

CITY & COUNT OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING JUNE 12, 2018

1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 2:05 p.m. The following Commissioners were present: Kimberly Brandon, Gail Gilman, Victor Makras and Doreen Woo Ho. Commission Vice President Willie Adams is on a business trip.

2. APPROVAL OF MINUTES – May 22, 2018

ACTION: Commissioner Makras moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

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

ACTION: Commissioner Gilman moved approval; Commissioner Makras seconded the motion. All of the Commissioners were in favor.

At 2:05 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: Seawall Lot 322-1, an approximately 37,810 square foot rectangular land parcel bounded by Broadway, Front and Vallejo Streets; Assessor Block 0140, Lot 7, located at the corner of Front and Broadway Streets.

Person Negotiating: Port: Michael Martin, Deputy Director, Real Estate and Development; Rebecca Benassini, Assistant Deputy Director, Real Estate and Development; and Ricky Tijani, Development Project Manager, Real Estate and Development.

*Negotiating Parties: Mayor’s Office of Housing and Community Development (‘MOHCD’): Mara Blitzer, Director of Housing Development, and Faith Kirkpatrick, Project Manager; and Co-Developers, Bridge Housing and the John Stewart Company: Marie Debor, Vice President of Development for Bridge and Don Lusty, Director of Development for JSCo.

- b. Property : Java House LLC. Located at Pier 40 ½ , under Lease L-1400

Person Negotiating: Port: Michael Martin, Deputy Director, Real Estate and Development; Elliott Riley, Senior Property Manager.

*Negotiating Parties: Paul Osmundson – Frankie’s Java House, LLC
Michael Heffernan – Frankie’s Java House, LLC
Sophia Papadopoulos – Java House, LLC

5. RECONVENE IN OPEN SESSION

At 3:20 p.m. the Commission withdrew from closed session and reconvened in open session.

ACTION: Commissioner Woo Ho moved approval to adjourn closed session; Commissioner Makras seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Woo Ho moved approval to not disclose any information discussed in closed session; Commissioner Makras 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. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: 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. Announcement of Time Allotment for Public Comments: 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

Jackie Flin - I'm the executive director of the A. Philip Randolph Institute. Originally, I was here with partners at Sherwood Engineers to talk about the project that we have at Islais Creek. But since they're not here, I did want to address you and express my gratitude for your support for our organization over the last couple of years. I brought a couple of the youth that participated in some of our public workshops. When we're ready to come present, you will be impressed by the work that happened out at Islais Creek. Since I'm here already and I've brought the young folks, I wanted to say thank you again for your support. The A. Philip Randolph Institute is definitely here and present..

9. EXECUTIVE

A. Executive Director's Report

Elaine Forbes, Executive Director - I'd like to invite you all to come out on June 21st from 6:30 to 8:30 p.m. The meeting will be held here in this room. The purpose is to start off a series of community meetings about the seawall, to learn more about the Embarcadero seawall and provide input to strengthen our waterfront and envision a more resilient and sustainable San Francisco. Port staff at this meeting will provide an update on the seawall program and then dive deeper into subjects including sea-level rise, seismic safety, funding and waterfront land use. The meeting will include a kid-friendly seawall table as well as refreshments. It's a family friendly meeting. Please mark your calendars for June 21, 2018 from 6:30 to 8:30 p.m. here in the commission hearing room.

On June 11, 2018, the United States Army Corps of Engineers released its 2018 work plan for supplemental funding of the civil works and other projects across the United States. Our seawall project was included in this year's plan as a new start. This includes an appropriation of \$500,000 to study flood-risk management along the seawall project. We are one of six new starts nationally and one of two projects for flood protection.

This is the gold standard of entry into the Army Corps of Engineers process for future federal funding of our project. I cannot thank Leader Nancy Pelosi and Senator Diane Feinstein enough for their tireless leadership and advocacy on the part of our seawall project and on the part of a safe San Francisco.

I also want to deeply thank President Brandon for leading two delegations to do federal advocacy for the seawall project. I honestly did not think we would get a new start. This is incredibly happy news. I'd like to thank my staff, especially Daley Dunham, who worked very hard to see this happen.

Our Seawall Earthquake Safety bond was before the board of supervisors today. It received some amendments from Supervisor Peskin to clarify issues as it relates to historic preservation and good standards in mitigating impacts in construction and accountability. Those amendments were passed unanimously as well as amendments needed for CEQA. We received 11-0 vote on those amendments. The board of supervisors plans to sit as a committee of the whole

at its next hearing to consider the \$425 million bond for the November 2018 ballot.

B. Port Commissioners' Report

Commissioner Woo Ho - I just wanted to report that the Port and many people in the Bay Area attended the San Francisco Business Times 100 Most Powerful and Influential Women's dinner gala. Our president, Kim Brandon, was among those 100 people. I just wanted to congratulate her again. She was there with her family. The Port was there with our table, which I sat with. Everybody only gets to say 10 words because 100 people running across the stage is a long time to give speeches. If I recall correctly, she said, "Don't let obstacles impede your success."

Commissioner Brandon - Yes. I did say it.

Commissioner Woo Ho - Congratulations again.

Commissioner Brandon - Thank you. I had the opportunity to attend the Bayview Gateway art installation, which was phenomenal. There's a beautiful art sculpture done by Cliff Garten. It's right at Cargo and Third Street. It's a beautiful art piece and it's illuminated at night. We had a great turnout for the unveiling, probably over 100 people.

I want to thank the staff and the art commission, especially David Beaupre, who worked diligently with the art commission to get that piece there. I want to thank everyone that came out to enjoy the day. It was a wonderful day.

10. ENGINEERING

A. Request authorization to award Construction Contract No. 2786, Pier 94 Backlands Improvement Project to Hoseley Corporation in the amount of \$6,969,003 and authorize a contract contingency fund of 10% for a total authorization of \$7,665,903. (Resolution No. 18-35)

Boris Delepine - I'm the Port's contract administrator. The item before you is a continuation of the item you first heard on May 8, 2018 to award contract number 2786, the Pier 94 Backlands Improvement Project. I'll be giving today's presentation along with Tiffany Tatum, the engineering division's outreach coordinator. At the conclusion of the presentation, following public comment, there are a number of us that are available to answer your questions. They include: Kenneth Chu, the Pier 94 Backlands Improvement Project manager; Romulus Asenloo, from the contract monitoring division; Kathryn Purcell, from our environmental division. Tiffany and I will also be available.

This is an action item to award the Pier 94 Backlands Improvement Project to Hoseley construction, the lowest responsive and responsible bidder to the invitation for bids published on March 18, 2018.

The amount of this contract is \$6,969,003. The authorization includes a 10 percent contingency request for a total authorization of \$7,665,903. The project complies with a number of our Port-side strategic goals including: providing space to grow and preserve industrial opportunities; sustaining construction material industry operations; the promotion of living-wage jobs while maximizing spending on LBEs.

The project will also allow the Port to retain a diversified tenant base and provide for a balanced real estate strategy that maximizes asset value and income stream. The project site is in the southern waterfront located near Amador and Cargo Way behind Pier 94.

In the 1960s and '70s, the site served as a municipal landfill and can be seen in the slide surrounded by the green landscaping in the middle of this image. The stockpiles located in the center of the site are clean debris processed by DPW after the 1989 earthquake.

The overall site is 16 acres and delineated by the red dotted line on the slide. The former landfill section of the site is marked by the purple dashed line over the orange portion of the map in the middle of the diagram. The landfill is 7.6 acres and requires testing, monitoring and reporting by the Port to the water board based on an order that was issued in 1972. As part of this project, the Regional Water Quality Control Board requires placement of an engineered cap on top of the landfill site.

The cap will consist of a layer of soil, the installation of a separate geotextile fabric, a vegetated swale and an additional layer of geomembrane liner in soil. The water board will perform inspections throughout the construction process to ensure the compliance with the cap design.

Once constructed, the Port will be able to close the landfill order and save approximately \$10,000 in annual fees. The scope of work also includes the construction of a paved access road, construction of drainage infrastructure, landscaping and lighting. The completed project will provide 16 acres of leasable property for construction laydown and support, equipment staging and storage. At this point, I'll turn the microphone over to Tiffany Tatum to discuss the outreach efforts associated with the invitation for bids.

Tiffany Tatum - I am the executive secretary and outreach coordinator for the engineering division. I am here before you to outline the outreach efforts for contract number 2786, Pier 94 Backlands.

On March 18, 2018, I invited via email 220 certified LBE firms to bid on this project. Of the 220, 119 were from supervisorial district 10 and 75 from the 94124 zip code, Bayview-Hunter's Point. I also provided this information to the local ethnic chambers of commerce and requested that they forward this information to their network and communities. All of the project information is posted on the Port's website, the Office of Contract Administration website and

at the Contractor's Assistance Center in Candlestick Point. We also ran an advertisement in the Examiner for seven days, which included key components of the project as well as the contact information for responsible Port staff.

On the Port's website, I maintain a list of firms who have registered to download the project manual. This list included 37 unique plan holders including plan holder rooms and non-LBE firms. On April 17, we hosted a pre-bid meeting at our Pier 1 Port office where nine contractors attended, the pre-bid site walk immediately following where five attended. In addition, this project was also previously highlighted at the Port's second annual open house on March 13th.

Boris Delepine - The city's public works contracting ordinance requires departments to award contracts to the lowest responsible and responsive bidder. A bidder's responsibility is based on the contractor's prior relevant experience. For the purposes of this solicitation, the bidder's requirements were: (1) a class A license with five years' experience; (2) experience with three civil engineering projects in the last five years; and (3), experience with three public works projects in the last five years.

Bidder qualifications are often barriers to small local firms bidding on city contracts. Whenever possible, we strive to develop qualifications criteria that is inclusive to LBE firms at the prime and subcontractor levels. A responsive bidder is a bidder who conforms to the material requests in the invitation for bids. This includes price, quality, quantity, delivery requirements and LBE subcontracting requirements.

On April 17, 2018 Port staff received four bids for the Pier 94 Backlands Improvement Project. All four bidders were deemed responsible and responsive. All four base bids were within range of the engineer's estimate of \$7 million. The final bid rankings are shown on this slide. The city's administrative code, chapter 14B, also known as the LBE and non-discrimination in contracting ordinance, establishes bid discounts for certified local firms.

Hoseley Corporation is the sole local business enterprise proposer and is therefore entitled to a 10 percent LBE bid discount. However, Hoseley was actually the lowest bidder prior to application of the bid discount.

On April 7, 2018 the contract monitoring division determined Hoseley to be the lowest responsive and responsible bidder. Bid rankings are based on base bids. Hoseley submitted the lowest bid with \$6,712,203 and an alternative bid price of \$256,800 for storm drain construction.

For construction contracts over \$600,000, the contract monitoring division sets LBE subcontracting requirements based on the availability of LBE firms. CMD, or the contract monitoring division, set a 20 percent LBE subcontracting goal for this project. Hoseley exceeded the 20 percent LBE subcontracting goal by committing to subcontract over 28 percent of the project to certified local businesses. When combined with the 71 percent of work Hoseley will self-

perform as an LBE, over 89 percent of the contract will be completed by small, local San Francisco businesses.

Fontenoy Engineering, an OBE/LBE firm will be performing 17 percent of the contract work. R&S Construction and Esquivel Paving and Grading, both minority-owned businesses, will combine to provide over 6 percent of the contract work. Team North, a woman-owned firm, will provide 4 percent of the services.

The project also includes a mandatory 30 percent local hire requirement imposed by the Office of Economic and Workforce Development. In setting the LBE subcontracting goal, the contract monitoring division provide Port staff with a memo detailing the availability of LBEs by type.

This CMD memorandum is attachment C of your report. For the purposes of this contract, the availability of eligible MBE, or minority business enterprises, was 6.7 percent. Women-owned businesses were 3.5 percent. Other-owned businesses were at 9.8 percent.

Hoseley met CMD recommendations for utilization of minority business firms and exceeded utilization among women-owned businesses and OBEs. Overall, minority-owned businesses will receive 6.7 percent of the contract while women-owned businesses will complete 4.4 percent.

When we include work Hoseley will self-perform, 89 percent of the contract will remain with LBEs. Hoseley Corporation, the lowest responsive and responsible bidder is an LBE/OBE firm headquartered on Port property at Pier 96. In the past three years, they've completed 15 civil engineering and public works projects for OCII, the San Francisco Public Utilities Commission, the Department of Public Works, the airport and in Mission Bay.

They are experienced in both the prime and subcontractor level including a \$10 million infrastructure utility project at Candlestick Point with OCII, a \$4.5 million paving contract with DPW and Diamond Heights, a \$10 million demolition contract at SFO for the construction of a new hotel and also smaller contracts like work at the Coit Tower for Recreation and Park Department.

