

# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING TUESDAY, APRIL 10, 2018

### 1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 2:38 p.m. The following commissioners were present: Kimberly Brandon, Leslie Katz and Doreen Woo Ho. Commission Vice President Willie Adams is travelling on business.

### 2. APPROVAL OF MINUTES – March 27, 2018

ACTION: Commissioner Woo Ho moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. The minutes of the March 27, 2018 were adopted.

### 3. PUBLIC COMMENT ON EXECUTIVE SESSION

### 4. EXECUTIVE SESSION

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

At 2:39 p.m., the Commission withdrew to closed session to discuss the following:

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

- a. Property: Pier 24 Annex  
Person Negotiating: Port: Michael J. Martin, Deputy Director, Real Estate and Development  
Negotiating Parties: Pilara Foundation, a Nevada Nonprofit Corporation, Andrew P. Pilara, Jr.

### 5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission reconvened in open session.

ACTION: Commissioner Woo Ho 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 Katz moved approval to not disclose any discussions

discussed in closed session; Commissioner Woo Ho 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

- Renee Martin, Port Director of Communications – Recognized in the Sun-Reporter Women's History Month Special Edition as one of the Outstanding Women Leaders in the Bay Area

Port Executive Director Elaine Forbes - Today my report honors notable women who are employed at the Port who have received commendations and awards for their exceptional work. I promise when I put these together, I didn't realize that I was actually honoring all women on the heels of Women's History Month in March. So, it was accidental, but it did come together nicely.

First, I would like to honor Renee Martin, the Port's director of communications. She was recognized in the March 29, 2018 edition of the Sun Reporter, which was focusing on Women's History Month. In this special edition, the Sun Reporter showed gratitude for the accomplishments of outstanding African-American women leaders in the Bay Area. These women impact the lives of thousands of Bay Area people and are role models for young women and girls of girl, and for all young women and girls in our community.

The featured honorees include United States Senator Kamala Harris, Board of Supervisor President London Breed, San Francisco Supervisor Malia Cohen, San Francisco City Administrator Naomi Kelly, San Francisco Airport Commission Vice President Linda Creighton, and our very own director of

communications Renee Martin, and legendary activist and educator Angela Davis.

Congratulations to all the honorees, and especially to Renee Martin for 20 years at the Port. Renee, we're very proud of the example you set. You are absolutely a joy to work with. You are professional all the time. You have incredible spirit of warmth and connection. People adore working with you. You're often the wind behind our wings for many Port successes, and we're so proud that you were honored in this way. Congratulations, Renee.

- D.J. Siegman, Port Electrician – Recipient of the IBEW Hour Power Award 2017 Instructor of the Year

The next honoree is D.J. Siegman, Port electrician. DJ joined the Port in 2012. She is an outstanding electrician, and always has a smile and an easy laugh. In addition to her fulltime job, since 2005 she has been driving down to San Carlos on Monday and Wednesday nights to her local union training hall, where she spends three hours a night and she teaches first-year apprentices how to have successful careers in the field of electricians.

She educates on technical skills as well as soft skills, such as coming to work on time, how to be safe when working around and with energized conductors, math, math, and more math, Ohm's Law, series/parallel circuits, how to bend conduit, and any other soft and hard skills that build their foundation for being the very best in the industry.

Because of her outstanding volunteer work, she'll be flying to Washington D.C. this month to accept the IBEW Hour Power Award for 2017 instructors of the year. International Brotherhood of Electrical Workers (IBEW) Hour Power is an online magazine that highlights the wonderful things the union does for all of North America.

This is a big and tremendous honor for our own DJ to be recognized as the instructor of the year for doing what she loves to do and doing it so well. DJ, I'd like to invite you up to say a couple words.

DJ Siegman - I just want to thank everyone for their support in allowing me to do what I love to do, and that's teach apprentices two nights a week. It's a big deal. It's an international award for all instructors across the United States and Canada. It's pretty special. It's happening this Friday, so I'll be there very soon to receive this award in DC.

Hour Power will have a video online for everyone to see from now until eternity, highlighting my life. It's a four-minute video that captures everything it's supposed to about me. It ought to be interesting, because I haven't seen it yet, so I'm a little scared. I do want to thank the Port very much for their support. It's been so far, and I don't see this changing ever, a wonderful place to work. I'm very grateful to be working for the Port, and I can extend a

lot of knowledge from what I learn at the Port to the apprentices just about every day I teach. Thank you.

Commissioner Brandon – Congratulations!

- Pier 23 and 19½ Roofing Project – Recipient of the International Partnering Institute Award

Elaine Forbes - I would like also to recognize and congratulate our Pier 23 and Pier 19½ half roof project team, Wendy Proctor and Evelyn Onderdonk, for winning the 2018 International Partnering Institute Partnering Project of the Year Award.

The Partners Project of the Year Award recognizes teams who distinguish themselves by implementing best practices and by fostering high trust and collaborative relationships on their projects. The Port engineering team has demonstrated a commitment to the partnering process, achieved excellent results, and delivered an outstanding project. The applications were judged based on pre-established criteria by a selection panel of impartial judges renowned for their understanding of construction partnering. The award level for Pier 23 and Pier 19½ roofing repair project will be made at a ceremony luncheon Friday, May 18th, at the Hilton San Francisco.

We're very proud of Wendy and Evelyn for achieving a great project and a tremendous award. Congratulations.

- Madame J. Walker Award – Port Commissioner President Kimberly Brandon

Elaine Forbes - I would also like to recognize again our president, Commissioner Brandon, who was awarded the Madame J. Walker Award on Friday, April 6th, from the Bay Area chapter of the National Coalition of 100 Black Women. I was able to attend the ceremony, along with several of the women I spoke of today, Renee Martin and Wendy were with me, as was Evelyn. It was a tremendous afternoon honoring many women who make a difference in the community, and the positive steppers who are making a difference as they come up into society and begin their lives. It was a very fine achievement, congratulations again, Madame President.

- New A/V System in the Port Commissioner Hearing Room -

Elaine Forbes - I would like to acknowledge that we have a new technology system here in the conference room. We're at the bleeding edge of the 21st century, thanks to Matthias Geizendanner, Jerry Burdick and the whole IT team, working with our carpenters from Pier 50. This was a major undertaking. You'll notice the SFGTV staff no longer has to lug their equipment here. We have new lighting, new sound, Wi-Fi, and we'll have a much better experience here in the Port Room thanks to this project, so thank you all for seeing that through.

Commissioner Brandon - Thank you, and congratulations to all the wonderful women.

B. Port Commissioners' Report:

Commissioner Woo Ho - I had the opportunity with Executive Director Forbes and with Mike Martin on March 28<sup>th</sup> to visit Pier 70, and the status of the Orton Historic Building rehabilitation. As you heard from Commissioner Adams, it's wonderful progress. It's amazing. The last time I went there, the windows were still broken, and they were telling me how much work it was going to be to fix it. Now the buildings have all been, not 100 percent -- there are still some buildings under work -- but the main building is actually now occupied by Uber. A sneak preview, it was the week after the accident, and it's the self-driving facility down there. We actually saw the cars and the trucks but I didn't take any photos.

We had walkthrough, and it's an amazing transformation. It has what we always envisioned, that industrial edginess to the project, and the airiness and the wide space, and certainly the configuration of all the offices and everything is very much today's millennial feeling of working together. They had the Ping-Pong tables and all the other stuff too there. I thought it was quite amazing.

They actually kept some of the original iron work and did not repaint it. I was a little bit disappointed when I asked if there were going to be any green there, because it's all very metal and asphalt. They said the historical preservation guidelines indicated no greenery on the walls. That's the only comment I would make. It would be nice to have a little greenery, which was the original idea. But they probably will have some trees in the plaza, eventually, but right now it really has that very industrial feeling.

We also had a chance to look at the shipyard. As you know, the RFP is out but I did have a chance to view that as well. There were great views from the shipyard. It's something I hadn't seen, and visited the dry dock. I had a chance to go over Crane Cove Park. When we talk about that, I have a much better idea of the vistas and what we're trying to do there. We did talk about that at one of the Commission meetings recently. We hope we get that moving along so the public can enjoy it, and that we don't overdo it.

## 10. FINANCE AND ADMINISTRATION

- A. Request recommendation that the Capital Planning Committee and the Board of Supervisors take all necessary action to place a minimum \$350 million General Obligation Bond for Phase I of the Seawall Earthquake Safety and Disaster Prevention Program on the ballot for the November 2018 election. (Resolution No. 18-25)

Katie Petrucione - I'm the department's deputy director of finance and administration. I am genuinely excited to be here this afternoon to ask the Commission to recommend to the Capital Planning Committee and the Board of

Supervisors to place a general obligation bond for a minimum amount of \$350 million on the November 2018 ballot to support the seawall earthquake safety and disaster prevention program.

This city's capital plan currently assumes a \$350 million bond to support the sea wall program. The bond would go before voters on November 6th, and must be approved by at least 2/3 of voters in order to pass.

Your commission packet includes a copy of the general obligation bond report that Port staff has written describing the seawall program and the need for the proposed funding. While the measure is currently sized at \$350 million, Port staff hope that the city's controller will identify additional capacity in the general obligation bond schedule, and that some of that capacity can be allocated by CPC to this bond, ultimately increasing the size of the bond that goes before the voters in November.

As you know, the State of California built the Embarcadero seawall between the 1870s and the 1910s, turning what had been mud flats into a bustling deep water port. Construction of the sea wall also created over 500 acres of new land in San Francisco. In fact, all of the land, buildings, and infrastructure between San Francisco Bay and 1st Street were made possible by the seawall. However, all of this new land is fill. It was created prior to modern engineering techniques, and is therefore prone to liquefaction during an earthquake.

The state constructed the seawall by dredging a channel through Bay mud, filling the channel with rock to create a 40-foot dike, and then driving piles through the dike to support a wharf out into deep water. The land behind the seawall was created by placing sand and debris on top of the mud.

Over time, the timber, bulkheads, wharves, and finger piers have been replaced by various reinforced concrete structures, including the historic and mission-style bulkhead buildings and piers that line the waterfront today.

