, NPS has a responsibility to select them, just as they do today. Our responsibility is to enter a lease with them. But that lease, once we enter it, is a direct relationship between the Port and that tenant. They are our typical tenant. We have our typical termination/default provisions. They'll be required to maintain their premises.

We'll be sending them notices if they are in violation of their lease. What the improvement that we have today -- if we are able to enter this arrangement is that we will also be letting the Park Service know about these problems since they have the direct relationship with that concessioner via their contract. We'll have a direct relationship via our lease. We'll be communicating with one another if they are in violation of either of those two documents. What we're seeking to do is be shoulder to shoulder, a mom and a dad, in terms of using both of our documents to make sure that the concessioner is in compliance with both of them. We have all of our typical termination and damages sort of provisions in this lease that we have in our typical leases.

Commissioner Katz - For example, if we were to determine that a termination was required, that's solely up to us to make that determination? Or does the Park Service get veto power over that decision?

Rebecca Benassini - They do not have veto power over that decision. It would be our decision. There is a process in the GA that would occur where they might have to do an emergency contract.

Sort of the overriding goal in the GA and the benefits that we get from this project is that, in no case will Alcatraz service stop. What we would do would then be to plan that termination and then have an emergency contract in place potentially with another ferry provider providing service to Alcatraz while NPS conducted a new solicitation process. That was one of the complicated decision trees of how our relationship would work, like where would be at cross purposes potentially. This is one area we wanted to make sure we covered.

Commissioner Katz - That's why I say it's always best to think about the worst-case scenario when everyone is getting along. In terms of our responsibility for the substructure improvements, is there a cap on our cost for those improvements?

Rebecca Benassini - Our commitment today is to do the \$5.7 million repair which you guys authorized in a previous Port Commission meeting. Going forward, we will be required -- just as we typically do with our substructure, to do assessments on a periodic basis. If a repair is needed in the future, we can determine if we would like to take it on or if we would like to ask a subsequent tenant to take it on for rent credits. We've also, of course, held out the possibility that, if there is a catastrophic event, we would have the chief harbor engineer with us to determine whether or not there's a health and safety problem, in which case we would have to go through the dispute resolution and potential termination process for the GA.

We've held out different ways where we could be the repairing entity. If not, like we often do, we'll go to our tenants who are really the ones getting a lot of the economic benefit of the site. We'll go to them for potential maintenance and repair and for rent credits. In the worst-case scenario, if we have to terminate the GA because the repair is so large, and we can't take it on, we can do that.

Commissioner Katz - In terms of the quality of repairs, often, there's different ways of conducting a repair. Is that at our election?

Rebecca Benassini - The chief harbor engineer retains the ultimate direction on what the scope of the repair would be.

Commissioner Katz - We have the obligation for maintaining the shed exterior. Does that also include keeping it graffiti free and other things like that? Because it is in the sort of quasi control of both, who has responsibility for smaller kind of repair issues like that?

Rebecca Benassini - I don't remember that one offhand. I believe we have graffiti provisions in the leases but I don't remember if it's focused on any particular part of the shed.

Jay Edwards - The tenant will have their normal maintenance and repair obligations for their improvements. Part of also our leases does require tenants to remove graffiti on their portion of the premises. This is a multi-tenant so if it

happened within their premises, they'd be responsible. If it's outside of their premises, we would either have another Port tenant do it, or if it's vacant, it'd be at the Port then.

Commissioner Katz – I just wanted to be clear on what it said in the maintenance for that. In terms of obligation or requirements to be prepared for potential sea-level rise, there's different levels. The language states, "Tenant must implement any required flood-protection measures as determined to be necessary by the chief harbor engineer." Could you clarify that a little bit more, what kind of measures?

Rebecca Benassini - If I remember that provision correctly, it's focused on the health and safety purview. Generally on sea-level rise, we might see places where we're still operating our typical operations but there are temporary flooding conditions that would need to be either mitigated at the moment or maybe the tenant could take on a minor repair project that would make it so that that area didn't flood a couple times a year.

We've reserved the chief harbor engineer's ability to come in and, on a health-and-safety basis, direct the tenant to make some type of repair that would make the area safe for continued operations.

We've both been really focused on making sure that Alcatraz service doesn't get interrupted just because of the demand for the island and the amount of visitor services it's currently providing. That was one of the provisions we inserted thinking ahead 30 years or 40 years to be able to make a clear indication that the tenant would be responsible for those types of repairs.