Hoseley Corporation has the fitness, the quality and the capacity to perform the proposed contract work. They come highly recommended by the airport and the Department of Public Works. Mr. Hoseley is here today with members of his team. They have committed again to exceed the 20 percent LBE subcontracting requirement with 20 percent of the overall contract being subcontracted to local businesses and 89 percent overall staying in San Francisco.

The project is fully funded by the Southern Waterfront Backland Improvement Project Fund. If you approve this contract today, we will issue a notice to proceed in August and anticipate substantial completion in December with final completion in January.

In conclusion, we respectfully request that you award the Pier 94 Backlands Improvement Project to Hoseley Corporation in the amount of \$6.9 million with a 10 percent contingency for a total authorization of \$7,665,903.

James Price Erving - I've been employed with Hoseley for about a little over a month now and the opportunities are amazing. You learn different things coming from the community where I come from is different. I'm a Bayview resident myself. It's just been appreciative and a blessing.

Gregory McDowell - I just want to coattail on what Mr. Price said that Hoseley is a very good place. I've been employed with them for the last year and a half. I'm 55 years old. I didn't know very much when I got there. Now, I know multiple things. Hoseley construction has given me an opportunity to learn some things. I'm also a local hire myself. I just want to say thank you to Hoseley and Hoseley Corporation.

T'Shaka Toure - I'm a small business owner and also a member of the San Francisco African American Chamber. Prior to coming to this hearing, I spoke with Matt Thomas, the president of the San Francisco African American Chamber and was given their permission/authorization to also speak on their behalf. I'm a small, local businessman here in the San Francisco area. I've known Hoseley for approximately six, seven years. Hoseley was very influential in helping my company receive our general A license. Now, I'm a general A contractor license. I'm holding my license for about a year and a half now. With that, Hoseley has brought me on his projects. I've assisted on some of his projects that he's worked on. He also has brought me in and introduced me to other primes to give me local assistance in working on their projects as well. It was one of the key things that I'd like to mention is that, as being a chamber member, it's very difficult for small businesses in this field in contracting. We need to get a hold and learn how to navigate in this industry. So what Hoseley Corporation has provided my company is the ability to navigate through the system, to learn how to bid. They've provided mentorship.

The mentorship was provided not through some program. It was provided by the relationship that we built with each other. Through that, I was able to get our license. And of course, I had to take the test and pass the test and get our license and things of that nature but was able to provide me with the training, so I could successfully pass the test and move forward.

With that, we are moving on. We've worked on about three different projects so far. We're coming along with Hoseley on some other projects. One thing about it is that, because we are very new, we've only had our license for two years, we need to get that three-year criteria and things of that nature.

Once Hoseley acquires a project, then he brings us on. He's been able to bring us on work that they self-perform. On behalf of myself, as a member of the San Francisco African American Chamber, and also as getting the authorization from the San Francisco board of directors, we support and encourage the

commission to authorize and to approve Hoseley Corporation for the Pier 94 Backlands Improvement Project.

It's very different when you have a certain project come in and they have to hire versus you have a project come in and they want to help you and teach you. You can hire people, but that doesn't necessarily mean you're going to teach them. The difference here at Hoseley, he teaches. He's taught my company. His willingness to now step through the board and addressing the San Francisco African American Chambers as well and developing partnership with the chamber is going to be very influential and beneficial for us all.

In closing, what I'm saying now will be reiterated in a letter by Matt Thomas. They will write a letter supporting Hoseley Construction.

Rusty Hoseley - I had a big speech written. I think you have heard enough about Hoseley Corporation. I'm here to answer any questions you have. I've been really blessed with a long career in construction all over the Western United States. I've had some great mentors. I want to do the same. I'm at that age now where, when I came to San Francisco, it wasn't a place we did a lot of work before. I did the tunnel through the Presidio. We did the Fifth Street off ramp while we were traveling around the state doing other things. I wanted to come here because you've got a lot of work here. It was a neat place to open shop. There's a lot of people that could use the mentoring and the support of getting started in the construction industry.

T'Shaka is one of the guys that I've been working with. There's really many more. If you have any questions, I'll answer them. I know you had one, whether I know how to run a checkbook. I can guarantee you, if you can survive in San Francisco for three years starting with \$10,000, I know how to manage a checkbook.

Commissioner Brandon - Thank you very much. Thank you for being a Port tenant.

Horacio Gonzales - I work for Hoseley two weeks, an apprentice. I'm very thankful for them because they teach me. They actually take the time to teach you. they teach you the right way and how to work together as a family.

Commissioner Gilman - I don't have any questions at this time.

Commissioner Woo Ho - Boris, I don't think you were the presenter last time but you all took to task exactly what we said at the last commission meeting. We just needed to have a better presentation to understand the background of the bidder as well as the LBE component, which you have all done a brilliant job of doing that today. I think we feel a lot more comfortable. I think we were not questioning whether this was the right decision or not. But in our job at least, to make sure that we understood all the components and the qualifications and

how this contract will be managed and who was behind it. Today's presentation helps to satisfy a lot of those questions that we had last time.

Commissioner Brandon - Boris and Tiffany, thank you so much for the presentation. You guys did bring much more clarity. It's interesting what was in your report, from 119 to nine to five. It takes a lot of outreach to get interested parties for our contracts. Like Commissioner Woo Ho said, this was a much better presentation, much more clarification.

I would like to thank Mr. Hoseley for, once again, being a Port tenant, for hiring from the community and also for mentoring other firms to do good work. I do hope that those of you that just started a couple weeks ago, a month ago will have a long-term relationship with Mr. Hoseley and be able to participate and learn during this contract.

ACTION: Commissioner Makras moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 18-35 was adopted.

B. Request authorization to advertise for competitive bids for Construction Contract No. 2806, Pier 31 Shed Window & Wall Repair Project. (Resolution No. 18-36)

Wendy Proctor, senior architect for the Port of San Francisco – I'm here to request authorization to advertise for competitive bids for construction contract number 2806 for Pier 31 Shed Window and Wall Repair Project. The project site is located in the northern waterfront. It's adjacent to the Alcatraz landing operations. It will provide repairs in the shed portion of the building.

The project supports Port strategic plan objectives by rehabilitating an important 100-year-old historic resource in the Embarcadero Historic District, providing opportunities for local business enterprises to promote living-wage jobs, meeting mandates for local hire for construction contracts. It will use best sustainable environmental practices during construction. It will enable the Port to release this facility and return it to active economic use.

The project scope will repair historic steel windows and cracks in the concrete wall that's going to provide water-tight facility and a high-quality light industrial dry storage for the Pier 31 shed. This project will supplement facility repairs that were completed previously at Pie 31 for structural buildings and roof repairs, pier apron repair, security enhancements.

We currently have the utility upgrades and restroom upgrades and facility exiting improvements going on right now. All the work is going to be required to be consistent with the Secretary of the Interior Historic Preservation Standards.

Commissioner Makras - No comment. I support the item.

Commissioner Woo Ho - Obviously, I'm going to support the item. I know this is very straightforward, walls and windows. Is there anything new about how windows in these sheds can have longer life? Is there any improvement in windows? I'm thinking of all the radio ads you hear about all the windows out there for your home. I'm just wondering if there is anything new that we should be doing about windows here.

Wendy Proctor - The building is 100 years old and is on the Historic Register. The Secretary of the Interior standards has a set of guidelines. The first one is to repair over replace because with a historic structure, once you remove something, you have lost a historic resource that cannot ever be replaced.

Commissioner Woo Ho - I understand that we cannot change much because it is a historic building. But I'm wondering, the materials we use to repair and replace, is there any improvement that we've seen over time that extends the life, is it more energy efficient, etc.?

Wendy Proctor - Well, that's a difficult question to answer. We have hired a historic preservation architect to provide the survey of all the cracks and the repairs to the windows. They are preparing details that will improve the window strength because, when you look at this picture, if it's available, the way it was originally installed, the concrete sort of falls away from the edge.

The way we're going to repair this specific site is going to be an improved installation system but we still have to use those same type of steel windows. It'll be stronger and last us another 100 years perhaps.

Commissioner Woo Ho - The only other suggestion I can make and the reason I'm focusing on this is having walked around with Orton in terms of the rehabilitation of the historic buildings at Pier 70 and the amount of time and effort that was spent on windows. I would suggest that you at least talk with Orton to get some input because they have a lot of experience with historic building windows at this point and what they had to go through to restore.

Wendy Proctor - That's a great suggestion. Thank you.

Commissioner Brandon - Thank you, Wendy. This is a wonderful report. We are all supportive of this.

ACTION: Commissioner Woo Ho moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 18-36 was adopted.

11. PLANNING & ENVIRONMENT

- A. Informational Presentation on Waterfront Plan Working Group Transportation Recommendations produced in Part 2 of the Waterfront Plan Update public planning process.

David Beaupre with planning and environment division - I am joined here today by Brad Benson, who helped facilitate and co-managed the Waterfront Land Use Plan Update Working Group Subcommittee on Transportation. Also joining us is Carli Paine from the SFMTA, who provided a lot of support, along with Nelson/Nygaard transportation consultants. They won't be joining us but just wanted to recognize them as being a valued input into the project and the process.

I'm also joined by Linda Richardson, who chaired the transportation subcommittee, and members of the working group including Alice Rogers and Jeffrey Congdon, who was on the transportation subcommittee as well.

Again, some of this should appear familiar from previous reports on both land use and resiliency. But the part two process included launching with the guiding principles that the working group adopted as a result of the part one work.

Then, each of the three subcommittees ventured off to do their work and come up with the individual recommendations through an approximately one-year process between November 2016 and September 2017.

Then, the working group reconvened, discussed each of the 161 recommendations of the three subcommittees. Sometimes, there were debates and differing views. In the end, the entire working group supported the 161 recommendations unanimously after some work getting everyone on the same board and collaborating to get agreement on the recommendations.

I wanted to recognize the transportation subcommittee members with Linda and Jeffrey here today to maybe help answer any questions you might have.

The following slides are going to go over at high level the nine categories that we discussed. The nine topics includes: integrated transportation systems, transit both land and water, walking and bicycling, goods movement and commercial deliveries, parking, curb management, transportation demand management, street use and maintenance.

Transportation systems -- making certain that we work with our transit providers and develop systems that are integrated together so that it's easy for someone hopping off a ferry to hop on the E and F line to get where they want to if they're not working right in the immediate area of downtown or the ferry terminal.

Improved walking and bicycling -- work with the city and regional agency partners to create safe and more accessible environment for increased pedestrian and bicycle use. Implement the Bay Trail, and support bike share as an alternative form of transportation.

Public transit -- again, work with MTA and other regional transit agency providers to expand land and water transportation services and improve emergency response capabilities. Work with SFMTA. Work with WETA. Work with Golden Gate. Work with BART.

Support water transportation -- you'll hear a little bit more about this in our next item on the agenda but not only working with WETA and Golden Gate, who are the ferry providers for large-scale public ferries, but work with what we've referred to previously as our water taxi operators like Tideline, San Francisco Water Taxi and Prop SF to enhance and expand our water transit opportunities on the Bay.

Improve goods movement and commercial access -- goods movement is important up and down the entire waterfront. We have a lot of goods coming in and out of Fisherman's Wharf, Pier 27 when we have cruise operations and obviously Piers 80 through 96. But as a part of the land use subcommittee work, we have identified that production, distribution and repair types of uses, (PDR uses) are a large portion of the Port's portfolio of real estate today and likely to be in the future. We need to make certain that we maintain access along the entire waterfront for goods movement and that we design facilities that are safe for pedestrians and bicycles, accommodate transit but also allow and accommodate large trucks for deliveries.

In addition to this, we have a freight rail that we operate out of the Piers 90 through 96 facility. We want to maintain access to that operating off the joint peninsula board's peninsula line.

Parking, curb use and automobile access -- this was a major point that we discussed at length about a couple of things, making certain that we manage our curb parking to the most efficient manner possible. We've been successful doing that, partnering with SFMTA through the SF park program but also managing and maybe improving the management of our surface parking lots. We need to recognize two things, one that parking is a significant source of revenue to the Port. But we're also beginning to see where the demand at our parking lots is not as high as it once was and seems to be decreasing. Off-street parking does not necessarily align with all of the transportation, pedestrian, bicycle, Vision Zero goals we have.

How do we manage the two, recognizing that the revenue may begin to decline and that the goals and recommendations don't align with one another? One of the recommendations was to begin to look at ways of better managing and tracking who our parking patrons are so that we can identify trends and manage it more efficiently with technology today.

Develop and use transportation demand management strategies along the waterfront -- TDM is a very cost effective way for the Port and the city to provide residents and employees information and incentives to use alternative forms of transportation, walking, bicycling and transit and reduce the need to own private vehicles while also recognizing that that's not going to work for everyone.

There's certain people that need and rely on automobiles. But again, how can we get those that don't need and rely on it out of their cars to use public transit to make the transportation system run more efficiently?