The impetus to develop this general obligation bond comes from a report that the city's lifelines council issued in 2014. That report identified the seawall as one of the city's five most critical lifeline safety assets, and found the seawall was at risk of failure in an earthquake. The Port's subsequent analysis has shown that in a major seismic event, the fill behind the seawall will liquefy, forcing the seawall to move bay-ward by as much as five feet. We expect this would cause significant damage to the Embarcadero, including the roadway, the promenade, and the Muni tracks, that it would fracture piers, bulkheads, and wharves, and rupture utilities along the waterfront.

We know the Embarcadero also faces the risk of current and future flooding. We already experience annual closures in the Embarcadero during king tides, and we know that the Muni and BART tunnels are at risk of flooding.

Sea levels are expected to rise by as much as 24 inches by 2050, and by 66 inches by 2100. However, with just 18 inches of sea level rise, flooding of the Embarcadero is going to become a regular occurrence, and the flood risk to portions of downtown is likely to become unacceptable.

The lifelines council report raised alarms in the city because it recognized the extent to which San Francisco's northern waterfront depends upon the seawall. The report highlighted the critical nature of the seawall, and found the seawall forms a key piece of the city's response in case of a disaster. In a major earthquake, the city's Department of Emergency Management expects the waterfront and the Embarcadero to provide emergency response access as well as to allow for evacuation of thousands of people from the city and the delivery of disaster service workers, equipment, and supplies into the city.

The seawall serves as a key transportation hub. 440,000 people a day come to the city either by boat or by the BART trans-Bay tube, and over half a million people a day board Muni trains downtown.

The sea wall support utility infrastructure, including water, wastewater, power, and telecommunications facilities. The seawall enables almost \$25 billion economic activity, and protects over \$100 billion in property value. All of this would be at risk if the seawall were to fail.

In response to the wakeup call that the 2014 report issued, the city and the Port are deep into the planning efforts that have culminated in this \$350 million general obligation bond request. The Port has identified six broad goals for the program: to act quickly to improve disaster preparedness; to reduce damage; improve resilience; enhance the city and the Bay; preserve historic resources; and engage the community.

The Port seeks general obligation bond funding to meet these goals through a variety of actions, including project implementation, earthquake improvements, flood protection, and mitigation and enhancement. Throughout the course of the seawall program, the Port will engage a broad range of stakeholders and constituents, including other city departments, regional agencies, the community, private industry, Port tenants, and all other interested parties.

First and foremost, this general obligation bond will fund seismic improvements to the seawall. Current concepts for improvements come from initial studies and similar projects elsewhere, including Seattle. Potential approaches to seismic reinforcement include ground improvements, seawall replacement, structural improvements to bulkheads, wharves, and piers, as well as utility relocation or replacement.

Similar to the seismic improvements, strategies to combat sea level rise will vary depending on the different section of the waterfront. Some locations are relatively open, and will allow for flexible strategies with co-benefits, including

potential habitat enhancements to the Bay. The Port expects these initial improvements will provide the foundation for future adaptation measures.

When selecting both seismic and flood mitigation projects to fund with this bond, the Port will apply a vetted set of criteria, including consideration of benefits to life safety and emergency response, as well as factors such as project length, risk avoided, and community and environmental benefits, as well as consideration of the potential level of disruption a project might cause the public.

The Port expects it is going to cost between \$2 and \$5 billion, and take up to 30 years to complete all of the seismic and flood adaptation work on the Embarcadero seawall. Given the size and scope of this work, the Port is developing a program of phased implementation.

Phase one will address immediate life safety seismic and emergency response and recovery needs, and will include development of the next group of seismic and adaptation projects. Phase two will continue to address seismic retrofits, and will include projects to respond to sea level rise. Phase three will include development of a long-term vision for the waterfront, given the expected levels of sea rise by the end of this century.

The Port continues to work with our engineering consultant, CH2M Hill, to finalize the phase one schedule. We've begun the multi-hazard risk assessment and will begin to develop project alternatives later this year.

We hope to begin pilot projects such as testing out different ground-strengthening techniques, in 2021. Full-blown construction will begin after we have completed permitting and environmental review, and we expect construction to be complete by 2026.

As you know, this proposed bond is only a down payment on the overall seawall program funding need. Analysis by the seawall finance working group demonstrated both that the Port cannot finance this program alone and that we must seek a broad range of resources.

In addition to the work we're doing on the bond, the Port is seeking funding from the federal government through the Army Corps of Engineers. We have submitted legislation to the state to capture the state's share of tax increment from new development on the Port, and we have submitted a \$50 million general fund request to the state for the '18-'19 budget.

We have several hurdles we must jump through in order to place this bond measure on the ballot. Our first official step occurs today with the Commission's recommendation. Next, we must receive the Capital Planning Committee's recommendation, and then introduce legislation at the Board of Supervisors. The last day that we may introduce the bond ordinance and the resolution of public interest and necessity at the Board is May 15th.



While Port staff has been very focused recently on defining and financing improvements to the Embarcadero seawall, we know that we also must develop a strategy to identify and address sea level rise and seismic risks Port-wide.

To that end, staff has allocated \$250,000 in the Port's upcoming capital budget to fund data collection and analysis for the southern waterfront. Staff will be back before this commission in June with a report on planning efforts for a Port-wide resilient strategy.

We have a great deal of work still in front of us to address the immediate seismic and flood risks to the Port. This proposed \$350 million seawall bond is the first step to fund improvements to the Embarcadero seawall to withstand the next major earthquake and to begin to meet the challenges of sea level rise.

Staff request that the commission recommend the Capital Planning Committee and the Board of Supervisors place this measure on the November ballot.

Commissioner Katz - I'm very much in favor for the bond and the resolution. Before I get into the weeds, I want to repeat something you said rather quickly at the beginning, the 500 acres of fill. When we think about that, that's an incredible amount of land. I'm not sure the exact acreage of Golden Gate Park, but if I'm not mistaken, it's . . .

Katie Petrucione - 1,070 acres.

Commissioner Katz - It's half the size of Golden Gate Park, to put it in context. When people are looking at the importance of the seawall, they need to recognize it's not just along our waterfront, but the incredible impact this water intrusion will have. You commented on BART and Muni, and I hope they're also involved on stepping up and perhaps contributing to these efforts. I'm assuming that's taking place.

In terms of the chart that you have here, the desired program funding by source, can you walk through that again just a little bit further.

Katie Petrucione - This is looking at a 30-year, \$5 billion program. These numbers are rough, at best. What this assumes right now is that about 25 percent of the program would be funded over that period through a series of city-issued general obligation bonds. We are assuming that 35 percent of the program would come from the federal government. At this point, we would expect primarily through the Army Corps of Engineers, and that would be to support sea level rise mitigation.

We are assuming 25 percent of funding to come from the state, and that could be everything from state general fund to participation in the state's cap-and-trade program, which is generating at this point hundreds of millions of dollars a year in revenue, as well as the legislation that Assemblyman Chiu introduced that would allow us to capture the state's share of tax increment.

The final slice of this pie assumes that we are going to look at strategies, including the creation of a community facilities district downtown, with the idea that that is a population that is particularly in peril from failure of the seawall. A population that we would ask perhaps to pay a little bit more to help support the program.

Commissioner Katz - They might want waterfront property.

Elaine Forbes - I would add one addition to the private slice, if I may. Special taxes, which you've already approved for Pier 70 and Sea Wall Lot 337 are included in that 15 percent.

Commissioner Katz - There was a mention here of the development projects. As you know, this is an issue that's been near and dear to my heart for quite some time, so I'm very pleased to see that we've really stepped out. I do think this is also an opportunity for us to set an example for other regions that are looking at how it needs to be done and what needs to be done. Fortunately, we're ahead of the curve as compared to a lot of others that are just starting to take a look at the impact of sea level rise. As is often the case, we're a bit out in front and setting an example on how to do it right for other jurisdictions. Keeping that in mind that this is a bit of a template that others may be able to use.

In terms of any kind of feedback, it's hard to say as we looked at the different potential options. Do we have any sense at this juncture if there's a wide variance in cost or safety among the different options, or is that all going to be part of the study that comes through?

Katie Petrucione - Of the different funding options, or the different engineering options?

Commissioner Katz - If you look at the engineering options, the retrofit concepts.

Katie Petrucione - Commissioner, I am not the person to answer that question.

Commissioner Katz - I'm wondering if we're going to get any surprises, if for example one is so much more significant in safety, but obviously would probably be higher in costs that we would have to recalibrate what we're looking at.

Katie Petrucione - The purpose of the multi-hazard risk assessment is to give us the data that's going to inform the different options. There's no doubt that we're going to be making possible tradeoff decisions between cost and efficacy but we have to gather the data before we are to lay that out.

Commissioner Katz - Nothing preliminary, I guess that's what I was getting at.

Katie Petrucione - No, not yet.

Commissioner Katz - Thank you very much. This is really cogent. This is something that all of San Francisco needs to really recognize is paramount, perhaps one of the most significant issues facing us in the very near future. Thank you for bringing this forward and for putting it in such an easily-digestible fashion.

Commissioner Woo Ho - Thank you. I appreciate the report. Obviously, we've made a lot of progress, and as Commissioner Katz has mentioned, we're in the forefront of this, and so there's a lot more work to be done. We know it's going to take a long time, and it's not just in terms of money, but time and effort and everything else.

I had similar questions to Commissioner Katz. You answered some of them, but under the options, which I'm not asking you to answer, since you're not the engineering person. It does strike one that you're going to have tradeoffs between the various options, so when this does come back for us to look at again in the future, if we could get a better sense of what those pros and cons for each of those options are, and the difference in cost, especially when you start talking about relocating historic buildings and rebuilding the wharf.

Those begin to trigger that there's lots of change. I hope that we don't necessarily go for the minimum either, so this is a chance to look at something that is going to be for the longer-term and we don't want to be penny-wise, pound-foolish either. That's important for us to understand what some of those options are.

In terms of the funding sources of the actual GO bond that will be put together, this may not be the time because you still have to get approval from the Board of Supervisors, but in terms of how this bond is going to be demonstrated to the voters of this city. I don't know if we've started to have any preliminary conversations with underwriters or bankers of where we expect this to be rated, and essentially how is the city going to present itself in terms of ability to service this debt as well. Is that still too preliminary to discuss?