Commissioner Katz - Corollary to that, going forward with the improvements, repairs, construction, etc. do we have provisions in there directing both the Park Service and/or the concession operator to do construction with an eye towards extra drainage perhaps or other things that we envision might make some sense 30 years down the line?

Rebecca Benassini - I don't have a good answer for that. I haven't been as close to the design. Just one note, the Park Service is facilitating all the improvements. They aren't doing any of the improvements themselves.

Commissioner Katz - On design documents or things like that could require incorporation of a 30-year or 50-year plan for sea-level rise.

Rebecca Benassini - I was speaking with one of our staffers about BCDC's review and the design has been very well received. You can see all the public access and the site has been very well received so far. We were just talking about how BCDC's review does think a lot about how the design of the project will last through the anticipated sea-level rise. I believe that has been covered. I will come back at our approvals and make sure that I have more detail on how that is being anticipated.



Commissioner Katz - Great. Thank you very much. Thank you, everyone, for the detailed presentation. We've gone through many iterations of this and the discussions and negotiations. We're pretty familiar with a lot of the details.

Commissioner Woo Ho - Again, thank you. We have been through many rounds of discussion and brings back some of the terms. Nonetheless, that's good to have a good, overall summary. I really appreciate that all the players are here and all the details. I'm going to just first follow up with a question based on what the last topic that Commissioner Katz raised. We are talking about how we're managing sea-level rise on the Port side.

I will ask the question to make sure that, on the other side, at Alcatraz Island, what is there in terms of management of sea-level rise on Alcatraz Island over the next 30, 50 years and whether that's being addressed. Since it is a term of the lease and it's working on our side, but it's not working on that side that also could create issues down the line.

Carey Feierabend - Well, we have a few additional piers in case you're interested in the park, one of those being the fixed wharf on Alcatraz Island. We are looking at some significant investments being made in our historic seawall on the island side as well as on the fixed wharf. It is a major construction project, it gets vetted at the national level to look at resiliency and sea-level rise and climate-change effects and that we're taking that into account. Our work for the fixed wharf is taking that into account.

Commissioner Woo Ho - I don't think we want to make it some sort of legalistic term in our lease but I do think that we need to understand that we need to know both sides. We want to be able to partner on your seawall resiliency and adequacy project so that we know that both ends work.

Carey Feierabend - If you learn any tricks of the trade and specific techniques, we'd be happy to share.

Commissioner Woo Ho - As an example, you need to invest and somehow, you don't get federal funding. All of a sudden, it becomes a problem. Your intention is obviously to maintain but there's a problem with funding and delays, etc. We, at the Port, should be aware of that contingency. Jay said we've thought about everything. Well, that's another one that we have to think about. Just as a contingency, what do we do in response to that?

We want to be kept abreast of your investment plans and projects regarding that. Jay, you need to refresh my memory and there's too many pages and line-by-line items. There is a \$30 million investment and I know the Port is putting in \$5.7 million. That's very clear. The other \$30 million part of it is the Park Service, the actual ferry concessionaire and the Golden Gate Conservancy. Is there a way to breakout how that \$30 million investment is being shared across all the stakeholders?

Rebecca Benassini - About \$25 million will be put in by the first ferry concessioner. The first ferry concessioner that comes in will put that amount in. The Conservancy will put in about \$5 million, which is the current estimate. All of this is in conceptual design now. Once the ferry concessioner comes on board and as the Conservancy continues their design, we will get even more refined numbers. Since term sheet, it went up by about 20 percent through the design process and through improvements that they were making to some of the visitor-experience elements so just a note that that number continues to rise.

Commissioner Woo Ho - I assume that, once the Park Service looks at picking a ferry concessioner, who is going to be responsible for making sure that they have the financial wherewithal to do the \$25 million. Is it the National Park Service or when we start looking at the lease?

Rebecca Benassini - Good question. They, as part of their bid analysis, will be looking for adequate financing. Once they select a concessioner, we have the ability to review their review of the adequate financing to provide our concurrence prior to signing the lease.

Jay Edwards, senior property manager - Thank you, Commissioner, for the questions. We have received an estimated anticipated breakdown of what those potential investments would be. I'm sorry we don't have it for you right here. We're certainly prepared to come back and give you more information on that at our next presentation. Roughly \$5 million is going into what we call the waterside improvements that's the new docks, the new piers, and the new embarkation part of it in the waterside. The remaining \$20 million would be put into the surrounding facilities, into actually our Port property. That's the rough breakdown of it.