Another thing that we're recommending is that the Port begin to analyze the feasibility of developing a TDM or a TMA, whether it be Port-wide or by subarea and whether there's any opportunity to leverage some of the existing TDM and TMA plans that exist whether it's the downtown one, the Mission Bay one or the two that'll be developed as a part of the Mission Rock and Pier 70 projects.

Lastly, prioritize street maintenance. Right now, there are Port streets, and there are city streets. If the city has not accepted Port streets, we're required to maintain them. We don't think this is the most efficient way that the Port and the city can do it. We need to work with the Department of Public Works to bring the current Port streets up to standards, get the city to accept them and take on the long-term maintenance responsibility for them.

Here's a little chart that overviews the next steps. The part three process is nearly completed. Staff are working on drafting the results of that, which will come back to the commission later this summer. We'll need to come back to the commission to seek endorsement for all the recommended policies. We can't move to complete the final plan until CEQA is completed.

I wanted to thank Linda for chairing the transportation subcommittee, the commission for their input, our partner agencies like WETA, SFMTA and others, Nelson/Nygaard for assisting as well as Brad, Diane Oshima, Carol and Sandra from real estate who helped us manage the Nelson/Nygaard contract and our finance folks.

Linda Fadeke Richardson – It's a great honor for me to be here. I want to give a shout out to David Beaupre. That presentation was just a little of what we've done. I'm going to recommend that all of you get a chance to look at the information that we have already produced now for you.

As part of the land use transportation planning and sustainable development committee, I have had decades of working with Port staff, notably Byron Rhett, Diane Oshima, David Beaupre, Brad Benson. After all the decades, I know the capabilities of your staff. It was very easy for me when I had this opportunity to work with them. I want to let you know for the record that you have outstanding staff for the Port. I can attest to their work, as I mentioned. What we've been able to produce here is a testament of that.

I want to first recognize Elaine Forbes. Your leadership and expertise are going to blow everybody's mind. We know that you are very keen and a guru on financial analysis. You have tremendous extensive background coming in. We already know that but putting this together is phenomenal. We had all the resources that we needed.

Under the guidance of one and only Mr. Rudy Nothenberg, we had 34 working members, experts and very powerful people in San Francisco. He was good to keep everybody in line and stay focused to get this job done. I was guided by

what your commissioner, Willie Adams, mentioned day one. The instruction was that we should avoid thinking inside the box.

The exercise that has taken a year is unprecedented. When you look at the policy that we've enacted, it deals with the present and the future. We believe that we provided you with almost 20 to 30 years of policies. The flexibility is you. We know that you all have the capabilities to decide what is significant and how to go about this.

We understand that you are under some fiscal constraints. But we also understand that, when you're looking at 20 to 30 years down the line, you better put everything on the table. That way, you'll be able to make the necessary decisions.

The takeaways for me -- water transportation as David mentioned earlier -- right now, everything is nailed down on the mainland. I think that you are going to be looking at working to make water transportation a key component of the transportation system.

Having had the background myself of helping to develop Treasure Island, I know that that is where we are headed. We also emphasized at the committee that we wanted level playing field. Yes, we understand that they are large ferries or whatever.

As David mentioned, we also want to have a level playing field for the smaller boats and the taxis. We understand that the California Public Utilities Commission grants all the licensing. There needs to be some improvement on the smaller boats. But we believe that having that diversity and given the magnitude of what we need, having everyone participate, we're going to be able to have a tremendous asset for water transportation.

Concerning parking -- you're doing a great job doing that. Yes, there might be a decline but you need to look further down the road. It's an asset that right now is bringing revenue to you. It's also an asset that, later on, with feasibility and whatever the statistics or study indicate, you have the latitude and the flexibility to look at those assets. But do not make hasty decision in getting rid of the parking.

In fact, some of my members said, maritime is still your number-one core business and we need the parking to support that also. The maritime folks, Ellen Johnck, and all of them, they made it clear and they provided the statistics. Parking is still there and it needs to be there. We will yield to you how you manage those.

We also understand there are families coming out. Not everybody is going to be able to skate and ride bicycles. You do need to provide those. Signature ports all over the world do have some parking access. We know that. So we put all those things in place.

The takeaway also for me is that you have a tremendous opportunity. I'm speaking here to Commissioner Brandon and the southern waterfront. It's not because I live there. It's because, for decades, that place has been neglected. Right now, that's the only place or one of the key assets you have that would be able to do infrastructure improvement, be able to create jobs, small businesses. We're going to hold your feet to the fire. Commissioner Brandon, I know that you've been working and spearheading this now for decades. We thank you a great deal.

Specifically, we made it in the plan that we want a mixed-use transportation plan. There are tremendous opportunities for rail. All major ports need to have rail. They carry their cargo during earthquake or during other times, you need to do that. It's a public/private partnership. Public/private partnership resonates through all this process whether we're talking about resilience or we're talking land use or transportation. You're going to have to look into public/private partnership because San Francisco alone does not, will not have all the needed access to be able to accommodate what we've done here.

Commissioner Woo Ho, during the initial presentation, you asked, what are the surprises here? I want to take the opportunity to answer this for you. When I saw the drawings and the diagram, the \$450 million is a down payment. But you're going to need a lot of substantial assets to get San Francisco to where it needs to be. I was present at the presentation before the board of supervisors. They get it, and they understand it's a down payment. The activities to lead up to the ballot measure, it needs to start immediately. When you look at the resurgent activities on the Andreas fault, notably in the North Bay and the East Bay -- and San Francisco is right here. I'm hoping and praying we can make it to December to get all these things done.

The other takeaway is that as an enterprise agency, when you compare your staffing levels with the other enterprise agencies like PUC, SFO, the Port is tiny in comparison. You need to really look at that. You've got a lot of work to do, a lot of opportunities to safeguard the San Francisco number-one prime asset. This is here and you all are capable of making that happen. Thank you all for these wonderful opportunities to serve to help you out. Thank you.

Biz - I am honored to speak today on behalf of Mr. Dave Thomas's San Francisco Water Taxi crew. He asked me to speak to you today on my success of being a female captain in the maritime industry. It's heavily thought of as a male-dominated industry depending on geographically where you are at. I'm here to give you the weight that many owners or tour operators that provide entry-level captain positions in order to gain experience and eventually early credibility in the field to advance.

Mr. Dave Thomas took a chance on me even though he was not hiring. It was the middle of the season. I really just didn't let him say no. That was kind of cool. Currently, he has the majority of his female fleet. That's wonderful. I'm one of the lucky recipients as well. I'm certain that most of my fellow female captains would agree with me that we are grateful for the opportunity that Mr. Dave Thomas has

bestowed on us. Each day, we are exposed to the challenges that the San Francisco Bay throws at us.

He respects us, and he gives us a high level of mentorship, which I'm very happy for, given feedback to improve our weaknesses and are rewarded for our respective assets. We learn new boat-handling techniques with the Bay here. You guys have been out on the Bay.

We handle etiquette, and we handle project management skills every single day. Most of the seasoned captains have that behind them. But it's probably cost them a very high level number of years to experience that.

Without the San Francisco Water Taxi, I, as well as my fellow entry-level captains, would be not in a position to have respectable partners request to work with us in order to gain additional experience in which I actually have. Without Mr. Thomas, I would not have been able to advance my career. I'm very thankful for that. If you have not been out on the water taxi, I highly recommend it.

Alex Kryska - I work with Prop SF. We are a small private commuter ferry service. We operate boats in the size of 36-passenger up to 70-passenger. We're serving South San Francisco currently, a large employer down there.

We pick up people from as far north as Benicia, Tiburon, Berkeley and Richmond and take them down to south San Francisco. Effective tomorrow, we'll be starting service from the Ferry Building down to Redwood City for an employer down there.

We're currently operating with private service But we recognize that the future is probably a public/private partnership. Our goal is to augment what WETA does, what the Golden Gate Transit does, kind of serve some of the smaller communities, places that the bigger boats can't get into or that there's not the traffic to get to.

I think the waterfront plan is a great idea. It's long coming. It marries up with a lot of what the other cities are doing. New York City has greatly expanded their ferry service out there. I know Boston does as well. We can envision service from as far north as the marina all the way down to the San Francisco airport I think is the future at some point just the way the traffic is going. We have spoken with people at Hunter's Point, developing that.

We've spoken with people at Treasure Island, developing that. There is a great deal of opportunity there especially working in partnership with WETA as well. It's really important that there is a public/private partnership there so just wanted to come up and voice our support for the plan. We're willing to help out in any way we can as we go forward.

Janice Li - I actually served as the chair of the Waterfront Land Use Plan working group along with Rudy Nothenberg. I honestly just had no idea what I

was getting into I think now like two years ago or something. The fact that this is finally happening is incredible. I'm sorry I was not able to stay for the previous informational items on resilience and land use. I'm glad to be here to talk about transportation.

I would say there are two things I'll note. I know particularly Commissioner -- President Brandon, you had really pushed for a robust process to make sure that there was really all folks in the room as part of these conversations. I certainly think, through the working group, through the leadership of Linda Richardson as the chair of the transportation subcommittee and through the advisory teams, there was robust dialogue about so many different things.

I've taken part in a lot of different public planning processes and to see the room fill day in and day out to even be talking to folks who said I watched you on SFGovTV, I'm like, really? Did you? That's like incredible.

The amount of participation has really been incredible. I did not expect it. I did not expect it to be so consistent even through the entire phase two process, which lasted quite some time. Thank you for pushing the Port and pushing the public to be involved. I think that certainly happened.

My day job is I'm the advocacy director of the San Francisco Bicycle Coalition. The Bike Coalition evokes a lot of different feelings in people. It was particular for me to be able to be part of this process. What I've learned is I didn't know much about the water taxis. I didn't know about all the ways that the Port really is multimodal. Certainly, when we were talking before my time in the '80s when there was a double-decker freeway in the Embarcadero, we could never have imagined what mobility and what transportation could look like today.

I think it's been an incredible success. But with those success comes so many different challenges of being able to maintain the maritime industry, the Port industry as well as the new tourism and all the people biking whether it's to and from Caltrain or the bike tourism. I think specifically in the recommendations that came out of phase two for transportation, there was a huge acknowledgement of the multimodality and the changes that have come since the original land use plan.

Where we are today is very different than that. There was a lot of good thinking in particularly the land use elements and thinking about what parking should or shouldn't look like on the waterfront, what biking or walking and what street safety along with, you know, all of the maritime mobility options. I look forward to hearing your comments after this. But thank you so much for your attention on this.

Commissioner Woo Ho - First of all, I again want to thank Linda and Janice and everybody on the task force for the transportation for their dedication and commitment. It's amazing it's been a two-year process. It's been said already but just to reiterate again, our purpose was to engage the community and engage

the public and to have the voices be heard. We knew that they were going to be diverging voices. Personally, I was a little nervous about how that was going to work. It was brilliant what Rudy said that you insisted that you have unanimous agreement on all the recommendations. That was a very smart thing to do. I, again, applaud all of you for sticking with the process and the process itself. I think this is a tremendous blueprint, 161 recommendations in terms of future policies of how we integrate.

The categories that you used in terms from integrated transportation to multimodal, whatever the various categories that you used, was very smart and excellent. This is just the beginning at least for me because we, at the Port, obviously sit with the whole city and many other agencies of how to actually tackle this whole issue of transportation.

While we took our little bit of real estate and tried to figure out what our role and part of this, it's still part of a bigger picture. It raises more questions and things and conversations and dialogue.

Some of the areas that I have -- which I know that the waterfront plan working group could really not respond to, and they may not have had access -- but one of the things as I kept thinking about this was, how much do we have the congestion today and how we'd measure that.

How can we project what the congestion is going to be based on population, not necessarily the type of vehicles that we're going to use, so that we know what is the degree of the issue that we have to solve from where we are now and going forward and given also that the city is still growing, etc.? These are tactics that we should look at to address that but we don't know what the answer to how bad it is going to get. How can we alleviate it?

We live in a period now of big data. It seems we need to figure out how to use big data to help us think about some of these issues. That's another step that needs to be taken probably at a broader level, not just at the Port level in terms of using technology and big data to answer some of these things. I can get down to a tactical issue because it really hit me one day -- even just traffic management.

How can we use smart lights? Or when the cruise ship is in and we have policemen standing around, but they were not directing traffic very efficiently. It was totally snarled. I sat there for 45 minutes -- very frustrating. Those are simple things. That's a tactical level. How can you have smart information to help you just manage the day to day? That's something that also needs to be addressed.

Even on the parking, we do have smart apps that are out there. I thought it was very brilliant when the Warriors told us when they were going to build the arena, instead of people circling around looking for parking, that you would either buy your parking with your ticket. Or you would go to the app, and they'd tell you

exactly where to park so you wouldn't have to keep looking and going around in circle. Right now, we have Uber and Lyft cars going around trying to find passengers. Is there a smarter way to figure out how to connect passengers with cars if you're going to use that?