Katie Petrucione - We're a little early in the process to start to have this conversation.

Elaine Forbes - This is the city's general obligation program, so it will be sold as city debt repaid by the voters. We just were upgraded to AAA, one of the highest ratings in the city. Historically, the GO bonds have received quite low cost of funds. I don't recall the exact interest rate, but it was well under 4 percent for our parks bonds from 2013. That's how these bonds will be rated, as general city obligations under that AAA rating.

Commissioner Woo Ho - Because I have a finance background, I would just like to understand, once we do know the structure and everything else of the information, pass that back to us, even on an informational basis. It's not that we are in a position -- it is a city bond, I know it's not a Port bond. In terms of how

we calculate the debt service coverage, the bond ability for the city, so that we understand, since there's going to be a series of these bonds -- this is just the first -- so we can understand down the road.

It may be too early to know the timing of how all this funding has to work, from the city, the state, the federal, and the timeline of how this all has to work over the longer period of time. If that's going to be a strategy that is developed, that's something that we would like to understand, that we don't find there's a showstopper in there that says we can't go forward because the funding's not there, or it's going to be delayed for a significant period of time. If we could understand that strategy behind all that, that would be very helpful, on the seawall.

Katie Petrucione - We are absolutely starting to think about cash flow, at least through 2026, if not for the 30-year period. We can share some of that with you.

Commissioner Woo Ho - Because there will be some hiccups along the way, and we just want to understand that, because we may have the right plan and the design and everything else, but not all these other pieces are coming together in a way that we should be aware of. It would be great if you could just keep us apprised.

Commissioner Brandon - Thank you so much for this presentation. I feel like I know this presentation like the back of my hand based on our D.C. trip and everybody that we met. I noticed that you did include new slides, which are great. I think this is an extremely critical project, not only for the Port, but for the city, and all that can be affected if we do not do something. I am so supportive of this bond measure, and I know it says a minimum of \$350 million but we are sure hoping with all of our lobbying, that we get closer to \$500 million, because we have a lot of work to do.

I want to thank everybody that has put so much work into this. I'm happy to see that we will be looking at a Port-wide strategy for all of our property, including the seawall. Thank you everyone for all your work on this project.

ACTION: Commissioner Katz moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 18-25 was adopted.

B. Report on Port's Contracting Activity for the First and Second Quarters of Fiscal Year 2017-18 (July 1, 2017 through December 31, 2017).

Boris Delepine, Port's contract administrator - The item before you is an informational item to review the Port's contract activity for the first half of fiscal year 2017-2018. It covers the period between July 1, 2017 and December 31, 2017. As with past presentations, today will focus on Chapter 14B of the administrative code, also known as the local business enterprise ordinance, and our city's local hiring ordinance.

I'll begin by reviewing the number of certified LBEs, then discuss new contracts awarded and payments made on open and active contracts. We'll also review the Port's compliance with the local higher ordinance. The presentation will conclude with a discussion of upcoming contract opportunities, and I'll be available to answer your questions, along with a colleague from the contract monitoring division, Finbar Jewel.

The contract monitoring division (CMD) certifies firms as small, local businesses, and classifies them as either minority business enterprises, women-owned business enterprises, or other-owned business enterprises. There are currently 1,144 certified LBEs. It is a 30-firm, or 2 percent, increase from my last presentation in October. Though this may not seem like a dramatic improvement, it is significant because over the past year, the number of certified LBEs has increased, whereas it was steadily decreasing for the three previous fiscal years.

CMD certification unit has done an excellent job. They're now partnering with the treasury tax collector's office, and any new business that's certified in San Francisco gets information about the local business enterprise program. That's helped create an uptick in certified firms, and we expect that to continue.

During the first half of the fiscal year, we awarded 10 new contracts valued at \$47.4 million dollars. Eight, or 80 percent, of those contracts went to LBE prime contractors. We awarded more contract dollars in the first six months of this fiscal year than we have in the prior four fiscal years combined.

That was due, in large part, to one contract in particular, the seawall resiliency design contract, which is a \$40 million contract that went to CH2M Hill, a non-LBE firm. When we include the seawall design contract, our overall LBE participation is 30 percent. However, when we exclude that contract, it climbs to 80 percent.

During the reporting period, we also successfully awarded three micro-LBE set-aside contracts. These are small, informal contracts set aside for competition only amongst local businesses. The pie chart on the left shows contracts awarded by LBE type. Two contracts went to non-LBE firms. The remaining eight went to LBEs, including three awards to women-owned businesses, one to other-owned businesses, and four contracts to minority-owned businesses.

The pie chart on the right shows the breakdown of minority contracts. Asian-American-owned firms won three contracts, and African-American-owned firms won one of those contracts awarded to minority firms.

Becoming a certified LBE, an owner must self-select between either women-owned or minority-owned certification status. During this reporting period, Bonner Communications was awarded one of our as-needed, public relations contracts. Though the firm is owned by an African-American woman, the

contract is represented in this chart as a woman-owned contract awarded rather than a minority-owned award, based on the firm's certification status.

Over \$9.3 million was paid to Port contractors in the first half of fiscal year 2017-18, over half of those payments going to LBE firms. During the reporting period, construction and as-needed service contracts exceeded their average LBE subcontracting goals, while professional service contracts met their subcontracting requirement.

Overall, the Port is exceeding CMD's set average of 17 percent, with 23 percent of all payments going to LBE subcontractors. It's important to note that each of these contract categories identified in the table are made up of many individual contracts with their own individual subcontracting goal.

There are a few exceptions. As-needed real estate contracts, for example, are not meeting their CMD requirements. We're working with the prime contractors to increase the LBE subcontractor participation, however most of all the other active contracts are meeting or exceeding their goals. Details on all current contracts and their LBE performance are included in attachments two, three, and four of your report.

This slide compares awards made in the first six months of this year against the previous four fiscal years. Over \$14 million were awarded by the Commission to local businesses between July and December. That's a record. Again, when we exclude the seawall contract, we find that over 80 percent of dollars awarded went to LBE firms. That's the highest that we've aimed in the past four years.

As our contract portfolio widens, payments made on open active contracts have also increased. This table compares the first six months of this year versus the previous 12 months of other fiscal years. Over half of all contract payments in this reporting period went to local businesses.

When the LBE ordinance was amended in 2013, Mayor Lee issued a city-wide aspirational LBE participation goal of 40 percent. At the time, most departments didn't think we would meet that goal, or expected to meet that goal. However, we've been able to exceed Mayor Lee's directive for the past three fiscal years in a row.

This is another view comparing awarded dollars and contracts, contract awards to LBEs by fiscal year. This graph excludes the seawall design contract. The good news is that we've been maintaining the positive trend that we established last year. We're always beholden to the type of work that's required, and the available pool of firms that are local firms that are available to perform that work.

However, over the past two years, we've found an LBE sweet spot -- construction projects under \$5 million have been really beneficial to increasing our LBE participation. That, along with awarding projects as micro-LBE set-asides, has helped us nudge the trend in the right direction.

It will be difficult to sustain these numbers going forward, as large projects like the seawall and Crane Cove Park come online. Regardless, we will continue to employ the strategies we've learned over the past few years to continue to (1) expand the pool of local businesses, and (2) catalyze opportunities for the smallest firms whenever possible.

Now, to the local hire ordinance. Construction projects over \$1 million are subject to the city's local hire requirements. Since the inception of the local hire ordinance in 2011, 18 Port projects have been subject to the program. All 18 have met the city's local hire mandates. This ordinance is managed and implemented by the Mayor's Office of Economic and Workforce Development, or OWED.

We currently have five open projects subject to the ordinance. Three of the projects are in compliance. The Pier 23 roof repair is currently below the threshold, however it's expected to conclude in compliance.

One project, the Crave Cove Park site preparation and surcharging project, did not meet its local hire obligations. OEWD has since worked with the prime, Schimmick Construction, and their subcontractor to address the deficiencies in their local hire participation by requiring Schimmick to sponsor several City Build graduates in various unions for trades in which they were deficient.

This ordinance is unique in that it allows contractors to come into compliance through negotiated off-ramps such as offsite credits or sponsoring apprenticeship.

As part of our commitment to fostering a strong, vibrant local business community, on March 15, 2018 we held the second annual contracts open house at Pier 1. Approximately 120 individuals attended the event to learn about upcoming contract opportunity. At the event, we stressed to prime contractors that we wanted to see diverse teams compete and win projects here at the Port.

We received very positive feedback from many of the attendees, particularly the small firms that were able to network and connect with the large prime contractors. We hope to see results from that work in some of the upcoming opportunities that we have coming in the spring and summer.

Our as-needed real estate economics RFQ will be coming before you in May. We like to put out an RFQ for four contracts at \$750,000. Our as-needed engineering contracts will be hitting the street, the RFQ will be hitting the street in late August. We'd like to award four \$4 million contracts through that solicitation. In addition, we have some projects like the \$7 million Pier 94 backlands improvement contract, and the Pier 90 silo and wharf demolition project that should have strong LBE numbers in the coming year.

In conclusion, 30 percent of dollars were awarded to LBEs, while 80 percent of contracts went to LBE prime contractors during the reporting period. When we

exclude that seawall design contract, our number climbs to 80 percent. Over half of our payments went to LBEs during the reporting period. We have five projects subject to the local hire ordinance. We had a very busy six months, and there are many more opportunities coming forward in the next half of the fiscal year.

Commissioner Woo Ho - Thank you, Boris. I think every time we get this report we have more progress, and we learn to distill it down to something that we can understand very quickly. I appreciate that. We would reiterate, and something I think Commissioner Brandon has been a champion for LBE for a long time, but shows the results there, that if you start reporting on it, you get results like what you want and what the goals are. I applaud that in terms of all the detail you have provided here. Compared to maybe some of the other departments, I think we're doing a great job here. I appreciate that and thank the staff.

The one thing, which is not the focus maybe of this report today, is a question I always have in terms of our contracts, because we have many large-sized contracts here, and not just from an LBE perspective, but when we look at the conclusion of a project, was the project on-time, on-budget? If there's another way for you to figure out a way to report on that -- maybe not through this type of report, but to give us the answer of on-time, on-budget, because we know we are a very heavy user of contractors in all of our activities and our projects.