Commissioner Woo Ho – I would appreciate if you could include that in your final report because, obviously, that's an important part for us to understand as the funding comes into place and who is responsible for what. I think we understand the Port's responsibility. I think you've made that very clear in this report.

Lastly, on the Golden Gate Conservancy and their part and their financial wherewithal, I know we're going to check that. How is that process going to work? What are we requesting of them to demonstrate that? Have they raised the funds already? Where do we stand?

Rebecca Benassini - It's a good question. Their part of the investment is a lot smaller, of course, than the ferry concessioner. Their typical way of funding things is through the facilities they currently manage and their capital program.

Greg Moore - The Conservancy has a capital investment fund that we use to improve park facilities so that's at the ready. We forecasted the cash flow needed for this project. We'll have the cash available when we need to make these investments.

Commissioner Woo Ho - So you're going to be raising it. It's not necessarily on hand yet.

Greg Moore - We have money on hand that would be adequate for it. That money is refreshed every year as we go through our fiscal year. In our forecasting, we anticipate at the time the money is needed for this project, it will be available.

Commissioner Woo Ho - Will we have financial forecast off of their concession? Is it going to be self-funding over time?

Greg Moore - The concession operations that we will put on, yes. They will definitely be self-funding. They're anticipated to produce revenue that will go to the Conservancy and to the Port.

Commissioner Woo Ho - So that projection was not included in this report?

Rebecca Benassini - Do you mean the revenue to the Port from the Conservancy leases?

Commissioner Woo Ho - Well, just for us to understand what that forecast looks like.

Rebecca Benassini - Yes. We will provide that in the next report. It hasn't been updated since the term sheet. Those prior charts were pasted into this report. They haven't changed since then because all of the rental terms have stayed the same. We can break out the rental projections from the conservancy and the ferry concessioner. Right now, I believe they're lumped into one chart.

Commissioner Woo Ho - I would appreciate it. Obviously we're just making sure that we're dotting all our i's and crossing our t's and connecting all the dots. We do believe that this is a winning partnership. We just want to make sure that we actually document it.

Commissioner Adams - Thanks for the presentation. I've got some questions. Veronica, we all got a copy of the letter you referenced in your remarks. I'm also reading Leader Pelosi's letter. Leader Pelosi said there are pragmatic history with the Park Service. Leader Pelosi asked if the Department of Labor has updated their prevailing wage determination surveys? If so, when? Has she been contacted about her concerns? Because I'm concerned as I read this letter. I'm sure you guys have seen this letter too. Is there a national standard for tugs and other special project vessels? They say the compensation is below the wages of the workers that live in the Bay Area because San Francisco is the most expensive city to live in the United States. We surpassed New York. It says to set a local prevailing wage. Where are we at? How do you get everybody together to try to work this thing out?

Are there any protections? This is what I don't understand. The other stuff all sounds good. I don't have a problem with that. But there seems to be a couple issues here. How do we work it out?

Leader Pelosi evidently didn't get her questions answered and she's not satisfied. It seems like the MMP and IBU is not satisfied. The lady from the Park Service says that was all the information I can give you. How do you intend to make this thing work?

Rebecca Benassini - Thank you, Commissioner. I'll start off. I'm sure I'll be joined by a lot of others to help answer this. This is a complicated question. For the agreements part, we have included all of the city provisions we would normally include in this type of a lease. We are satisfied on that end. We will treat this tenant just like we treat all of our other tenants. The complicated question I can't answer.

Our agreement also states that NPS will comply with federal law, or they would be in default of our agreement with them. I don't know what happened with Leader Pelosi's letter. But I can tell you what's in our documents and how we are moving or we are able to treat this tenant just like we treat all of our other tenants.

Thank you, Veronica, for sending us this letter before the meeting. We didn't have a lot of time to get together to respond to it. We can see if we can have a little bit more conversation to provide at the next meeting.

Commissioner Adams - I would like that. Maybe Leader Pelosi's office ought to sit down with concerned parties to see what we can do. I don't know if she can or not, whoever is from her office. But her letter states that the intention is to require ferry concessioners to comply with the federal service contract, SCA, and pay prevailing wages.

Elaine Forbes - I would like the vice superintendent to address Speaker Pelosi's questions and when we may be able to get answers to those questions. Then, I will make a couple of comments to my commissioners.

Carey Feierabend - Unfortunately, I'm not going to have the answers to the questions but I can say that we are in receipt of the letter and we did draft a response. Our procedures are that they have to undergo reviews up the chain. The response letter has not been issued yet. We're hopeful it will be issued really shortly. I can just reiterate that we will be following the Service Contract Act parameters. We have heard these concerns raised. Unfortunately, that's all I can share at this point in time.