These are the things that we still need to keep going down that path. On the water transportation side, all of you know I'm real passionate about seeing that and we've made progress. But I'd love to know more about the specific kind of ferry landings that we can help to increase the amount whether it's the public commuter ferries or the private charter services for commuters. I know we are working on what we have with the Ferry Building here and obviously the Mission Bay but it seems like we need to have a lot more specifics in terms of that. I know that's going to be coming. I'm just going to reemphasize it's really important that we try to address that.

Since we are just all celebrating the Warriors, on the one hand, I'm really excited. I'm just wondering, in two years when they're going to be here, the traffic on the Embarcadero is just going to get so much worse. That's a very specific incident to think about how we're going to address that. I think the ideas are great but it's a question of now trying to figure out how to relate these ideas to the realities of what we face day to day and connecting those.

That's going to be another phase. It's great to come to this conclusion so far. But I just wanted to make sure that everybody understands that this is the beginning. This is not the end. We've been studying this for a long time. This is not just the Port with our Waterfront Land Use Plan. Every time we ask somebody to come from MTA, they tell us they're studying it. We want to know what the actual solutions are going to be. We have some solutions in these recommendations but we need to figure out what the real solutions are going to be. How do we measure them? How do we get the results?

Commissioner Gilman - I wanted to thank staff, Brad and David, for all of your hard work and Linda Richardson for your leadership. As someone who's coming in at the tail end of this process, I've been really touched by all the recommendations of the subgroups. Particularly as someone who shares Commissioner Woo Ho's passion for water transportation as a non-driver on the commission -- whenever I can avoid it, I don't drive or own a car. Water transportation is really key.

Looking to other East Coast cities that have much more robust water taxi services and others could be instructive for us. I was really excited to see that while balancing the needs of maritime and businesses because I can't have my fantasy where we all don't have cars. I understand we have to have some people who drive and move goods. I wanted to thank the committee. It's a lot for us to work with. I appreciate all of your hard work and dedication to this.

Commissioner Makras - I'm one of those drivers, sorry to say. Thanks for the report. Well done.

Commissioner Brandon - David, thank you for this report. Brad and David, thank you so much for working with the transportation committee to come up with these recommendations. I really want to thank Linda Richardson for chairing the transportation committee and the diligence that this committee has come up with, 54 recommendations and great recommendations.

I did have one request on recommendation 21 where it says accessibility improvements to the E and F lines. I would hope that we could include the T line to that because that service needs improvements also. You guys are way ahead of the game because it took six years to do the original Waterfront Land Use Plan. It has only taken you guys a little over a year to come up with these recommendations for updates and unanimously.

You have worked together as a great team. Janice and Rudy, I really want to thank you for leading the way of all the committees and to come up with all these recommendations. They're great recommendations. We've been through the other two. So as far as transportation, David and Brad, do you see any of these recommendations that cannot be implemented or cause any concerns?

David Beaupre - I don't see any that can't be implemented. I referenced the ones that could be concerning primarily as it relates to parking and recognizing that it is an important revenue source to the Port and that not all people can ride their bikes, walk and take public transit one form or another down to the waterfront. We're seeing with some of the development projects where parking is going to be eliminated. We see in the numbers, from what I understand from the real estate division, that the demand for parking is getting lower.

I think it's one that we just need to recognize and plan for in the future. The other one that will help with the congestion is developing and working towards developing a transportation demand management plan whether that's a Port-wide one or one that we start in one portion of the waterfront or another, that would be good. There is one in Mission Bay that's very successful. There's one that's in operation downtown. Both the Mission Rock and Pier 70 projects will have their own. It's finding the staff resources to begin to look at that. If it is feasible, where do you find the funding to pay for it? An idea that came out of the Nelson/Nygaard study was maybe you can use some of the parking revenue that we get off of our parking to help pay for it. In some respects in Mission Bay, it's funded by each of the tenants down there.

I do think that they're all achievable. The one thing that I would like to say that I didn't mention earlier today to go to Commissioner Woo Ho's comment is that we're not a transportation provider. We rely on our partners, whether it's WETA or Golden Gate or MTA or other providers that service the waterfront in one form or another. We rely heavily on them. They also are the experts. We rely on their advice but we need to collaborate with them like we have on the downtown ferry terminal or like we are on the Mission Bay Ferry Landing to increase and improve service.

Commissioner Brandon - Thank you. I do think that the expansion of the water taxi service is going to be key to our traffic congestion. Hopefully, we can expand that.

Commissioner Woo Ho - I agree that we are informing. We're anxious to see that our partners are able to work on the solutions because we cannot implement those solutions by ourselves. Commissioner Brandon mentioned the T line. I was just wondering whether there was a sense of should there be more of the public transit buses, frequency or volume? Those are the things that I'm looking for. How do we actually relieve congestion? You mentioned how do we actually measure relief? How do we understand? You said that the transportation demand management strategy is working for Mission Bay. Can you give me some sense of how is it working for Mission Bay? What is it doing for Mission Bay?

David Beaupre - I'm going to invite Carli Paine from MTA to come up and talk a little bit about how they help the city manage transit and what their plans are for improving efficiency. But in our discussions with the Mission Bay Transportation Management Agency, or TMA, one of the things that they do is, when a new tenant comes into Mission Bay, the TMA will go to the new business or tenant and say, you have 800 employees. Fifty percent of them live in the city, and 50 percent of them are commuting from Marin, South Bay, East Bay.

Do you know that: (1) you can give your employees tax benefits to give them prepaid commuter benefits on the Clipper card, which brings down the cost? There are programs like emergency ride home. So if you're a driver and you drive because you're worried about your child getting sick, you can take a taxi home and get reimbursed for it. They have in all of their office buildings, next bus installed on a large screen that says where the next T is coming and when.

They also talk about their internal bus shuttle system that's open to anyone that wants to access the site. I commute down Market Street nearly every day. I see the Mission Bay shuttle parked near the Powell Street station waiting for all those people to come out BART and hop on that bus instead of hopping in a TNC or a taxi.

Those are the types of tools that they have. They're not necessarily high tech. But it's just offering and educating people about the resources that are available to them to get that 1 percent, get that 10 percent, get that 20 percent that are now driving and probably paying \$50 a day to park down there and congesting the streets and probably not having a good lifestyle at the same time.

Carli Paine, SFMTA - One of the questions I heard was about the E and F lines and transit in general and what kind of improvements we have in place. I am not with our transit services division so my answer is going to be high level.

I am happy to follow up with more specifics through your staff. I do know that we have plans in place. The board of supervisors has not adopted our budget yet

but with this next budget cycle, there are improvements for the E and F lines in terms of service frequency, which will be important to address some of the needs that you all have heard from your northern waterfront tenants and visitors.

As you probably know, we have service frequencies coming online in the next two years or next year along the T Third line that's going to significantly increase the T line service. One of the things that people rely on in making a decision whether to take a train or a bus is how long am I going to have to wait? Is it really going to come when I think it's going to come?

On the T line, we also are doing a number of things to bolster the service frequency in terms of reliability so reducing the delays that might be caused by improving the signaling at intersections to give the T priority and to let drivers know a train is coming, so somebody is not trying to make it across the intersection. Then, they're caught at the red light. They're stopping the T and that car full of one or two people is stopping 40 other people from getting where they need to go and deterring other people. We're doing all of those things.

I do want to note that, sometimes when we make those improvements, there's a tradeoff because, when we're prioritizing transit, if you're in a car at that intersection, you might have to wait a couple extra seconds to make it through or there might be a little more queuing.

We are confronting a lot of those tradeoffs and keeping our transit first hat on all the time but recognizing that there are other people who need to get around in other ways. We also have our parking control officers who are deployed to manage intersections at various like super-peak times.

I wanted to follow up on something somebody else asked about in terms of the Warriors. We're required as a city that the Warriors have a transportation management plan. We're working with them and the Chase Center closely to make sure that everything is going to be in place both from our side in terms of transit service but also their side in making sure that people really know what to expect and how to get there ideally on transit but, for those who don't, that they're not mucking up the system.

B. Informational Presentation on the status of the Downtown Ferry Terminal and Mission Bay Ferry Landing projects and the Port and WETA's water transportation planning.

David Beaupre, Planning and Environment - I'm joined by an extensive team of Port staff and partners including: Dominic Moreno from Port maritime division who assists in managing the maritime facilities; Jamie Hurley from the Port's real estate and development division who is managing the downtown ferry terminal expansion; Jonathan Roman, who is the Port engineering project manager for the Mission Bay Ferry Landing; and Kathryn Purcell, who is assisting with the Mission Bay Ferry Landing permitting; Kevin Connolly from WETA, a planner

from the Water Emergency Transportation Agency; and also joined by Taylor Lewis from Tideline Marine Group; Dave Thomas and his team from SF Water Taxi; and Alex from Prop SF.

Here is an overview of what we plan to present today, a brief introduction, how we're meeting the Port's strategic objectives and then project updates on those four projects and next steps.

Meeting the Port's strategic objectives of livability and economic vitality and obviously, we're also coordinating with all the various water transit providers, both public and the private providers.

Here is a map of the two different operations. We have the San Francisco Bay Ferry and Golden Gate routes on the left and then the small vessel landings on the right. On the right are the small vessel landings.

Prior to the Port's request for qualifications in 2012 for water taxi operators, none of those were being used for water transportation. They were all primarily water recreation facilities or used for private excursions. We've taken advantage of those facilities and now are using them for water taxis or what we're now calling privately operated ferries. The 2012 RFQ was for a water taxi operation.

In reality, none of our three operators are operating water taxis as a primary part of their portfolio. We have San Francisco Water Taxi, which does hop-on, hop-off service basically operating in the northern waterfront from Pier 1½ up to Fisherman's Wharf and back with regular service at certain intervals.

We have tideline, which is a privately owned and operated public ferry that operates a public CPUC-approved, regulated commuter service between Berkeley and San Francisco. They're a private entity running a public ferry service primarily between Piers 1½ and Berkeley with significant ridership. They also do some special events to Giants games utilizing the Pier 40 facility. To some extent, they do on-call water taxi service, but it's not a significant portion of their portfolio.

We have Prop SF, which you heard from today. They are a private charter operation that essentially is a tech bus on water running chartered transportation services on the water for a private company between San Francisco and the South Bay. Collectively, we've called those private ferry operators. We may want to come up with a better term.

I'm going to briefly go through some of the projects that we've mentioned including the downtown ferry terminal. This is a WETA-led project. We initiated it in 2008. You can see that these large-scale projects take a number of years to deliver. It's two new ferry gates for four berths. This is being designed as an emergency response facility in the event of a catastrophe. It's designed to a seismic strength that can hold emergency crowds and also accommodates queuing.

They're hoping that the two new gates on the southernmost gates F and G will be completed and operational later this year and then the Embarcadero Plaza area and gate E will be completed at the end of 2019. It's a \$95 million project. In total, around \$75 million of that is construction.

The next few images to show what the ferry facilities should look like. We're looking at this South Bay scenario from the top of the Ferry Building. We're looking at gates E, F and G and the new plaza area to support queuing and emergency response. The plaza and the gates are elevated to address sea-level rise as well. Here is a view looking just south of the Ferry Building, again looking at gates F and G east of the agricultural building and, then, a final look at gate G directly south of the agricultural building in between the Pier 14 breakwater and pier. This is to give you a sense of what these three new gates and facilities will look like.

We have the Mission Bay Ferry Landing. The purpose of this is to serve regional and water transit to Mission Bay, recognizing the significant growth and density of uses in the Mission Bay area. We have the hospital, the bioscience campus, housing and arena. The Port initiated the planning for this in 2016. It's also included in WETA's strategic plan, which was presented to the Port in 2016 and adopted by the WETA board in 2016. This project was not scheduled to be implemented for a number of years. The Port and the city took the initiative to start the planning and design process and will need to partner with WETA to deliver it. We'll have the design complete later this year, the permits secured in the spring of next year. We want to put this out to bid later this year with it opening no later than the spring of 2021 with potentially an early delivery.

WETA anticipates that they can serve about 6,000 passengers a day. Initially, it'll be served by WETA for both commuter and special events. Golden Gate Transit has indicated a willingness to serve it for special events. But they're still working on some environmental and regulatory concerns about expanded service and aren't certain as to what level service they'll be able to deliver down the road. Both facilities, the ferry terminal and the water taxi landing, are being designed, will be completed later this year. The funding that we have in place is \$7 million of Port and city capital funds for the design, entitlement and permitting.

We have development impact fees from Mission Rock and Pier 70 that equates to \$6 million. We're working with the Mayor's Office of Economic and Workforce Development in securing about \$4.7 million to \$5 million of private funds. With the recent passage of regional measure three (RM3), that's a significant portion of the funding for the project at \$25 million. We'll need to work with both WETA and MTC to secure that funding quickly in order to deliver the project on schedule. The water taxi landing at this point in time isn't funded but we're working on getting the necessary permits and entitlements to build that should we be able to secure funding.