If there's a way to design something that would help us answer that question -- the quality, the timeliness, and the cost effectiveness of all the contractors that we use. The fact that we are using more and more local is a very positive sign, and it's positive in the sense that we are also advertising, which is helpful.

I liked your geographic chart, which I thought was very helpful, to see that we have these LBEs and nonprofits all over the city. We're not just coming from one sector of the city, it is city-wide. That's a great input in this chart.

Those are my questions, thank you. I don't know if you can answer the question on on-budget, on-time, and how we can answer question.

Elaine Forbes - I can answer that one for you, if you'd like, because we've been working on that, Commissioner. We heard you, in the last meeting you asked about contracts that come under and above the 10 percent contingency, and the engineering staff has prepared a report, which is under my review for the commission. At senior staff, we've been discussing providing a report that provides the on-time, on-budget information. We wanted to pair that. That will probably come primarily from the engineering team, because there's so much construction contract work we do, as well as from other parts of the Port that are engaging in professional services work. We wanted to pair that also with the launch of the city's contract performance database, which DPW has been working on with our staff. We are under discussion about how to prepare that report for the Commission, and we're working on getting that to this body.



Commissioner Katz - Boris, thank you. I echo Commissioner Woo Ho's comments. I haven't looked at the comparison to prior reports, but it certainly seems to me we're seeing significant improvement. I just want to thank you, because I know it's taken a lot of time and effort, but it's really exciting to see that kind of numbers. Thank you for all of your hard work in this area.

I've often said how other departments look to us as an example, and I know many of them look to see how the Port is doing this. I want to not so much comment on your report specifically, but generally that we're seeing these results. I think it's been through a lot of hard work and effort on the part of the Port.

I know we have the meetings periodically with various different contractors to give them an understanding of how to participate in these projects, to introduce them to primes, to encourage LBEs and DBEs to participate in the Port process. It's really showing, and I just want to thank you and everyone else for all of your hard work.

Perhaps next time, it might be nice if you could show where we started, say three years ago. If there's a way of not spending too much time on that, but it's something we should be justifiably proud of doing it right, and continuing to do the outreach that we've done. I think it'd be nice to see that next time you come before the Port Commission.

Commissioner Brandon - Boris, thank you so much for this report. I'm very happy and excited about these numbers. It's wonderful. The fact that we've reached 30 percent even with the seawall \$40 million project is a great accomplishment.

You and Port staff have done a lot of work over the last year or so to create a great pool of resources available for contracting opportunities. The open house was another huge success, so thank you again for doing that. I'm really happy with the numbers. Of course, they can always be better, but I am happy where we are. Thank you very much.

## **11. REAL ESTATE & DEVELOPMENT**

- A. Informational presentation on Boudin Properties, Inc. 160 Jefferson Street, regarding an amendment to the lease to provide for two (2) extension options of ten (10) years each, up to June 30, 2065, subject to Board of Supervisors' approval.

Mike Martin, Deputy Director of Real Estate and Development - I'm here today with our team, senior property manager Jay Edwards, who's been coordinating this effort for the Port, assistant deputy director Mark Lozovoy, deputy city attorney Rona Sandler, as well as our consultants supporting us, Siefel Consulting, and their subcontractor CH Elliot and Associates.

I'm excited today to bring before you for discussion a proposed lease amendment with one of the Port's highest-performing tenants. It's been a really interesting conversation because it's a unique request to seek extension options at this point in the tenant's tenancy. It has been rewarding in the sense of, it's allowed us to understand and try to meet the tenant's business objectives, but at the same time, in satisfying the Port's own retail leasing policies, we found a way to generate a win-win where the tenant by adding to its certainty in its lease has both the opportunity and incentive to grow. The Port at the same time gets to participate more in that growth and create a win-win for both parties.

Jay Edwards, senior property manager - We're also joined here today by Lou Giraud, who is the owner and managing partner of Boudin Properties and GESD Capital. He's going to come up and say a few remarks after I conclude my presentation. He's also joined by Mark Briggs, the CFO and managing partner of GESD Capital.

I would like to take you through this presentation overview, which includes a background of Boudin, a synopsis of the retail leasing policy, our proposed business terms, our financial analysis, and our recommendation.

Boudin is a new building that was constructed roughly in 2003, and it's approximately 27,000 square feet, two-story structure. It's a magnet for visitors and locals to the Fisherman's Wharf community. On the ground level is a market hall which has a beautiful two-story entry as you walk in. There's a retail shop with a sourdough bread shop along with that. There's a demonstration bakery as well, which the visitors just really love. It's a very attractive building, it's very functional. As you walk upstairs, you have the bistro Boudin, which is the full-service restaurant, along with historic museum of Boudin, the family, the history of sourdough bread-baking in San Francisco.

It's iconic in many ways, it's unique, it's interesting, and it's really been quite an attraction for the wharf, and a positive addition. The lease started back in 2005, and \$30 million of capital has been invested into this property.

Since the opening the revenues grow from roughly \$13 million to now existing level of almost \$27 million. From the Port's perspective, that generates to us \$1.6 million of rent, which is comprised of about \$1.1 million in percentage rent, and \$500,000 of minimum rent. Clearly a very successful financial endeavor, as well as an attractive addition to the wharf.

The current lease expires in 2045. There are no options to renew. The request is for two additional 10-year options to renew, to extend the lease.

Boudin leads the way in revenues substantially in the wharf. It is \$10 million over Scoma's and the Franciscan, both very good performers too. It shows you how this business plan and how they've been able to coalesce this into a dynamic and high revenue-producing asset for the Port.

Mike had referenced the retail leasing policy, and we wanted to bring this up and engage the Commission in why staff are here to bring this to you. This policy allows us to work with existing tenants to evaluate renewals and extension requests on a case-by-case basis. Further, this policy enables staff to negotiate with an existing tenant where a tenant proposes to make capital improvements. These are the three guidelines we work off of requiring a business plan, evaluate and determine the cost and value of the capital improvements.

This enables us to also come up with policy considerations. As the anchor tenant for the wharf, we've talked about the tenant's revenue. Through our consultants and Boudin, we worked to come up with potential capital improvements, and then make a determination how these improvements could impact the revenue, either positively or not. We spent a lot of time our consultant's report, to make this analysis.

With that, we'd like to incentivize both parties. With this lease extension, it also maximizes our revenue and allows us to continue to be successful as an operation. We analyzed potential improvements that could be made to the existing operations, and how those would best result in additional sales to the Port. We looked at a number of different ideas with our consultants, and worked closely with Boudin directly to come up with these potential capital improvements.

Currently, Boudin's at capacity, meaning that it can't continue to service additional visitors and customers with how their current facility is configured. They came up with a number of different ideas on how they could improve the throughput and improve the efficiency of the operation. Here's an example of various improvements that would be done in this timeframe by 2025, the improvements, and the associated sales.

Potential projects - outdoor dining patio that has limited use throughout the year. That has a potential to be put into a higher use through additional improvements to the patio. That capital investment is approximately \$1 million, and you can see the subsequent potential sales of that.

There's also additional ground floor improvements that would increase the efficiency of the operations downstairs. They've looked at the second-floor improvements to the Boudin restaurant, and how to increase the capacity of the kitchen - get out more meals, more banquet, more special events.

There were improvements to the bakery that were suggested. There are four different examples of improvements, roughly in the \$2 million range. There's a very high return in the sales on those potential improvements.

Our consultants analyzed these three scenarios and then we went through these analyses to make sure this were likely scenarios. The first scenario would be no extension options, that Boudin would just extend the least through either a short-

term interim lease or a month-to-month basis, but then we would not receive any of the capital investment that we've talked about before.

The second scenario is that there's no lease renewal, there's no capital investment.

Scenario three is the proposed lease extension. The extension does require capital investment prior to the extension being granted, and then capital being vested once that extension term takes place. We have two of those options.

The first graph you see here shows a pretty robust blue line that shows what would happen with that investment taking place in the top line, and the projected revenue continues to accelerate, versus a flat line in scenario one. The rent payable is just flat versus scenario number two, where there's quite a big gap. You can see the differences. The middle line is the minimum rent, and that's staggered over every five-year period. There's a fairly significant gap, and it could be even more dramatic than that in terms of the gap.

The second scenario shows Boudin vacates. What happens to a property of this nature when there is a vacancy? We're projecting there would be a fairly significant downtime, meaning remarketing time and time without any rent revenue to the Port. How does that tenant ramp up, and does that tenant even ramp up to this level? We've made that projection here, and you can see it's fairly dramatic to the Port and to the new tenant. It would require them to put in a tremendous amount of capital as well.

Those were two analyses that were prepared, and then if you look at the summary of the analysis, you can see that there is a significant return to the Port, not only nominally but also in the net present value. It's a big difference. It's 31-35 percent over net present value of return with the extended approach. On top of that, the capital investment would also return some additional future proceeds if there ever was a sale or refinance of the business.

We seek your guidance on this item, and we'd like to be back here with a leasing amendment at the next commission meeting.

Commissioner Brandon – I believe you forgot to go over the proposed business terms.

Jay Edwards – Option one to extend starts in 2045-2055 and Option two is 2055-2065. The minimum rent remains the same. It's 70 percent of the gross sales for the three prior years, or a CPI percent of the existing base rent. That remains the same.

The percentage rent at the end of the 2045 term would then be reset to between 6 and 7. the current rate is 6.5 percent for the food and beverage and offsite, off-premises bakery sales. The other rent terms, such as their percentage rent, which is 8.5 percent on the retail portion of the sales, would remain the same.

The required capital investment for option one would be \$2 million invested by 2025, plus \$1 million during the extension term. That's for the first 10-year option. The second 10-year option would be an additional \$2 million of capital invested by 2035, plus \$1 million during the associated extension term for years 2055-2065.

These are capital investments that we jointly verified that would improve the financial performance of the asset, and/or extend the useful life of the asset. It's quite a significant investment, and it's done prior to receiving the option. The money has to be invested. We'll have concrete examples at that point.

The other piece of it is that Boudin has agreed to increase their percentage of the participation in either future refinancing or sale from a 20 percent increase from 10-12 percent of the net proceeds. Those are the business terms.