Commissioner Adams - I understand that. I know that the superintendent is back in Washington with the Secretary of the Interior. I understand that.

Elaine Forbes - We'll wait until we hear from NPS the answers to Leader Pelosi's questions. We'll share them with you. As we've said, this is a matter of federal law and Leader Pelosi is speaking to National Park Service, a federal agency. It's very appropriate for that dialogue and exchange. We are encumbering for our tenant how we would encumber any other tenant on Port property. Our tenant will need to conform and comply with federal law to be in compliance with our lease. We need to wait and learn more information. This is an open question. We'll make sure that you have the relevant information as much as we have it.

Commissioner Adams - Thank you.

Commissioner Woo Ho - Elaine, are you saying we will have the relevant information before we're being asked to finalize?

Elaine Forbes - I would hope so. This is an issue for whether the Secretary of the Interior issues this letter to leader Pelosi. Because the NPS is required to comply with federal law, why don't we see what we have in advance of our next Port Commission hearing and we will brainstorm how we may respond to this question.

Commissioner Adams - Other than that, I'm happy. This was a great presentation. I'm looking forward to the completion of the project. I know a lot of hard work has went into this. This thing has been going on for a long time. We're finally getting close. I just want to make sure that all the final touches get on there. I hope that it can be a win situation not only for the Port but for the Park Service. But more than anything, it will be the citizens that go back and forth every day to come to our beautiful city and take the ferry back and forth to Alcatraz. They can enjoy our port and our city.

Commissioner Brandon - Thank you, everyone, for that presentation. This was a great presentation, very thorough. This has been a long, tough negotiation. I'm really happy that we've been able to come to terms. That will be a win, win for both agencies. We're almost over the finish line. Hopefully, by the meeting in February, we will have answers and we will be able to approve this project and move forward. Thank you everyone for the hard work that they've put into this.

Rebecca Benassini - Thank you for your questions. We will come back with answers.

#### **14. NEW BUSINESS**

Commissioner Brandon - I would like to ask what that wonderful piece of artwork is over by the podium.

Elaine Forbes - Thank you so much for asking that question. Early in Commissioner Adams presidency, he made a trip to South Africa to Cape Town and went there several times. He brought back a piece of art from Cape Town for the Port and I had

it framed. I listed the term of President Adams tenure as president. I wanted to make sure that it hangs in the executive director's office in perpetuity because you presided on the selection panel that was so well run, that did result in me. In addition to that, just to reiterate your desire to broaden the Port's view, to think internationally, to think nationally, to think locally and that is a real ode to you and to your time as our president.

Commissioner Adams - Thank you.

Commissioner Woo Ho - I had referenced earlier that we would like to request that we do have more or less a futuristic view of what the impact of self-driving cars will be since we have different points of view. We don't really all understand the impact particularly as we operate a lot of parking lots on the Port. There's a lot of different speculation and projections of what is going to happen in the future in terms of how much parking is needed in San Francisco. We just need to have some futuristic vision of what that means so that we can be more educated, informed as we deal with some of the transactions that come up before us. If we can find some futurist from some of the companies in the Bay Area and Silicon Valley -- and maybe Commissioner Katz can help with some ideas since she seems to be involved with some of that. That would be helpful. I think it would be nice. It would be sort of a strategic discussion but obviously something that could guide us.

Commissioner Adams - I would encourage the commissioners to patronize the two new restaurants on the waterfront (Queen's) that we approved. I encourage all the commissioners to go by there and give them some business. Let them know who we are. We approved them. We should go by and give them some business and otherwise introduce ourselves. There's another seafood place that's right down the street (Seaside Café). As commissioners, we need to patronize them and anything that's going on in the Port. We should spend a little money and just let them know we're supporting them. Queen's is a small business and we want all our tenants to make it. They need to see us as commissioners. Show them a little love.

Commissioner Katz - Could I ask that we explore ways of doing a fitting tribute or honor to Mayor Ed Lee who was such a support of the Port, given that we have some things coming up? There may be some opportunities to acknowledge all of his contributions to the waterfront.

## **15. ADJOURNMENT**

**ACTION:** Commissioner Woo Ho moved approval to adjourn the meeting in memory of and with boundless appreciation for the life and public service of The Honorable Edwin Mah Lee, 43rd Mayor of San Francisco, May 5, 1952 – December 12, 2017; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Port Commission President Kimberly Brandon adjourned the meeting at 5:55 p.m.