Some imagery of what the facility will look like -- this is the architectural of it looking directly east down the terminal with the ship repair to the right, looking a little bit towards the south from the new Bayfront park that we're coordinating with the Office of Community Investment and Infrastructure on and some pictures of the models that were developed to help with the design of the architecture of the facility. On the top, it's looking east. On the bottom, it's looking westward at the float and the fixed pier. Onto the privately operated ferries, formerly known as water taxis. We have Tideline, the service that I mentioned between Pier 1½ and Berkeley.

They're seeing significant growth and are projected to service about 30,000 passengers this year including both the 1½-to-Berkeley service, the special events they run and the other on-call services. They currently have two vessels that accommodate about 45 passengers and are seeing significant growth.

We also have San Francisco Water Taxi, again the hop-on, hop-off in the northern waterfront. They're hoping to increase their fleet so that they can offer more regular service with smaller intervals which they also feel will expand their business and grow ridership. They're also considering expanding to Pier 52. Prop SF has mentioned they've been working with the maritime department to utilize gate B, the downtown ferry terminal, to do the private charter service.

Lastly, a couple of months ago, WETA's board has approved a feasibility study to look at small vessel operations essentially using vessels similar in size to Tideline or SF Prop, anywhere from 50 to 100 people that can provide expanded service to potentially less dense areas or areas with less demand such as the southern waterfront, assist with capacity relief, could also be used at midday operations to bring cost down and lower their costs and providing fee service.

I wanted to recognize that delivering the large facilities like the downtown ferry terminal or Mission Bay Ferry Landing take anywhere from five to seven years to deliver. There is a thought that utilizing smaller vessels by WETA may allow them to get into smaller population areas, deliver service more quickly and allow them to grow passengers at the same time while planning for expansions.

Our next steps are to work with the maritime department to establish a ferry landing use policy. What types of vessels get priority over other types of vessels for the public facilities? Coordinate with both MTC and WETA on the RM3 funding -- that's critical for us to be able to deliver the Mission Bay Ferry Landing project. In addition to that, we'll want to return to the commission to get approval for a lease agreement with WETA on the Mission Bay Ferry Landing project similar to how we've done it for the downtown ferry terminal.

We'll come to the commission to get authorization to advertise construction of the Mission Bay Ferry Landing. We want to continue to support and track the private ferry operators and collaborate with all the operators to expand service particularly as we are looking to the south and growth that occurs in the south,

checking the density and demand for service in the southern waterfront and how we begin to think about bringing operations out to that.

Taylor Lewis - I don't know if I've seen many of you since I won the initial water taxi contract in 2012 but it's nice to see everybody here again. Thanks to Port staff for spending a lot of time with all the other representatives of the waterfront transportation services to put together this overview.

I want to take a few moments to clarify and give a little bit of history on Tideline and maybe how we can continue to work in conjunction with the existing WETA scheme and the greater plan ahead.

Tideline operates under two contracts with the Port of San Francisco, an on-demand water taxi contract and a small-scale ferry service contract that works in conjunction with our CPUC-approved license, which we obtained last year to run a service between Berkeley and San Francisco and to work in general conjunction with the existing operators such as WETA.

The business was built to be complementary to the areas in which WETA and other large providers couldn't go to. We've specifically picked routes that don't conflict with their services and provide the communities an alternative way of moving around. Last year, we took 30,000 people. This year, we've continued that with about 20 percent growth every month that drove us to build two new vessels.

At the end of the summer, we'll be introducing two new hybridized vessels to complement our fleet of services, which we also do in the north bay region. Tideline is the port authority for the City of Napa. We control four docks and maintain the river as well as support the sub-tenant groups that operate out of the Napa city such as non-motorized groups and charter entities.

Any entities looking to come up to the Napa River, give us a call. We'd love to have as many operators working that area as possible. Our goal is to continue to work in conjunction with these other elements. We take 40 people. We want to support their mission, their labor movements. We're going to negotiations with MMP to pick up on a relationship that we had in 2012. Our whole mission is to work in conjunction.

The WETA small-scale feasibility plan is something that I'm going to talk with my other vendors who have worked hard and self-funded to build this service. It is a concern that we have in terms of making sure that we're working in conjunction with WETA and also potentially providing the solution to engage the small-scale study with our platform now. Whether or not we're the providers of those going forward is really irrelevant. But if there's a cost-effective solution to provide the Port, WETA and other staff information in real time, we're doing that now.

We have valuable information, of all the corridors that are forecasted for the growth platform, that we've been beta testing and piloting along with Prop F and

along with SF Water Taxi, those different areas such as Hunter's Point and Candlestick. We work very closely with Lennar Urban and Five Points as their maritime consultants for various projects that they're doing as well as TIDA, all these other facilities.

We see ourselves as a supporting, complementary role and look to WETA and yourself to provide the guidance to ensure that we're alleviating the congestion on the streets that we find is growing daily.

I wanted to give you a little recap on Tideline and where we're going. Thank you very much for your support. As a small entity, like the rest of us, the last thing I'll leave you with is we'd like to ensure that, as we look after your interests, that you look after ours. There's a solution with the WETA goal that we're already all working together on providing. We see that the small-scale service is there. We're more than happy to always provide information.

Commissioner Makras - Great presentation. Thank you very much.

Commissioner Gilman - Ditto. Great presentation. Thank you. I hope we can do more with our small vessels and water taxis.

Commissioner Woo Ho - David, thank you so much. You've been on the spot today. Thank you very much. We've heard a lot about what's been going on. It's nice to see that we're actually implementing. I actually don't have a question on your presentation but my interest was piqued by the fact that WETA now has a strategic plan to address 700,000 passengers. Did I read that right? Increase by 700 percent by 2035. I would request under new business that we would like to hear the strategic plan from WETA on how they're going to increase capacity by 700 percent.

Commissioner Brandon - Thank you, David, for the presentation. Who is responsible for this project? Is it the Port?

David Beaupre - I provided an overview of four different projects. There's the downtown ferry terminal, which WETA is the primary lead on Port property. They've entered into a lease with us for those to be able to construct, maintain and operate those facilities.

The Mission Bay Ferry Landing is a project that's in WETA's strategic plan but was not planned to be delivered maybe for the next seven to 10 years. The Port and the city took the initiative to try to push the schedule on that project to deliver it earlier because there is definitely demand in that area. You may recall that the commission approved an MOU with WETA as it relates to the Mission Bay Ferry Landing where they have agreed to assist us in raising funds for the project and have demonstrated a desire to take over the management and operations of the facility once it's completed and to help with permitting and design and coordination all along.

However, we will need to, once it gets built, come back to the commission, go back to the WETA board and get a lease in place for those operations. We'll need to work very closely with both WETA and MTC to make certain that we're able to get the \$25 million out of the regional measure three funds.

WETA board and WETA is managing the small vessel feasibility study. However, they have indicated that they want the Port to participate. I also believe that they've asked some of our small-vessel operators to participate.

They've established a working group to help keep that project moving and on track and to get diversity of representation. Our privately operated ferries are just that. However, as it relates to the San Francisco waterfront, they land primarily at four, hopefully maybe five and even six facilities on Port property where each of those operators enters into an operations agreement with the Port that allows them to land at our facilities and pays us to land at them as well.

Commissioner Brandon – Okay, what about the \$42.7 million project?

David Beaupre - That is a Port-led project right now that's funded by both Port capital and general fund dollars.

Elaine Forbes - That's a Port project that we're delivering on behalf of the city. The plan of finance is primarily other people's funding, RM3, city general fund and other sources. There has been some Port contribution in the design.

Commissioner Brandon - We're going to authorize to advertise hopefully in December.

David Beaupre – I believe potentially sooner. I have spring of 2019 up here. I believe we may be looking to put it out to bid late this summer or early fall.

Commissioner Brandon - I don't know if I'm getting confused with the staff report and this. But in the staff report, it says authorize to advertise in December 2018, design completed by October 2018. But my question is, when we are ready to advertise, will we have local hiring goals? Will we have LBE goals? Will we have any type of goals for the project?

Elaine Forbes - We will have all of those goals for the project to the extent that we can do with the sources of funds. I don't think there's any prohibition on regional measure three funds. Depending on the color of money we're bound by, the rules and regulations associated with those funding sources and because this is planned for external funding sources, when we come to you to request bidding, we will explain whatever rules and regulations relate to those funds. But the standard is LBE goals with the local-hire requirements.

Commissioner Brandon - This is a wonderful presentation. It's a lot of information. Will you be coming back to us with an informational presentation prior to asking us for authorization to bid or is this it?

David Beaupre - We can definitely come back. It sounds like you'd like it. So prior to going to bid, we can do an informational presentation.

Commissioner Brandon - Thank you. Wonderful report and this is really exciting.

12. REAL ESTATE & DEVELOPMENT

A. Informational Presentation on the Fiscal Year 2018-19 Monthly Rental Rate Schedule, Monthly Parking Stall Rates and Special Events.

Jeffrey Bauer - I'm the Port's leasing manager. I'm here to give you an informational presentation on the upcoming 2018-2019 rental rates. I am joined by several colleagues who can answer any additional questions as well as Seifel Consulting, who is our third-party consultant. They will provide a third-party independent review of the report.

I apologize that it was not included in this format but it will be included when we're back for approval. This is the Port's portfolio: industrial shed, development ground leases, concession parking lots, restaurants and retail office space. This is the total Port portfolio.

The reason we're here is I'm seeking your authority for Director Forbes to engage in leases, licenses and MOUs that are within certain business parameters, those being it cannot exceed five years. It cannot be a total amount of rent of a million dollars. The rent must be at least the minimum parameter rate, hopefully more. The tenant must sign a boilerplate lease without any substantive changes and there can be no retail.

You can see that our parameter leases that we do account for currently about 19 percent. It was 18 percent, so it's gone up 1 percent from this time last year. You can see the non-parameter parking, which are bid, non-parameter shed, etc.

Of the 19 percent on the right-hand side, the parameter shed and land is about 12 percent. Office is 7 percent. Parameter parking is 1 percent. In the last 10 months, we've shortened this window a bit. Last year, it was 12 months. But we're going fiscal year as opposed to year over year. We've executed 38 leases with a monthly rent of over \$480,000 and annual rent of about \$5.7 million annualized. We've leased a 1.2 million plus square feet.

This is an important graph. It demonstrates that, since 2012-2013, we've increased our average rates of just about 50 percent. In that short amount of time, we've increased 50 percent going forward. The methodology -- we review the available data, industrial reports. We survey all the parking lots, as you've seen in the staff report. We call harbors for fish processing and other related activities. The most important thing we do is review the leasing activity of our Port properties. We consult with our master tenants. We hire a third-party consultant to review the staff report to see if we're being reasonable, and they agree with our assumptions.

These are the proposed changes. We're suggesting that we increase all of these monthly rates but lower Pier 23. It's challenged. It's compromised. It's got some code issues. However, there's some availability to lease it on a short-term basis to event companies or film companies.

These are industrial fishing rates that we propose increasing modestly from 33, the aprons, Pier 45, etc. Our office vacancy is currently 7.51, industrial 7.2. That number is up from last year. We were 0.9. What accounts for that is that at Pier 38, for example, we were engaged with a master developer. That deal did not materialize so we put that back on our vacancy list. We're including Pier 31 and Pier 23 in the vacancy as well.

It's still a very good number but it's not zero. Having vacancy is a good thing. It can be healthy. It shows that you have a healthy portfolio. If you have zero vacancy, maybe you're not charging enough. We think it's healthy.

Unchanged rates, 42 -- we're proposing 20. We have a total of 62 rental rates. The southern waterfront beautification -- this graph represents the initiation period in 2007. Those are average rates, the average office, storage, shed and land versus what we're proposing, the average proposal.

The set aside has increased in all categories. At this point, I would like to ask our deputy director of finance and administration to come up and discuss the next slide.

Katie Petrucione, the Port CFO - I'm going to address some questions that President Brandon raised the last time the parameter rate schedule was in front of you. I would like to quickly summarize the allocations that the Port has made to the southern waterfront beautification fund over time. Since 2007, the policy has required the Port to set aside \$4.7 million for beautification. As of today, the Port has funded \$6.5 million in the southern waterfront to fund projects such as pile removal, Heron's Head Park improvements as well as a general southern waterfront beautification fund.

Currently, the amount that is being set aside annually is about \$876,000. With the increases that are being proposed by the real estate division in this new parameter rate schedule, finance and real estate staff have done the analysis that shows that the increase to the set aside will likely be about \$186,000 in additional revenue a year and that, once the backlands project is completed, that amount will go up by another \$90,000 a year or so.