Lou Girardo – Thank you for this opportunity. Boudin has been in operation for quite some time and it is the longest operating business in San Francisco. It is a well thought out, successful operation. We have been in lease extension negotiations with Port staff for approximately three years. We appreciate the Commission's consideration of the lease extension.

Commissioner Katz - Thank you, and I know we've had a number of discussions over time. I'm certainly in favor of figuring out a way to keep a successful business thriving on Port property. As was pointed out, I didn't realize that Boudin is the longest-operating business in San Francisco, which as we're looking at legacy businesses throughout the city and what we can do to help them, it seems to me this is something that would fall under an opportunity to ensure that a legacy business does continue.

I have a funny story. When I was spending a summer in Washington as an intern, and two of my best friends came out to visit me, the thing they brought was a partial loaf of Boudin bread. They'd gotten hungry on the flight, they didn't have such good food, so they'd brought me what was left of the loaf. I think we all have good memories, and this is the kind of business we want to support.

Something to note is that and again, we've discussed this before, allowing these kind of improvements will continue to support the success of the business. We're all mindful of the changes in the economy, the impacts on a variety of businesses, and restaurants in particular have been hit hard by changes in the economy and delivery services and a variety of other things. Anything we can do that will ensure our successful tenants, tenants in good standing that have demonstrated that their value added to the Port is useful.

In terms of the proposed improvements, we've spent quite a bit of time talking about options and opportunities. In terms of some of the proposed improvements, are these hard and fast, or would there be some flexibility built in, if we do see other changes in the economy and how businesses are operating,

to allow for some flexibility in the proposed improvements over the potential extensions?

Michael Martin - The approach to the extension options is not prescriptive as to the improvements listed here. This was a representative set that we went through after consulting with Boudin about their ideas at the current time. But going forward, those will be mutually determined as described during the presentation. The goal would be revenue-generating improvements with that initial \$2 million for the lease term. We'd also be looking for options that also could extend the useful life of the facility. I think that pairing of these things brings value back to the Port in terms of rent, etc.

To your point, I think the goal for us is to be flexible, to see these new opportunities, especially as the market changes, there are things that are more valuable or less valuable. We think there are a lot of opportunities to grow the opportunity.

Commissioner Katz - Going forward, I understand the proposed extensions where the minimum rent would be 70 percent of average annual revenues for the prior three years, or minimum rent adjusted. Under that scenario, if the economy does change, we're still going to see an increased trajectory of the minimum rent as we move forward. There wouldn't be a scenario where we would receive less rent under the calculations?

Jay Edwards - You're right, it would continue to grow. Whereas done on the prior sales, of course, it grows at a greater rate.

Commissioner Katz - In terms of specific direction that you're looking for from us, we would like you to move forward with coming to lease terms, or are there specific questions?

Jay Edwards – That would be ideal.

Commissioner Katz - As I said, I'm in favor of continuing lease with our successful tenant.

Commissioner Woo Ho - Thank you Jay and Mike and also to Lou, thank you for coming today to explain your family's position. I think Boudin is obviously an iconic symbol for San Francisco, and we see it at the airport, and people carrying bags of their sourdough bakery. We're all very much in favor, and congratulations on having a very successful business in San Francisco.

This caught our eye not just because of the size of the deal, but also the fact that you were coming to ask us for a renewal this early in the lease. Obviously, the commission did take some time to understand the rationale. I think we have our answers and understand that there is a path forward that makes sense both for Boudin and for the Port, even though we're talking about a lease that's not expiring at least for another 20-some years at this point. But it does enable us to

ensure the facility will be maintained, that the business can have a continued path, and I'm very encouraged to hear that the family will continue to operate the business, not just for the Port but for San Francisco. I don't have any specific questions, because we've gone over this with a fine-tooth comb already. Thank you.

Commissioner Brandon - Jay and Mike, thank you so much for the presentation, and Lou, thank you so much for your patience with us over the last three years. We have discussed this issue thoroughly over the past three years, and staff did a great job in working with Boudin, coming up with the new proposed extension of lease terms.

I remember when Expo Restaurant was on that site, and the fact that this group came in and invested \$30 million to upgrade our facility has just been wonderful. We are reaping the rewards from that. I'm so happy we were finally able to come to a win-win situation for everyone. Thank you. Based on the fact that we have heard this so many times, and there is no public comment, and everybody is in agreement, hopefully it can be on the consent calendar next time.

## **12. PLANNING & ENVIRONMENT**

### **A. Informational presentation on Waterfront Plan Working Group Land Use Recommendations produced in Part 2 of the Waterfront Plan Update public planning process.**

Diane Oshima, Deputy Director of Planning and Environment - We are before you today to respond to a follow-up request we received from you on the waterfront plan part two recommendations, which we gave a summary overview in February. We understand and appreciate the interest that you have in having us come back and break it down into smaller bite-sized chunks for you to be able to understand the wealth of information that was covered, what the recommendations mean, and to hear from the working group members.

I'd like to acknowledge and thank very much the whole team that's been behind all the work on the waterfront plan update, particularly Kari Kilstrom, who's been working side-by-side with me on the land use recommendations, Anne Cook, David Beaupre, Brad Benson, Carol Bach and many others. I'd like to acknowledge Rudy Nothenberg, one of our co-chairs of the working group, Alice Rogers, the chair of the land use committee, and a number of the committee members who are here today.

As we covered in the previous presentation in February, the working group had broken into three subcommittees. The land use subcommittee is the recommendations you'll hear about today, and the recommendations coming out of the transportation and the resilience subcommittees are scheduled for future meetings, for you to be able to comment on.

Again, we thank all of the working group members on the subcommittee, plus the advisory teams who participated in the 14 meetings that took place leading up to this. The staff report is setup to show the specific recommendations that came from the part two final report by category. I'm going to run through the categories here and try and hit on the key points that are highlighted in your staff report.

The first topic is regarding open spaces and how we use and can improve the public's recreational enjoyment of the waterfront open spaces. There's a great appreciation for the open space system that's been developed on the waterfront plan to date, but there's a recognition that those spaces could deliver more recreational value by allowing for a wider diversity of activities within these parks, most of which are improved for more passive viewing, picnicking and seating.

There had been some public trust restrictions on those types of activities, and so the committee walked through and detailed discussions to arrive at an understanding with state land staff, understanding the design of these parks can accommodate and should accommodate more different types of activities for children, for people of all ages and economic backgrounds.

The recommendations speak to some ideas about different types of activities, recreational equipment rentals, concessionaires that bring other amenities that enhance the enjoyment of our parks. Similarly on the water side, there's the whole water recreation industry that's developed over the last 20 years. The growth in the number and interest of kayaking, swimming, and water recreation interests and the facilities needed to support those were a big focal point of the public discussions in these meetings. While we have a lot of landside public access, people want to emphasize more water recreation types of improvements, and have them recognized in the permitting process as legitimate public access improvements like their landside counterparts.

With that goes partnering with other organizations that can enrich the programs of these facilities, as well as safety and environmental protections to make sure we program water recreation in the right places that are not damaging to the environment.

People love those maritime uses. All 10 of our industries were reviewed in detail, and there is a renewed understanding about the berthing requirements associated with maintaining the diversity of maritime activities along the waterfront. The careful balancing that the Port, State Lands, BCDC must manage between pure edges that are programmed for maritime berthing, pure edges that are available for public access.

The call is for our agencies to come up with criteria that will provide clearer direction about where those priority berthing locations are, and the conditions under which they can be shared between maritime and public access or where they might have to be separated. Even if they're separated, people love the



views of vessel operations and maritime uses and berthing. The visual public access is something of value to the public that we've been encouraged to discuss further with BCDC.

There was a lot of discussion about public-oriented uses. The waterfront plan today allows for a broad range of public-oriented uses -- assembly and entertainment, recreational enterprises, museums and cultural and arts facilities. From a State Lands' perspective, they were in the discussions with the committee and highlighted the fact that on a statewide basis, the types of uses that were being promoted in the waterfront plan for public-oriented activities, where we wanted to have as broad a range of activities to appeal to many different types of populations, there wasn't really as much state precedent or basis to allow from a State Lands' perspective.

They recognized visitors serving retail, restaurants, some of what we call the traditional public trust, public-oriented uses, but through the discussions and through the experiences of doing the major care rehabilitation projects at the Exploratorium and the Ferry Building, State Lands and BCDC, we have come to understand that our historic piers and the Embarcadero Historic District are a unique type of property that really value and can justify a broader range of public-oriented uses than State Lands might consider elsewhere. That was a big breakthrough moment, to be able to talk about how to do that, to activate the waterfront on both sides of the Embarcadero, and particularly to prioritize the bulkhead buildings and those facilities fronting on the promenade, to make those public-oriented use available.

Across the way on the west side of the Embarcadero, we did focus a lot upon those remaining seawall lots that have not been improved yet. There is an understanding that they're not just dead parking lots, but that the parking actually has a very important purpose for trust access to the Port's lands as well as to the Port's operating budget and capital plan. But at the same time, they are just in-fill development sites, and so the policies promote, and State Lands has recognized as well as the community, the justification for the mix of uses that are reflective of the city side of the Embarcadero. The recommendations to promote residential, office, hotel, that type of mix, even though some of those might be non-trust uses, and to that end to recognize that in the remaining seawall lots where we might have to seek state legislation to lift those trust use restrictions, that there is a basis for that.

We spent an enormous amount of time grappling with the Embarcadero Historic District, because of people's love and regard for these historic resources and what they mean to the identity of the city. The staff report goes through a number of public trust objectives that are a new framework that were developed through this process that heretofore didn't exist, and it is intended to provide a stable set of criteria and more predictability so that as we pursue historic rehabilitation projects moving forward, whether you're a member of the public, a development partner, or an agency, that we're more aligned about what the

different facets are of what we're trying to achieve in these historic rehabilitation projects.

In the course of that discussion, we hit upon the notion of maximizing the utility of time. We don't know how long all of these historic facilities are going to be able to be used, given climate change and what we're seeing on sea level rise, but there is a very determined view that this historic district is important, and that we should get maximum useful life out of that, even though it may require lease terms that previously were not considered to be allowed. It was generally from a State Lands or BCDC perspective either interim or shorter-term leases of the one to 10-year variety, or long-term leases of the 50-66 year duration. We walked through the discussions about lease term and improvements.