This slide just gives a high-level summary of the projects that have been funded in the southern waterfront since 2007. My finance staff here as well as David Beaupre, who is the resident expert on the southern waterfront beautification fund.

Jeffrey Bauer - We've included this slide. These are additional requests for delegation. We're requesting that the commission delegate the authority to the San Francisco film office to issue film permits, film licenses that are in the common area, streets. These typically are done at the last minute. They're done for a very little money, in the hundreds of dollars. They do ask our permission. They do obtain certificates of insurance for the activities. For us to do a lease can take two to three weeks. Typically, these are last-minute requests.

The second delegation is for subsurface utility infrastructure agreements. These would be, for example, fire suppression system that is for the Mission Bay, for example, there's a cistern program where they've installed pipes.

Seawater is sucked in if there's a fire to suppress the fire. We feel that we're benefitting. We're asking that Director Forbes or her designee have the authority to waive any fees for this activity. I will return to you July 10, 2018.

Commissioner Makras - Presentation is well presented. I agree with delegating the short-term permits and being able to get them out shortly. The only thing I'd like to ask between now and when you bring this back in July -- the report indicates almost no fee for underground utility space. That suggests that that's DPW's rule. I'd check what their fee schedule is. If they have a fee schedule, I'd make it consistent. If they're getting money for underground boxes, we can get money for underground boxes.

Jeffrey Bauer – Yes, I agree, like a franchise agreement or something.

Commissioner Makras – Yes and that's from consistency throughout the city on how utilities would be charged for underground.

Jeffrey Bauer - We'll be happy to include that.

Commissioner Woo Ho - Again, a lot of information. Thank you very much. I think the question I have is Pier 38 has been vacant for a long time even though we were under some development agreement. Now, all of a sudden, it is a contributing factor to the 11.41 percent that you also put in the vacancy rate. I was a little surprised to see the vacancy rate go up so much year over year. Pier 38 has been vacant for a long time. I'm not quite sure how we got to this year. In the years past, we didn't factor it in.

Jeffrey Bauer - Pier 38 at the time last year when this went to publication, we were still engaged with TMG for a master developer.

Commissioner Woo Ho - But if it's not being utilized and we're not actually leasing it out, it's vacant. So it just seems like, terminology wise...

Elaine Forbes - We've actually been working on this definition internally and discussing when to count properties vacant or not vacant. Staff has historically not included the numbers as vacant in front of the commission when

they're under a development agreement or working towards occupancy. However, to our bond holders and for other financial reporting, we include them as vacant. We've been discussing internally making that consistent throughout and so the report reflects that. But that has been an internal conversation.

Jeffrey Bauer - Some of the conversation is, do we want to put tenants into facilities for one or two years that we're going to have to terminate.

Commissioner Woo Ho - I understand. But the question is, is it being occupied? Is someone paying? If they're not, in my definition, it's vacant. I understand that we are trying to get every vacant space to be occupied whether it's under a long-term development agreement or short term. It's ready to be rented. I would say be consistent in your definition.

Elaine Forbes - In the past, the real estate group has used the concept of space to be marketed, space on the market when they were describing the vacant square footage. We are talking about revising that to be space that is vacant.

Commissioner Woo Ho - I think that would make us feel a little more urgency if we saw the numbers being higher. I understand the situation that we're in. I'm not criticizing it. We all know what's going on with Pier 38. But it would give the commission a sense that we have something here to accelerate our interest in terms of figuring out what the solution is in that regard.

The only question I have is on the film permits. I absolutely agree that we don't want to be involved. Shouldn't we give some guidelines to someone who's on our premises doing something, i.e. a film crew, on how we wish them to operate? We don't want to find out later that we gave out a permit for a few thousand dollars or whatever and then something happens on Port property that we regret later.

Jeffrey Bauer - Our interaction with the film commission is excellent. We actually do make money from film companies. The way we do it is we rent them sheds, and we rent them offices. Last year we made about \$600,000 just from the film industry. What these really refer to is a drive up and down the Embarcadero for a car commercial or something that is so minimal. That being said, we have a great relationship with the mayor's office. They provide great oversight. So there's no shenanigans, if you will.

Commissioner Woo Ho - I'm not worried about it. Just minimum standards of conduct on Port property is what I'm talking about. If you're going to be on our property filming and we've given you a permit, here are some things you should be aware of.

Jeffrey Bauer - They know our property managers and they are very clear about what you can do or can't do but that's a good point.

Commissioner Gilman - I concur with all the other commissioners. Great report, and thank you.

Commissioner Brandon - Thank you, Jeff. This is a great report. I'm glad to see everything is moving up.

Jeffrey Bauer - Thank you so much.

Commissioner Brandon - More revenue to the Port. I do have questions regarding the southern waterfront beautification. It's been 10 years since we have adopted this beautification policy. I think it's time to address it again. We need to not spend any more money within this fund until we actually set up a method for how the funds are being appropriated and how they're being used. I personally would like a detailed accounting of what has gone into the fund and how the funds have been used over the past 10 years because I do think that every department head should have a copy of this policy because it seems like I'm the only one that remembers that there is a policy.

When leases come forward, when the budget comes forward, you never see the policy or the fund included. Had I known that, when we were doing the budget and appropriating funds that the funds for the southern waterfront were coming out of this fund and not out of the general budget as every other portion of the waterfront funding is coming from, I probably would have asked more questions. Once again, I had to ask for it to be included in this which should have been happening every year for the last 10 years. This is the first time in 10 years that we've increased the amount that's going into the fund that I still don't know it's being appropriated.

I would like a detailed accounting of the fund. What does southern waterfront beautification continuing at a 1.1 million mean? What does annual mean? How were the decisions made to spend money on these projects?

Elaine Forbes - We will put a report together.

Jeffrey Bauer - We're working on a report.

Elaine Forbes - David, did you want to comment on some of the reporting in the early years? I do believe that, in the budget, it shows but I understand completely that we need to provide more detail. We absolutely will provide an accounting of how the funds have been spent to date and clarify the process going forward.

Commissioner Brandon - Thank you.

Jeffrey Bauer - Commissioner Brandon, in all our leases, it does have the beautification policy.

Commissioner Brandon - No, not all of them. I had to ask for it to be included in the Pier 70. I had to ask for it to be included in several other projects.

Elaine Forbes - That's something that we actually are still waiting to clarify is what leases the southern waterfront beautification fund applies to because, when we had the conversation about Pier 70, staff's interpretation was that it was interim leases only. The development projects at maritime were exempt. And we said no for Pier 70.

Commissioner Brandon - That's why we need a report. I said no. All leases are included.

Elaine Forbes - That's something that needs clarification as well when we come back with our detailed report.

David Beaupre - Thank you. So I was just going to mention that we are working on updating the policy that you had requested coming out of the Pier 70 approvals. Some of the projects that you may recall that did go through the commission utilizing those funds specifically were -- Bayview Rise was a project that we used those funds for, the Cargo Way bicycle lanes to help leverage a grant we got, repaving the pathway at Heron's Head Park to leverage the GO bond project we had.

Commissioner Brandon - You don't have to through it now. You can just give me an accounting because those aren't here. Those are in addition to what's here. It'll be great to just see it all. Thank you, Jeff. This was a great report. I look forward to you guys coming back.

- B. Request adoption of the Final Mitigated Negative Declaration and the Mitigation Monitoring and Reporting Program for the Alcatraz Ferry Embarkation Project (2017-000188ENV) located at Piers 31-33 on The Embarcadero at Bay Street (Site) pursuant to the California Environmental Quality Act; and

Request approval of three transaction documents: (1) a General Agreement between the Port and the National Park Service (NPS) for a thirty-year term with two ten-year options for use of the Site primarily as the embarkation to Alcatraz Island including; (2) a form lease with an initial ferry concessioner to be selected by NPS for site improvements and ferry services including from the Site to Alcatraz Island coterminous with the ferry concession contract; and (3) a lease with the Golden Gate National Parks Conservancy for site improvements and to operate visitor amenities including a visitor-contact station and café for a thirty-year term with two ten-year options coterminous with the General Agreement.

(This action constitutes the Approval Action for the project for the purposes of CEQA, pursuant to San Francisco Administrative Code Section 31.04(h).)
(Resolution No. 18-37)

Rebecca Benassini, Real Estate and Development Division – I'm joined by the entire front row of our partners here on the Alcatraz embarkation site. We have representatives from our division as well as planning and environment and also have the GGNRA staff from NPS, and the National Parks Conservancy staff are here as well to answer questions today.

The presentation outline includes items one through four which is a bit of a summary from our January and February informational hearing. Then, I'd like to focus in on some of the direction we received at our February meeting and delve into those issues in a bit of detail as you consider the action for this evening. The project is located at Piers 31, 31½ and 33.

The depiction in this project site diagram is of two portions of the site. The green indicates the hopeful future home of our lessee at the Conservancy and the blue depicts the area where future ferry concessioners will be operating.

The transaction you're considering today includes multiple parties. At the heart of the agreements before you is the general agreement. That is the agreement we've been negotiating with the National Park Service for several years now. It governs our roles and responsibilities relative to operating the embarkation site and choosing new concessioners over time or managing new concessioners over time. Our direct relationship will be with NPS through the general agreement and relationships through our leases with the ferry concessioner and the Conservancy.

National Park Service's relationship will be with us. They'll also have a contract with ferry concessioners just as they do today to operate the ferry service to Alcatraz. They have an operating arrangement with their non-profit partner, the Conservancy, who will be the primary manager of visitation, experience and managing the overall campus.

The terms are long and flexible in nature. We've negotiated the general agreement to be a 30-year relationship, which keeps the Alcatraz business and economic activity on Port property for that length of time, which was something that was very important to us as we've been working with our partner. After 30 years, we'll get together. We'll do fair market assessments relative to each of our shares of the economic pie that makes up the Alcatraz activity. We may then elect to take one of the two 10-year options.

The ferry concessioner will have a lease with the Port after they win a competitive bid process that National Park Service is mandated to do every so often. The current bidding package is out for a 15-year term.

Under the general agreement, their responsibility is to put these out as are required by law under their federal guidelines. And our responsibility is then to present to that ferry concessioner with our form ferry operator lease and they can then enter into a lease with us.

For the Conservancy, their role is to provide interpretative materials, to operate the retail and the visitor contact station and to operate the café. Their term is coterminous with the general agreement to the extent the National Park Service takes the option and continues Alcatraz after the initial 30-year term. Conservancy will then have that same option.

NEPA compliance has been completed. The Park Service completed their EIS early in 2017. CEQA analysis has also gone as far as it can go until you all take action. The preliminary mitigated negative declaration was issued late in 2017. The City of Sausalito provided an appeal to that environmental review relative to one part of the analysis, which is for repairs at Fort Baker site and that has to do with a potential line of service that NPS is interested in potentially offering.

The planning commission heard the appeal. They upheld the MND and the MND is now finalized. So the Port Commission in their decision making upon that environmental review that is led by our sister agency at city planning. Other permits are still required for work on our side. BCDC permits are required. We have been consulting with BCDC staff. Army Corps is required as well as Regional Water Quality Control Board. So those are subsequent permits that will come after our approvals are complete.

An overview of the financial metrics and the size and scale of this operation. Alcatraz will host 1.7-1.8 million people per year, by far one of the largest visitor destinations in San Francisco and probably nationwide for a single park.

Other services will also be required of the new ferry concessioner. These are the visitor maximums that were cleared through CEQA and which are required of the new ferry concessioner. Projected annual revenue of \$44-52 million overall.

There are two potential services that are not required of the ferry concessioner which they may be asked to provide if NPS continues and completes other improvements and other activities they may undertake in the coming years. Those include up to 40,000 people to the Fort Baker site in Sausalito, which is on GGNRA land there, and a to-be-determined number of potential visitors to Rosie the Riveter in Richmond.

Just a note about the Fort Baker service since that was a subject of an appeal and I know that the commissioners have received correspondence about this topic, and we also were speaking with representatives from the City of Sausalito just this morning. Just to give you context for what it is, the Fort Baker service could only occur if repairs are made at GGNRA's current pier. It currently couldn't handle the type of vessel that's contemplated in the ferry concession contract.

The map shows where this is located in this little horseshoe area in Sausalito. It's a pier here that could be, if they make improvements, host to up to two vessels? Two vessels on Saturday, two vessels on Sunday, about 200 people

per boat. They'd buy a ticket at our site, which means we get the revenue associated with that ticket. They'd buy round trip to go there, visit the Fort Baker site, which GGNRA is interested in getting more visitation to that location. It's not super accessible. Then, they'd come back to Pier 31½.

Subsequent approvals are noted here. They need to budget for improvements. They need to get clearance through NEPA for those improvements. It wasn't in our February discussion.