The blue circle in the slide represents the notion of the financial considerations of what it takes to maintain and improve these historic piers, which there was a deep dive on the analysis there. The orange circle represents the priorities from a public trust perspective that are trying to balance and see where the justification of the financial needs can flex to allow those public trust objectives.

We had an EPS consultant team of designers that did a very deep down dive on the historic piers, looking at pier conditions, testing out different lease scenarios to look at what would pencil and would be financially viable for a developer or tenant, how that would be able to pay for the pier repairs and seismic updates, depending on the length of the lease term, and the types of uses that could be supported by that, with an understanding that public-oriented, public trust, maritime, and public access uses were the priority. But, where there was a delta in the financial requirements, there was then a creative look at how to try to close that financial gap.

The consultant team did look at the viability of these piers as to whether they could be retrofitted for hotel use. The team found that it was potentially viable that a hotel in a pier could actually pay the way to be a financially feasible project, but the working group ultimately did not come to any consensus about considering reopening up the Proposition H hotel prohibition on piers. So, we basically put that out as information but moved on and have no recommendation on revisiting.

In terms of the public trust objectives, there is a matrix that was included in your staff report that's very detailed. We've tried in the staff report to break it down a bit to the different criteria categories, the first one being obviously historic preservation. This is a national register historic district, so any repairs or improvements need to meet Secretary of Interior standards, and that was the assumption going into all this.

The public trust objective matrix is trying to show the categories of important features and benefits from a public trust perspective, and show what constitutes the highest level of achieving that benefit to the lowest level to use as a set of criteria for applying to the review of lease proposals or development proposals.

From a historic preservation perspective, the highest would be preserving, rehabilitating the pier in its entirety, and the low end would be leases that don't bring any repairs and make those improvements to the historic fabric of the facility. In between, you have a lot of types of lease proposals that could deliver partial improvements within that scale.

On seismic safety repair, clearly that's an objective. If we want to get the public into these piers, we have to be able to seismically strengthen them to allow for those loads. From a public trust objective, clearly to get the public into those sheds to enjoy their maritime history, the highest objective would be to retrofit the entirety of the pier, versus the lowest would be shorter-term leases that don't deliver a seismic retrofit at all. In between are different lease proposals that could deliver some of that seismic improvement incrementally.

Maritime and public access, another very important public trust objective. Clearly these are maritime facilities, and while they don't hold cargo and ship repair operations, they're important for harbor services and some of our other smaller excursion and ferry operations, for berthing, for storage, for operations.

The apron area around the edges of the pier are very important for that purpose, plus whatever work areas can be provided inside the shed. Again at the same time, we've got the public access demand to be able to get out to the water along the water's edge. The scale of the public trust objective chart shows if you can deliver the entire apron to be available for maritime berthing and public access, that's your A. Your lower end of that spectrum, is that you have aprons that are not repaired or usable for either of those purposes.

Interior public uses speaks to the mix in the amount of uses that occupy the interior of the bulkhead and the shed facilities. Again, State Lands historically has recognized the traditional retail restaurant types of public-oriented uses along with the maritime and the public access. The discussions in the land use committee spoke to the justification of that additional broader range of public-oriented uses. The recommendations from part two of the process speak to maximizing those public-oriented uses throughout the entirety of the pier shed if possible, although there was a recognition that in most cases, because of what we understand about the ability of public-oriented uses to generate rent revenues, that you probably have to be looking for an outside source of subsidy to be able to justify most projects that have public-oriented uses throughout. If you can't put the public-oriented uses throughout, then the recommendations prioritize the bulkhead end of the pier shed, where most of the people are congregating along the promenade.

Facility repairs and capital improvement, on a public trust objective scale, State Lands also recognizes that. The highest scale obviously is to get that, all the repairs taken care of and the seismic retrofit improvements. That would be at the high scale, and leases that don't deliver any of that would be at the low scale.

What we talked about in the land use committee was some of these intermediate term leases where we were recognizing that it's not an either/or situation of short-term or long-term. These intermediate-term leases can deliver some of these facility repairs, utility repairs, some targeted seismic improvements, such as a seismic joint between the bulkhead building and the shed that would actually increase the utility of the facility without necessarily triggering the investment required of a full seismic retrofit. There's a scale there in between of being able to get some of those if you can't get it all.

Clearly, revenue generation is something that's a public trust objective as well, because without it, we would not be able to perpetuate and improve this waterfront. The scale on the public trust objectives clearly call out maximize for revenue generation capability out of new projects and leases to support all of the capital needs along the waterfront, as well as historic preservation. Because of the cost of the pier repairs and seismic improvements that was shown through the economic feasibility analysis, the public as well as State Lands came to understand the justification for high revenue uses, which could be tech or office.

Commission Woo Ho was just talking about her visit to Pier 70 and Uber, and our sheds are industrial spaces that flexibly are very well-suited for a lot of those kinds of activities that are maybe not the traditional office type but can still generate the revenues to be able to pay for all the public trust benefits we're seeking in these projects. Whether they are long-term lease terms, or partial master tenant types of deals where we do targeted repairs and seismic improvements that can improve the variability and utility of the piers, those were all recognized and recommended as part of the part two.

There was a lot of discussion about community involvement, and in your staff report, I highlighted all of them to reflect the clear artful discussions from the working group and the subcommittees about the need for the public to be able to engage and understand the details of the challenges the Port is dealing with on trying to manage and improve the waterfront.

We have some good public processes that are in place now. The part two recommendations point to a number of ways in which they can be strengthened. Underlying all of that is the quality and frequency of engagement between citizens, our Port Advisory Committees, and the Port Commission as well, to be able to brainstorm different ideas and collaborative approaches to try and advance improvements along the waterfront.

The request for interest idea that germinated out of all of the discussions from the Embarcadero Historic District meetings is a good reflection of that even though we as the citizenry and the agency have tried to come up with recommendations to improve our hand, there is a recognition that the market is still, we haven't heard from them yet. I think there's an interest in having a good cross-fertilization of the best ideas to be able to make improvements along the waterfront.

I would note in particular that there are procedures that are recommended to deal with unsolicited sole source projects, which are, there's no direction that's provided now in the waterfront plan. We have a series of steps there where there was debate as to whether there should be a provision for sole source projects coming to the Port. Ultimately, the working group recognized the notion that unsolicited proposals as a contrary way of bringing in projects against the backdrop of the city's policy of requiring competitively-bid proposals is the purview of the Board of Supervisors and not the Port Commission.

The working group decided not to try and change those rules, but to the extent there are particularly well-capitalized proposals that might come through a sole source door, there's a higher standard of information that is being called upon through the recommendations for the proposer to provide a written statement about what the project is, why they think there's arguments for it to be accepted without going through a competitive process for the Port Commission and the public Port Advisory Committees to be able to review and weigh in on in advance of the Board of Supervisors' consideration of whether to waive the competitive process requirement. We think that will help to enrich a public understanding about the viability of these proposals if there is some.

With respect to these public process procedures, some of them are already in play. Some of them we've already started trying, with putting Port Advisory Committee members on panels that are reviewing lease proposals, and we would like to continue to pilot these recommendations to see how well they work and perhaps refine them further.

Public process procedures like these are not subject to CEQA environmental review, so that we have some administrative latitude to see if we can do our business better with the public's involvement in lease proposals going forward.

That's the overview of the land use recommendation scope, all 54 recommendations of them. We are in the throes also of getting ready for the part three meetings coming up. We've got two walking tours of the South Beach and Northeast Waterfront scheduled for next week. There's a public realm open house workshop on April 17<sup>th</sup>.

I'd like to be able to invite the working group members if possible to offer up their comments upfront, since they were the ones who did all the heavy lifting here.

Rudy Nothenberg - I really did not come to address the Commission today. The work was done by the subcommittee. They are the appropriate people to tell you what they did, why they did it, and what they expect and what they hope you will do with their product. There will be two other meetings, as you know. Today is land use, and I am more than happy to introduce Alice to you here. She has done a fantastic job. We also have another subcommittee chairman here, but her turn will come later. For now, we bring on the chair of the land use committee, Alice Rogers.

Alice Rogers – Thank you very much for the serious investment of time and resources you made in the waterfront land use update process. Diane has given you an excellent overview of the land use recommendations, and citing the key recommendations that give you the direction of the longer list. I'd like to make a couple additional points.

First, I want to stress the unanimity of our subcommittees' deliberations in the end, despite, thanks to you, we had quite a diverse group of people on each of our subcommittees. Despite those diverse perspectives, we shared common, strongly held values and that I think is what provided the unanimity and underlies the breadth of the recommendations we've given you.

Those values include a strong support of the maritime industries, including newly evolving maritime industries; a strong fidelity to the unique and authentic place that is the waterfront, so that the strength of our waterfront comes from its history and its dedication to maritime and working values.

Also, there was a huge dedication to diversity inequity, and it's something we wanted to see upped in this new iteration of the plan, and on two levels -- diversity inequity in terms of providing interesting experiences for everybody, not just the old, not just the young, mobile, immobile, everybody. We're all part of the public, and we all want to engage with the waterfront.

We'd also like to see this diversity strengthened in terms of the land uses, so that we don't end up with any kind of monoculture. We're going to push hard for that diversity as you're reviewing new products coming forward.

These values really translate, and Diane alluded to it in her presentation, that we'll be pressing the staff and the Commissioners to work hard with State Lands and with BCDC to expand the public access and public-oriented use definitions. The current traditional uses that are acknowledged -- retail and restaurant and a little path around the piers -- just isn't enough anymore. We want more, and you've already shown us that it can work. We'd like you and the staff to keep pushing on that.

The public is looking for more ways to engage, and more innovative ways to engage with the waterfront, not just sitting enjoying the view, which is nice, we don't want to lose that. But, anyone who's walked down the promenade at any time of the night or day can see people doing exercises on your property and engaging in amazing ways that I think we didn't think possible years ago.

The Port has already set a high bar with your vibrantly popular Exploratorium, the Ferry Building, the marketplace, the Giants stadium, and the endlessly interesting working waterfront, as manifested in the Fisherman's Wharf and the cruise terminal and the shipyard and the expanding fleet of water transport.

You've already begun to find ways to draw in the public, like having the exhibits you've had at the Port offices, put together by Blue and Gold Ferries, and some

others, and the popup restaurant you had during America's Cup. These are new and interesting and innovative ways that are drawing in the public in ways that I think haven't been done before, and we'd like to see more of those.

Even and especially with this new range of leasing terms that we hope will help you manage the development over the longer-term, and save the historic piers that as bits and pieces of the piers are being developed, we can figure out creative ways on short-term bases to have art exhibits, to have meetings, to do all sorts of interesting things there.

We are asking you to continue what you've already done, to seek out inspirational uses that will offer something for everyone in fresh and remarkable ways, not just the tried and true, but the really exceptional.

We do understand there need to be economic drivers, and we hope, as Diane pointed out, that we gave you tools with these various leasing terms and this mix and match matrix, so that we can save these piers, but we also will keep them open to the general public as well, so that all of us who don't happen to be lucky enough to work in one of the piers can still come and use it in some way.

You've accomplished this already in the Ferry Building -- nobody really thinks of it as an office building. It's a fabulous market, but you've worked out the economic equation. Likewise with the Exploratorium, a completely different business model. It took a lot of work on your part but it's working in a fabulous way.

We're hoping and depending on you to do more of those. As Diane mentioned, we have a very strongly held value in community involvement in the development process, and I will defer to Corinne Woods to speak more on that. She's one of your most dedicated community volunteers, and she has done a stellar job in stressing that point. Thank you for allowing me a few minutes to just talk about the underlying values of our recommendations.

Corinne Woods - I am a member of the Waterfront Plan Working Group, as well as a member of the Central Waterfront Advisory Group. Alice asked me to talk about community involvement because I just can't stop talking about it. These recommendations, all of them -- land use, resilience, transportation -- if you read them, you'll see through all of them, there is a request for more community involvement, for more communication. The reason for that is that if something comes down from above and the community doesn't get a chance to look at it until their two minutes at the Commission hearing, you're going to get resistance.

What we need to figure out is a better way to talk to each other. I get the Brown Act, I get Sunshine Ordinance, but it doesn't really allow a give-and-take. The advisory groups do allow give-and-take. The way they work now is that something happens, the Port Commission gets an informational presentation, and then it goes to the advisory group.

We don't have the opportunity to come back to you and say, excuse me, wait a minute, we think there's something else that could be discussed here. It's rigid. The Pier 30/32 proposal for the Warriors thing was a horrible process, because it was so rigidly scheduled and put in place that you couldn't talk to each other. We still can't talk to each other. There's got to be a way. We've been brainstorming. Is it possible that the advisory groups could be part of the Commission agenda, and give you a report on things as they come up before you get too far down the line?

The reason there was resistance to sole source is that the community doesn't feel they're being listened to on these projects brought in from the outside. The Warriors arena was an example of that. Nobody talked to the community about how they felt about this. It wasn't a trust-consistent use necessarily, it wasn't something that came out of the Port, it was dumped on you.

I get it, there could be absolutely fabulous projects that are brought to you that we would never have thought of and certainly could never have afforded to do, but you've got a lot of deep institutional knowledge in the community. If you look at the list of people that were on the Waterfront Plan Working Group, and still are, you'll see there are many different perspectives, but a lot of really deep background knowledge that the community wants to be able to share with the Port, with the staff, with the Commission, because we've been there on the ground, on the water, in the water.

We do want the Port to succeed. We're asking you to support and accept our recommendations, help us figure out a way that we can share our knowledge with you, and have you be able to ask our questions. If you can go on the waterfront walk, please do. If you can come to the open house about public realm, please do. I don't know whether you can all do that, or whether only two of you can do that for each one. It really is important to listen to the neighbors, the stakeholders, the people who really are invested.

Rudy Nothenberg - I wanted to emphasize for you very quickly that the recommendations that are before you, those that you can act on without CEQA and those that will have to await CEQA approval, were all adopted unanimously by this committee, as diverse as Corinne just pointed out that it was. I don't want you to think that there was no debate in the subcommittees, whether it was Linda's subcommittee, whether it was Alice's, etc. There was robust debate. We all thought that coming up with a report that was unanimously adopted would give it considerably more power politically, more power with the public. We tried very hard to fashion something that met enough of the expectancies of the participants to be adopted unanimously.

This is not pablum. We did not have to reduce it to a level of pablum to get acceptance. People understood the needs of the Port, they understood what we were asking to do, and we came to that conclusion not without debate, but nonetheless unanimously. I thought it was important for me to point that out to you.



Commissioner Woo Ho - Diane, I want to thank you and the members of the subcommittee who are here today and the other members of the subcommittee for all the great work. I think it's amazing work you've done given that there were many different voices and points of views. I agree with what Rudy just said and the fact that we don't have any public comment today is amazing and I take it as a positive sign. I think that's a tremendous accomplishment and that was one of the purposes of this whole exercise is to hear the input from the community. I think diversity of thought, and for the whole city to be able to give their thoughts was a very important objective, not just to focus on the very specific topics themselves, and have the neighborhoods that abut the Port be the only voices that we hear.

I want to applaud you for achieving that objective. It was extremely important. I think viewed in that light, and I was certainly a little bit concerned that we would have it either biased one way or the other, but it sounds like it was a very robust process. It's taken a long time, longer than we all thought, but it's been a good process to get where we are, and it's not over yet.

Under the purposes of historic preservation, what I'm hearing is the recommendation to preserve everything that we have. There was no discussion of Piers 30/32, because we know that's a problematic site. There's no recommendation to consider what we might have to give up in order to accomplish all of our other objectives. Was historic preservation the rule that said we will not even consider that?

Diane Oshima - Thank you for that question. I realize now that might've been a little too circumscribed in the summary. The answer to that would be no. On the one hand, clearly the Embarcadero Historic District did take a lot of oxygen, because it's a challenge set of facilities. But this is a 7.5-mile waterfront, and so the discussion about the industrial and maritime facilities, the work that's been done on the Pier 80-96 maritime eco-industrial strategy was shared with the working group and the Land Use Committee.

They understand that, and the changes that are needed to make improvements in that part of the waterfront. They were well aware of the projects underway at Pier 70 and Mission Rock, and the kind of changes and tradeoffs that needed to be considered in those contexts as well.

With respect to in the historic district itself along the Embarcadero, Piers 30/32 was discussed. You actually had a lot of business going on while this process was underway that we were able to use as case studies.

Piers 30/32 is one of those conundrums. In part three of this process coming up, tomorrow night, on the South Beach walking tour, we will talk about the facilities, including Piers 30/32 and Seawall Lot 330, and having a workshop focused particularly on those sites on May 2nd, coming up, because of what we all have learned over the last 20 years, where at one time we thought that was one of our best development sites and what we're finding is otherwise. What that speaks to

in terms of different possible avenues for managing or improving that part of the waterfront is a focused discussion we want to have in part three of the process.

For Piers 30/32 for example, there's a healthy understanding that the potential for change is quite great there, and the fate of Piers 30/32 shouldn't necessarily drive the fate of Seawall Lot 330 upland.

Even within the historic piers, though, Piers 30/32 by the way is not a contributing resource to the Embarcadero Historic District. If you look at the boundaries of the historic district, it excludes Pies 30/32, and so there certainly can be change there. But even for the piers within the historic district, we will have to contemplate change as well. Now, we're probably not going to find enough resources to save every single one to the level we want, and we're going to have to be confronting and prepared to confront changes and tradeoffs with how we manage those historic resources as well. There's a pretty heavy understanding of that, having gone through all the economic modeling analysis.

Commissioner Woo Ho - I just brought it up as an example because it's a fairly easy one to understand, because it doesn't, as you mentioned didn't strike me as having a lot of historic significance, but it is a piece of property that if it didn't have all the issues it had in the substructure, it would be a very attractive site. We know the substructure issues are enormous, and so it may not be economic over time to do something with that property other than what it's currently used for, which is parking, which is not necessarily the highest and best use.

I bring it up in terms of whether the committee was considering if you had to make a triage and since we have \$2 billion in capital improvements just to maintain, what would we give up if we had to, over the longer-term, be able to make the rest of what we would keep vibrant and diverse, and the things we talked about? It sounds like we don't have the answer to that question at this point?

Elaine Forbes - There was a conversation about having a more constrained set of recommendations from one of the co-chairs, Mr. Nothenberg, pushing for rationality in terms of what we can achieve. What we do plan to do is, through the RFI process, to bring in market-based reality to which piers are most well-positioned for rehabilitation and private investment, and through the capital plan continue to have these tradeoff conversations, because what you're getting at is extremely important.

While there's broad support for the Embarcadero Historic District and rehabilitating all of the finger piers, doing so is very unlikely that we're able to do them all. We need to continue to have tradeoff conversations, and we will be poised to do so through the RFI process and again through every other year as we go through our capital priorities. It's something close at mind, but through this process, the committee did not come up with a list of piers, but understands we need to continue that conversation.

Diane Oshima - I would add to Corinne's point, there are a lot of uncertainties, and Rudy Nothenberg would not still be the co-chair if we didn't all understand the financial limitations of the Port's operating it. That community engagement piece is part of what gets us through those discussion choices.

Commissioner Woo Ho - That was a very high strategic level question. Getting down to some of the more buckets of recommendations, I had a couple questions. On the water recreation, were there areas we could locate? I'm in support of more active water recreation, but were there specific locations that we were thinking if you're trying to do more of these recreation, and are we thinking of programmed? When we get into all the regulatory compliance issues, it's not that easy to have a boat come up to a pier and drop off people and people get on. It seems like we have a lot more regulations.

Diane Oshima - The good news is that because it's been about 15-20 years, there is now a Bay Area Water Trail system that has evolved. It started at a grassroots level, and then incorporated the former ABAG, they're not in existence now, but staff from ABAG and BCDC to recognize that just like the Bay Trail is trying to create a walkway around the perimeter of the Bay, the Bay Water Trail is trying to develop over time a system of water recreation sites that encircle the Bay.