From the Port's perspective, this is one of our highest revenue-generating tenants. We are very keen on keeping it on Port property. Overall between the ferry operations, the retail, the food and beverage, the new expanded café and retail services and then the upstairs office in Pier 33 which is the back office for the ferry concessioner, we're anticipating in 2020 about \$3.2 million.

For the first four years, we'll be amortizing rent credits of up to \$3 million and that is in connection with the significant investment that's going into the site on the part of our two new potential lessees, about \$30 million overall into the site. We're rent crediting about \$3 million of that after negotiations through the term sheet and other documentation we've gone through with NPS

In February, the Port Commission very clearly at that point had just had their first look at the wage determination, which was issued as part of the prospectus packages. We were asked to go back to department of labor as best we could and to provide them information which could inform their wage determination.

At that point, they had not included any direct ferry service occupations. We did that. For the last four or five months, we've been providing them whatever information we have. NPS has been contacting them.

Again, the determination that they provide is through their own regulations. It's not as though it's a public process in any way, shape or form. But they do receive information. We've provided our information. We encourage our tenants to provide their information to Department of Labor. They went through a new process, took all that information. What we have before you today is the wage determination that was issued late in May and slightly updated just a couple days ago after the staff report was published.

I'll point out one occupation which was adjusted a dime or so per hour. That adjustment was made after one of the operators, as I understand it, just provided more information to Department of Labor. They are responsive to providing information but we understand that they've gone through in the last four months a robust process to come up with the new wage determination. The wage determination which was issued late in May and then, you'll see on this chart the senior deckhand asterisk which indicates the slight change that came out after the staff report was issued.

It now includes occupations which are relevant to a ferry passenger service, which is very good news from our perspective. We feel like having this

information out now during the competitive bidding process makes sure that all of the operators who bid on this contract have the same number in their pro formas, how much they should believe they're going to pay their employees at the minimum level.

I wanted to just point out that, in your staff report, the senior deckhand hourly wages were \$30.95. Since then, they have been updated to \$31.85 per hour. The comparison we're able to do with publicly available information is compared to the hourly wages which are included in WETA's contract with Blue and Gold, which Blue and Gold is a union ferry service provider.

In all cases, the wage determination -- the three that I compare one another against -- in all wages, the greenish bar indicates the ferry prospectus wage determined hourly wages. They're very slightly above all of the wages in the WETA Blue and Gold contract.

We feel that this is representative of the prevailing wages in the marketplace today but it is not our purview to that anyhow because the Department of Labor provides that determination. If there's any more questions about this process, I'm happy to have others from NPS come up and speak to it as they've gone through it more than the one time that I have gone through it.

The second issue we wanted to speak to was the park cruise concept. We saw in an earlier slide that the Alcatraz service is 1.7 to 1.8 million people. The park cruise concept is a cruise which would be limited to up to 90,000 people per year. It would begin and end at Pier 31½. It would focus on GGNRA interpretive materials and other sites the GGNRA controls or has relationships with throughout the Bay.

The primary motivation for this new cruise line is to provide another service to visitors to Alcatraz who either cannot get a ticket due to oversubscription or have been to Alcatraz and want to do something else and want to do something else related to the GGNRA sites. The requirement in the prospectus is that it's substantive onboard interpretive program for at least 45 minutes. That's what the operators will be responding to and the cap in the ferry concession contract and as cleared through CEQA is up to 90,000 passengers per year.

A note about this is that the projected gross sales of park cruises would be \$2.5 to 3 million in ticket sales of that amount. The Port would receive about \$220,000 on an annual basis.

The two points of analysis that we included in the staff report relative to this item in thinking about how this new service line could impact our existing tenants who run other types of day cruises for people who also want to get out on the water and enjoy the beautiful day that we have -- the two points we wanted to bring up to the commissioners for your consideration are that, first, visitors to San Francisco are going up.

They've been going up about 3 or 4 percent each year, overnight and daytime visitors. There's somewhat of a growing pie of potential opportunities for operators who serve tourists to try to capture more tourists and more day visitors. The visitors -- their number-one destination is Pier 39. Alcatraz is the fourth or fifth most visited among the locations that people want to go to when they come to San Francisco.

The second part of the analysis I wanted to raise with you is that we ultimately are supportive of the park cruise's concept as expanding our ultimate maritime mission, which is to provide more opportunities for visitors and the public to experience the Bay. Part of this conclusion is also based upon the new wage determination, which we feel now sets a fair playing field for all of the operators from Port property to now be operating under similar constraints relative to their labor costs.

We also wanted to be clear that the park cruises was capped at up to 90,000 per year. That is a small share of the overall excursion market. Our estimate is that it's about 5 percent of the total market today. If that market is growing, it will represent a smaller share going forward.

If we receive approval today, we'll then go forward to the board of supervisors. In the interim, NPS will conclude their prospectus process. They can then move forward with their contracting process, which is the federally mandated one which has X number of months that we cannot compress very easily.

If they are able to award their contract early next year, then we'll have a new contractor in place hopefully by May of 2019. From the Port's perspective, that means we can start construction and get these improvements in place more quickly.

We have a phased construction plan where the Conservancy can begin their lease later in the fall on Pier 31, which is currently vacant. They can be improved and ready to go when we open the doors for the new ferry concessioner to take over. That ferry concessioner would start their work later in the fall in 2019 sort of after the mad summer season of Alcatraz visitors.

Greg Moore - Thank you so much. I appreciate going first because my comments are relevant to the presentation that you just heard. First of all, good evening, commissioners. On behalf of the Parks Conservancy, I want to thank the Port Commission and the Port staff for your ongoing collaboration on this project that's been in the works for many years now and also for your incredibly thoughtful and careful review of the Alcatraz embarkation project.

I speak on behalf of the Conservancy's board of trustees, who have followed this project diligently: our board chair, Colin Lind of Sausalito; Vice Chair Staci Slaughter, the vice president of communication with the San Francisco Giants; board member Rodney Fong, who was on the Port Commission at one time and

on SF Travel; board member Dan Kingsley of SKS Investments; and board associate Mark Buell, who is the president of the Rec and Park Commission of San Francisco. All of these board members have enthusiastically cheered this project along as it's evolved because they could see its incredible civic benefits for a city that they care deeply about.

All of these civic leaders as well as leaders in historic preservation and tourism and travel and public education, youth development have supported the project along the way. We have the support of SF Travel, the support of the California Historical Society and the support of many San Francisco school groups and community organizations who visit Alcatraz on a regular basis.

In fact, this year, with the Park Service and the Conservancy, we offered free Alcatraz visits to 8,000 school children and community groups and families in San Francisco. Each year, the Conservancy partners with about 135 community organizations, 60 San Francisco schools, the libraries and the public health department to make our national parks accessible to the San Francisco community.

Together with the Port of San Francisco and the Park Service, we have come a long way in moving this visionary and necessary project forward and now have an extremely positive project achieving long-held goals of all the primary partners.

Alcatraz just won Trip Advisor's award for the number-one landmark in America based on visitor ratings and visitation. So here, we have the top landmark of the United States in our midst and the eighth in the world.

I think this recognition bodes really well for this project and the power of Alcatraz as a visitor destination with multiple civic and community benefits for our city, for the Port, for Port tenants, for the National Park Service and for the Conservancy.

As a result, we will continue to encourage the Port Commission to move this project forward. I hope you can achieve its approval today. We have an important timeline to meet. We hate to jeopardize that timeline and the project's ability to hit its milestones with a delay. We're hopeful, after your thoughtful review, you will give a positive approval to this project this evening.

Arthur Friedman - I am outside counsel for the City of Sausalito. Thank you for your time addressing this. This is a matter of great importance to the City of Sausalito. I'm here with Adam Politzer, Sausalito city manager. Mayor Cox and other members of our city council would be here with us this afternoon but have a conflicting city council hearing. This matter is of great importance to Sausalito because the currently proposed Fort Baker ferry service from Pier 31½ to Fort Baker would cause significant environmental impacts in Sausalito and the region unless we make some modest modifications that we have proposed.

We recognize that there are numerous public benefits to the project. For that reason, Sausalito has taken great lengths and great expense to focus not just on identifying the problems but on narrow feasible solutions.

I'd like to talk with you about those three main concerns and our suggestions today. First, based on publications from the National Park Service, it seems quite foreseeable that, at some time, arriving passengers at Fort Baker are going to be greeted by connecting shuttle service taking passengers to other NPS sites such as Muir Woods.

We support that. The only concern is that, if those connecting shuttles are directed northward through downtown Sausalito, that will result in significant traffic and safety issues. So we ask, as a condition for the approval, that, in the event in the future there are connecting shuttles for Fort Baker ferry passengers to other NPS sites, that they be directed southward to Highway 101 to avoid those significant impacts.

It's a narrow, easy fix. It promotes regional transportation, making it work more smoothly. Second, Sausalito retained a traffic engineer, Parisi Consultants, who based on his analysis determined that even if Fort Baker ferry service was limited to two weekend round trips per day as currently planned even if the amount of ferry service is limited to that extent, there will be an increase in the number of arriving Fort Baker ferry passengers who hire cars such as Uber and Lyft coming into Sausalito, causing significant traffic, safety and circulation impacts if they have no public transportation option to hop on a shuttle from Fort Baker to Sausalito.

Thus, we ask as a condition that Fort Baker arriving ferry passengers should have coordination with Marin public transit so that they have a shuttlebus option into Sausalito and the region to take these private cars off the road. Again, it's a simple, narrow solution that promotes regional transportation.

Number three, again, our traffic consultants have determined that, even if Fort Baker ferry service is limited as currently planned, it will result in increased congestion. So as a third solution, we would like there to be a condition that allows for one-way return ferry service from Fort Baker back to San Francisco that gives an option to the many tourists who come to Marin by bicycle lining up for Sausalito's ferry. It gives them another return option back to San Francisco, again a regional solution.

Keith Manning - I'm a member of the Inlandboatmen's Union, San Francisco region here. I've been working on the Bay for over 30 years. I have listened to the very good presentations but I have misgivings with the National Park Service promoting a service going into competition with legacy businesses here on our waterfront. There's a couple businesses here that have been in the region for 50 years and built these businesses now.

The cruise that National Park Service is promoting will be in direct competition with these cruises. The solution that the gentleman from Sausalito proposed --

that ferry would be in competition with established ferries at Golden Gate transit and Blue and Gold tour ferries out of downtown Sausalito. There are shortcomings in this proposal. As a long-time San Francisco resident, I have misgivings with the park cruises. It's not supporting our legacy businesses.

Captain Sly Hunter - Thank you for giving us the opportunity to address the original RFP and some of the changes that were made. Thank you for making those changes. I have two things. First, when we put those numbers out that show you what the actual hourly wages are, those numbers aren't in a vacuum. They're not isolated. When you do any kind of comparison, those numbers are also associated with our healthcare.

For MM&P, I represent all the captains. I represent all the engineers, all the fuelers, facility workers, shore-side employees. Our healthcare is currently \$1,550 per month that our companies pick up. Our retirement is also associated with that number. So that's not a stagnant, \$42 an hour or \$31 an hour. So the numbers differ. I just want that to be considered. All the companies that are going to bid on this proposal, they need to consider that number hopefully. So that's the first one.

The second part is, when I originally spoke in the March meeting regarding the Bay cruise portion, the numbers that we're talking about in 2018, we have to consider how Red and White and Blue and Gold continue to operate ferry services prior to this year and the concessions that were made by the IBU, by the MM&P in order for these companies to continue to operate.

There were tons of concessions that were made that we're discarding now. We're making the assumption that everybody is making money and these are the numbers. These are the people that are driving boats and that's not fair. It's not fair to Blue and Gold. It's not fair to Red and White. I don't think it allows for us to have a level playing field. I'm asking everyone to please consider not just what the impact is on 2018 but how we arrived at 2018 and where we're going in the future. Thank you for helping us make those changes with the NPS in regards to the hourly. But there's still, in my opinion, just a little more work to be done.

Pat Murphy, president of Blue and Gold Fleet - Blue and Gold Fleet started off at Pier 39 in 1979 as an excursion boat company. Often, we get confused between the term ferry and excursion. Today, Blue and Gold Fleet is probably better known because we're the operator for the Water Emergency Transportation Authority. We operate all the ferries. A ferry by definition from the Department of Transportation picks up passengers from one point and drops them off in another. That's the definition. An excursion company is one that picks them up at one point and brings them back to that same exact point.

You've heard today from the Port staff and you hear it in the presentation about the Alcatraz embarkation ferry site. Every word we've heard today is ferry. I believe that really should stay at Pier 31-33 as a ferry site for Alcatraz.

We think it's a wonderful project. We know the Port staff has worked extremely hard with the National Park Service to put this deal together. But the prospectus from the National Park Service has included this park cruise 90,000 passengers limit.

We heard today that this brings additional revenue. The revenue is already there. The Port is getting the revenue from ourselves and our competitive companies already. This will be a deterioration. We don't exactly agree with the 5 percent. We think it's closer to 10.