They've been working with the Port as well as other agencies to identify locations that make sense. Pier 40 is one of those places where, with the South Beach Harbor there, it is a great place to see where we can even make more use and utility of the water recreation investments that have already been made there to subscribe to a broader range of water recreation users. I believe another one of the areas that's been identified is in the northern part of the Embarcadero Waterfront, somewhere around Pier 35-41, up there.

David Beaupre, Planning and Environment - We've been working with BCDC. Pier 39 installed a new landing at Pier 39 that recently opened in the last year. Obviously Pier 40, as Diane mentioned, and then Crane Cove Park at Pier 70 is a new opportunity.

There's a new facility in Mission Creek that went in a couple years ago, and we have a facility in Islais Creek. Again, working with Bay Area Water Trail folks, we've identified several locations and working to implement that water recreation system.

Commissioner Woo Ho - Thank you. You've partially answered my next question related to that. What other infrastructure would we have to put in place to support that? Sounds like some of it is already there, and some of it's being planned, so there isn't another incremental major capital need, but there may be some, but it's not like trying to leverage what we have, which makes a lot of sense.

Then the other area I wanted to talk about is the open space. I heard loud and clear, and we all agree, that everybody's more active these days, watching and seeing the vistas is more than what we want. I'm curious to understand a little bit more what the committee was thinking in terms of the active, is this programmed activities? Are we talking about having any sports actually done on some of the open space? What kind of activity other than sitting and picnicking and enjoying the view?

Diane Oshima - I'll invite Alice to join in, because she's been involved in a lot of these discussions. In general, playgrounds and tot lots, climbing structures, the symphony concerts at Pier 27 Cruise Terminal Park. They could be programs and events that are organized, they could be fixtures that invite park courses or playgrounds but sports fields for league sports that tend to favor local populations over state or regional populations is one of those bright lines that really wouldn't be appropriate for port lands.

In fact, one of the recommendations I didn't mention that was a very clear statement from the working group that Port waterfront parks should not substitute for municipal city parks and recreation sources. Those are important too, but because we are trying to balance the state trust recreational objectives with just giving more people, whether you're from Fresno or South Beach, as you're hurrying along the waterfront, is a design and quantity and programming metric for maintaining open access by all, but still offering a more interesting mix of activities.

Commissioner Woo Ho – I heard loud and clear from Corinne that it's very valuable to have the community input, but I did see a little process which gave me a little pause. That was that if any time we have a major lease, it would go to the advisory committee. As it is, we have a lot of closed-session discussions between the Commission and staff before it comes to informational and then it finally goes to us and then it goes to the Board of Supervisors.

The idea you mentioned of having perhaps people from the community on the panels that review certain of these projects, I'd be in favor of that. But then, to have some of these major leases go to a community advisory group as a rigid process, I'm a little bit concerned about that in terms of making that another step in the process.

There's got to be a way to get the input without having to be so tactical, is my point and that one little recommendation gave me a little pause. But I'm not saying we don't want community input, because we're going to hear it at the committee anyway, at some point, if people are really concerned. The public comment we get at the Commission are very helpful but recently at least we seem to get less comment from the public. I don't know if we're doing a better job of talking to the public before, but we do seem to be getting less at the Commission.

Having a specific lease go to a community advisory group that does not have all the information that's going on, and there's a lot of things that go into it such as you have to know the parameter policy. There's a lot of leasing terms, things that I'm not sure that necessarily would be the best place but there should be a better way to do this.

Diane Oshima - A lot of that falls to the Port staff to be able to provide an open flow of information. We should be open to ideas from the community about how we can make that exchange of information as meaningful as possible. Port Commission's policies for leasing are the public's interest as well, so we should be able to find a way of making that more approachable for the general public.

The one thing that comes out of this work is recognition that it's going to take longer amortization periods to be able to finance a lot of the types of improvements, and the longer the lease term, the higher the level of concern is about whether those uses or that lease is an acceptable thing to be happening on the waterfront, because it'll be there for a long time. That's the kind of discussion we need to be able to balance.

Commissioner Woo Ho - The Forest City, the Orton, the Mission Rock, absolutely, because those are transformative. Those affect the neighborhood. You're not talking about the lease and the lease terms, it's about the whole impact of the project, and that's absolutely critical to get the community's impact on how they feel, because it's going to affect their daily lives.

But when it gets down to a certain transaction, because the guideline here is anything that goes to the Board of Supervisors would go through this. More guidelines need to be developed on what the impact would be where that's really necessary. As I said, Mission Rock, Pier 70, Orton, I can see having a more formal community input process but for every transaction that we do, that's a little bit more process, and we should find other ways to get the public input that we need.

Elaine Forbes - We will take that under advisement and look at what specifically the community might be interested, whether it be there's a public benefits package associated or the kinds of uses we're talking about, and put some parameters around what kinds of leases are most important, and come back on that.

Commissioner Katz - Thank you, everyone. As I said last time, the work that's done by the members of the working group, and in particular the committees, is really significant, and it shows. To our staff and Diane, thank you so much for everything you've done. I don't think we can thank you enough, to be honest, and doing it twice.

One thing I appreciate that you pointed out at the outset was the diverse group of people and it wasn't an accident. I know many of us spent quite a bit of time going over possibilities, names, and trying to make sure it wasn't just going to be

a rubber stamp group, but that diverse opinions would be represented, because that's what we wanted to inform suggestions and guidelines, so people could have their voices heard and we would have that diversity of opinion and breadth of opinion.

We have people that are on the working group from every corner of the city, all sorts of different focus of interest, of expertise, that all came together here. As Rudy pointed out that the recommendations are unanimous, to my mind it means we succeeded, that it brought together a lot of strong-minded people, too. I'm sure it was no easy task, probably like herding cats sometimes with the committee, knowing the folks who were on there but that's what we were hoping we would have. I know staff spent quite a bit of time going over it to make sure this was a group that would fulfill exactly what happened here, which is well thought out, informative suggestions. I am very appreciative of all the work it took to get to suggestions, and suggestions that are workable. As was pointed out, it's not pie in the sky or very generic, but very specific suggestions and guidelines and recommendations that do make a lot of sense and are taking into account where we are with the waterfront today. Thank you all for that, and I'm thrilled it has worked out the way it has.

Again, on a more macro level, I'm taking Corinne's comments to heart. It is always frustrating to not be able to have give-and-take, and often when we have representatives come forward, it is in the two-minute time limitation, or three minutes if we go a little over.

Perhaps we could have a scheduled time periodically for all of the groups to come before the Commission, either on some specific items but just generally, so there can be a little more of that give-and-take with respect to what's happening in the area, what's happening with respect to items on the commission agenda, and once a quarter have different working groups or advisory groups come forward. That would at least be a start to having more of that dialogue and discussion take place, because that is the format where if a presentation is made, we can then have commissioners have that give-and-take.

I'd love to hear more about ways of engaging the public. I'm reminded of when Forest City was looking at their Pier 70 project, they brought in an artist to work with the community. I loved the piece that came out of it, where people brought up their memories, their visions, their goals, their ideas. I'm not sure if there's a way of translating all this into art, but often there are different ways of communicating. Perhaps we might seek out ways of engaging some artists that could perhaps contribute to our digital magazine, which is one thing that has been implemented to do more community outreach in a way that gets to people.

We might want to look at other ways we can communicate ideas and thoughts as opposed to a lengthy document people might not read. People can be visual, and if we can get some artist renderings, that might be an interesting way of presenting it to the public.

In terms of some of the specifics, and Commissioner Woo Ho touched on this, but how do we activate even more some of the public activities and guidelines? I've mentioned this a few other times. I was blown away by what they had done along the riverfront there, and all the different kinds of activities. Are there other communities we've looked at to see ways they've been able to achieve some of these goals? Perhaps it might be helpful to look at some examples of where it's been successful to have that broader range of activities for the public to participate in, and not just boating specifically, but as was mentioned earlier, kayaking, swimming, sailing, and we do have some great programs for youth and others. Perhaps we could get some concrete examples so it can help shape some ideas.

I don't know whether this was looked at, we talked about how the aprons that can be enlivened on a lot of the piers. I know we talked about floating piers. I don't know if there's anything along the lines of a floating apron. I'm just tossing it out there, but trying to get more activity around the outskirts of the piers, but the cost to repair some of that and make it seismically safe might be prohibitive. If we could come up with floating docks or whatever you want to call it that would allow more public access in those areas, that might be something that could accomplish those goals. Would love to hear about that.

In terms of the specifics, I love the idea of the pilot programs. I would appreciate even just some ideas of those kind of pilot programs, if the committee had thought of that. Maybe doesn't necessarily need to be included in the specific recommendations, but it would be interesting to come up with some of the thoughts from the group about some of those pilot programs and things like that. I would imagine that was subject to discussion. Also even guidelines on how do you draw the public attention to underutilized public space. We're trying, and I appreciate the litany of all the projects and efforts that have taken place over the last several years. I don't think any of us could've said it better, so thank you for running through all of that.

We have been trying it, and there's five people up here. A significant group with their suggestions or ideas on how that outreach can be done would be helpful for commissioners and staff to explore any ways of doing that. My broken record of the high line idea of enlivening the waterfront, but it does perhaps oversimplify it, because we have a much more complex set of issues in the waterfront area. I think that also gives us a lot more opportunity. I love the ideas, I love the recommendations, and I want to thank everyone for the hard work. It's going to inform how the waterfront stays alive and expands over the next generation.

Commissioner Brandon - Diane, thank you so much for this wonderful report. Thank you Anne, Kari, David and everyone that has worked with the working groups throughout this process. You guys have done an excellent job of bringing everyone together and staying focused, and the groups have come up with some really good recommendations. I want to thank Corinne and Linda and everyone else who has volunteered their time to make the waterfront a better place.

I'm not sure I can add much more to my fellow commissioners' recommendations or summarizations, but it was really important for me to hear each of the groups' recommendations individually, not all at one time, so that we could really focus on what is being proposed and recommended.

You have come up with some recommendations, and the fact that everyone agrees to them is just absolutely wonderful. I look forward to all of the other recommendations from transportation and resilience. The working group and everyone involved has done an excellent job, and has come up with some great ideas and recommendations. Now it's just about implementing. It's about making them all work. I want to thank everyone. Thank you, Diane.

### **13. NEW BUSINESS**

### **14. ADJOURNMENT**

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

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