It'll be a deterioration in our market. That Bay cruise portion of our business is still one of the largest portions of our business. It's a huge market share for us. To lose it not only is it financially damaging to our company, but I worry about loss of jobs for our union employees.

Robert Erminger - I'm a member of the Inlandboatmen's Union. I've worked on ferries for 38 years on San Francisco Bay. I've definitely seen some of the changes over the years. I'm asking for a continuance on this particular subject. My concern among the others that have already been voiced is primarily it appears to me to a degree that the RFP is tailored towards the current operator, particularly in its request for 700-passenger vessels and two 500-passenger vessels.

I know that's very difficult to find a 700-passenger vessel anywhere in the U.S. at this point based on the extreme increase in ferry services all over the country that has been referenced here. I'm sure you heard this at the last meeting. I'll say two words, solar sailor, which was a main part of the proposal when the current operator got this contract 10 years ago and that never happened. Did it? They were also in that contract supposed to build an interpretative center and that never happened either. I am a little concerned about what appears to me something that is not necessarily going to be a competitive bid. I would request a continuance on this.

Robert Estrada - We came before you in March, and we made the argument strongly that the prevailing wages were not in fact prevailing wages but something akin to a third of them. We made that statement based on our knowledge and our expertise in the local field of the maritime industry here and awareness of the related contracts. Person after person representing various interests got up and urged you to disregard that situation.

You had the courage not to disregard that situation but to step out on a limb and give us the time to actually prove the point. I think that point has been proved. That didn't just happen. That happened because the Inlandboatmen's Union and the Master, Mates and Pilots, we spent time and effort researching.

We hired attorneys. We made a trip to Washington D.C.. It took a lot of our bandwidth to get that wage determination set. Sometimes, our efforts are

focused on people that we represent. Sometimes, people who we don't represent get the benefit.

In 2006, a lot of our efforts, half a million dollars collectively between the two unions was spent getting the existing Alcatraz cruise's people a substantial raise because of a violation of the Service Contract Act at that time.

We represent people that we actually have as members. We represent people who are out in the field just to keep the standard up, which we did in 2006. Sometimes, we just want to come to bat for good employers that help keep the standard up and that do the right thing by their employer such as Blue and Gold Fleet and Red and White Fleet.

Now, we believe that the situation with the Park Service branded Bay cruises and the custom-tailored requirement for two 500-passenger boats and two 700-passenger boats and the laying onto the future contractor, whoever that may be, the expense that was supposed to have already been borne, as Robert Erminger mentioned, by the last contractor from their proposal.

We think that these things are all inequitable. We don't think that the upcoming contractor should be taking business away from legacy employers to pay for something that the existing contractor should have already done by their contract with no penalty.

We ask for a continuance because the battle that we started, as it was pertaining to the prevailing wage, is part of the battle. The rest of it we're still engaged in. We need more time.

Marina Secchitano, President Inlandboatmen's Union - Thank you for allowing me to speak and your hard work. The prevailing wage issue is a near and dear one for us and it's not exactly right yet but it's so much better than it was. I want to thank you for that. I do want to just echo what you're hearing from our side. You had a study about whether or not the park cruises would impact other employers.

At the end of the day, we don't believe that the federal government should subsidize competition against private business. You have two really good, long-term tenants that are going to be impacted by that. We feel that that should not be part of this RFP. Ten years ago, you did a lot of work to try to level the playing field. We want to value that and appreciate that but we're still not out of the woods.

We're not comfortable if our employers can't bid on this contract. They did it for 30-some years. I'm not saying they would get it if they bid on it but it should be an open process that allows everybody to compete on it and not put barriers like having to have a boat you couldn't possibly build.

For \$12 million, you're supposed to be able to build two 700-passenger vessels. Red and White Fleet is building one right now for \$8 million. So where can you build one for \$6 million? We have a problem with that.

These are details that don't affect us every day but when a company is looking at trying to bid on a contract, they have to take these financial risks to try to figure out if they can manage this. If there's cost overruns, we want that shed done just as much as you guys do. It'd be beautiful but we don't think the concessioner should just have to absorb any cost overruns. It's not an unreasonable request. The Park Service has a right to do it several different ways. They can pick up those costs or what have you. It shouldn't be put on the concessioner. We ask you to continue this until these items can be resolved because we think that it would be a better process if everybody in the area could also bid on this contract.

Adam Politzer - I'm the city manager for the City of Sausalito and nice to see lots of friends here. I was very impressed with your meeting today. One of the themes that was very clear to me was the regional transportation effort. Your waterfront plan talked highly about how to connect people and get them out of their cars from the WETA discussions in that presentation all the way through and getting people out of their cars, parking, getting people out of the garages.

Our friends with Blue and Gold, Red and White, Golden Gate Transit and Marin Transit Authority, we've been working very hard with all of them to encourage bike riders to enjoy the Golden Gate Bridge and come into our town and spend their money but then head back.

Blue and Gold and Golden Gate have done a tremendous job of moving 30,000 bikes in the month of August last year. Our ask from you is to continue today's meeting. We're working very hard with our friends with the Park Service. They have the same interest as we do. But we're still apart in how to find the solution. So we're really asking to give us time to continue that effort, continue the theme to connect with Santa Rosa through our new train, the SMART train that gets to San Rafael and then Marin Transit or Golden Gate that gets into Sausalito and give people the option to explore the wine country on bike, hikers, all the like.

I didn't mean to speak. I wasn't prepared. But I was moved by the earlier discussion and thought I would at least introduce myself. I'm supposed to be at my own city council meeting this evening. That's how important it was to our city that I attend tonight's meeting.

Commissioner Woo Ho - I want to thank the staff for the report. I want to recognize all the effort that has gone into over many months to try to get this project. We all want to see this project come to a happy conclusion with all the partners involved. of course, we support the ferry service to Alcatraz. I know that there's lots of issues. We had thought that we were nearing the close out of all of those issues but apparently today, some new ones have surfaced.

I personally believe that we probably need to take a pause again, which I hate to say it because there are consequences of delaying this and it's painful. I think that there are enough issues here that we probably have to resolve them further because we want to make sure that we can work out a solution that works for everybody here.

I'm not sure in the very end that we will satisfy everybody. But I think there are enough issues that we're further apart that we can still come closer on to make this a better project. So as I said, I'm not voting particularly on any particular issue that has been raised today. But it just seems like more conversation has to happen. That's where I stand.

Commissioner Makras - I would approach it slightly different in asking for us to continue the item maybe for a couple of months to the first meeting of August. We had three items before this item. All three of those items were presentation items giving the commission ample time to digest the material, the issues that overlap in our organization.

They come back to us. Part of that pause in time is strictly to allow us to be able to do our due diligence. Part of that time is strictly to allow the public to be able to engage the process. We're asked to do a 50-year lease today. Two out of the four people here just got briefed today. I'd prefer not to say that. But at the end of the day, whatever brought us for the briefing to be today, the net result for this individual is no time for me to do my due diligence. If the commission chooses to go forward today, I will stand up. I will cast my vote. But I'm going to have a lot of questions. Some of the questions aren't going to be the most comfortable questions. When you have time to do your due diligence, we have an opportunity to ask some offline questions, understand some issues that two of the commissioners that have been here a long time maybe have digested those issues.

I want to give myself that amount of time to digest those issues and dive into this in the smartest way we could. At a minimum, we are making a very big decision. I don't see any overlap in other transportation issues on this site. Are we going to allow water taxis to park in this same location? I want those answers. I think those are valid answers. This design has too little piers on there. Should there be three? I'm going to ask lots of questions. I'm going to have very broad perspective of this because this is going to impact the waterfront for the next 50 years.

I'll ask for a couple of months to do it. If it's the will of the commission, that's wonderful. If it's not the will of the commission, I'll roll up my sleeves. I'll ask my questions. I'll give my comments and I'll be prepared to vote.

Commissioner Gilman - I'm falling along the same lines as my fellow commissioners. I have a ton of questions particularly raised by public comment here today. Two points I want to make if we do move forward that I would want to dive deeper into is around the competitive bidding process with the National

Park Service. While I understand we don't have jurisdiction over that, I am concerned when I hear a sense from the community of a lack of an open and competitive process.

As an individual who has a lot of experience contracting both with the city and county in San Francisco and federal entities, I do think sometimes there is a tendency whether it's conscious or unconscious to frame RFPs in a way that go with existing providers due to the struggle it takes to reissue contracts and move to a different person providing that service.

I'm concerned because I heard that theme being expressed here today. I also think, as someone who, again -- this is not a judging comment -- was just briefed today to ask two new commissioners to make a determination on something that is so weighty that is a 50-year commitment, I'm slightly uncomfortable with. I would absolutely support doing a continuance to our August meeting. If it's not the will of the commission, I have several more questions particularly also about how the wage data that was just presented to us is folded into the RFP process if it was issued back in January.

It's not just hourly wages. It's liability insurance. It's benefits. It's retirement. It's whatever union agreements exist with those workers. It just seems like there's been a lot of changing and moving parts to this RFP process. I worry about its competitiveness.

Commissioner Brandon - I think we should take advantage of the fact that everyone is here today. I think we should try and get as many questions answered as possible. I do understand that you're new to the commission.

You just were briefed on this project today. We have been going through this for at least three years. So I do understand that but I do think we should take advantage and get to the heart of the issues so that we can try to resolve this.

Commissioner Gilman - Overall, I support the concept. I support Alcatraz. I support what the Conservancy is trying to do. I feel like actually they've been caught up in this. I would like to ask some questions about the bidding process with the prospectus. I'm not sure where those questions would go to.

Elaine Forbes - It should go to the National Park Service, either Superintendent Joss or Anne to answer regarding the bidding process, whomever you think is appropriate.

Laura Joss - I just want to thank the commission again for seeing us and for diving into some of these questions. We definitely strive for a very transparent process and one that's open and competitive. This concession contract is of such a high level that it's actually run by our Washington office.

It's not run by our regional office. It's not driven by the park. Although it benefits the park, it benefits the region. We have here some representatives from the

region and the Washington office who can help us with this process. I will start with Jessica Carter, our chief of business management, to explain the process initially.

Jessica Carter - Would you all like me to start at the beginning? Or do you have some specific questions?

Commissioner Gilman - My questions are based off some of the public comment that we heard today and excuse me if I don't have the total timeline because I'm going to use the new card. You issued the prospectus, or RFP, in January. Correct?

Jessica Carter - We did. Yes.

Commissioner Gilman - Since then, the wage schedule has shifted and changed. I just want to make sure I'm understanding what's going on.

Jessica Carter - We issued a preliminary wage determination with the prospectus, although it did not include some of the maritime occupational categories and that was a big point of discussion in the last commission meeting. We rolled up our sleeves with the Port staff and worked with the Department of Labor, who is actually responsible for issuing those wage determinations, to make sure that we got their most accurate, up-to-date wages for those categories as well as all of the rest of them. That was issued in end of May. We actually did just issue one more update because there was some additional information that came from local community organizations about one wage category. Just yesterday, we issued another update to reflect the Department of Labor's complete wage determination package -- most recent one.

Commissioner Gilman - If we were to move this item today, what is the due date for respondents to respond back to you?

Jessica Carter - Right now, our due date is July 11th but we have committed to the community that we would allow 30 days between when the Port approves the concessioner lease and the close of our prospectus. Right now, it's July 11th because we just issued the most recent draft version of the Port form of lease yesterday.

It was released before as well. Let me clarify. There were just a few tweaks that have come out of our continued development process, minor edits that we've worked with the Port staff on. So the draft lease was released with the prospectus in January as well. We've basically made sure that the public has the most recent version.

Commissioner Gilman - I'm sorry. I'm not trying to be difficult but the tweaks have to do with hourly wages that the operator for this contract will need to pay their workers.

Jessica Carter - That is actually under the concession contract, yes, not related to the Port lease specifically.

Commissioner Gilman - I understand that. I have 300 employees. When we move minimum wage from \$14 an hour to \$15 an hour, it could have a \$400,000 impact on my agency. If I was replying to a competitive bid and wages even changed by 50 cents or a dollar, it could change my margin. It could change my bottom line. I guess I don't view it just as a small tweak for the folks responding to the RFP. I view it as something kind of major. I want to make sure they have the time to prepare what they need to do to be respondents to it. So I just want to make sure that I'm understanding that what we just saw for the wage analysis is what you published at the end of May.

Jessica Carter - Yes, with one occupation category updated yesterday.

Commissioner Gilman - So it was only one.

Jessica Carter - Yes.

Commissioner Gilman - My other question was, is it accurate and correct that -- just because I haven't seen it -- that it's calling for these two vessels at 700 passengers each that was referred to in public comment and that you have to bid both for the Alcatraz service and for the new park service?

Jessica Carter - Yes. It is one comprehensive contract that includes several service lines. With respect to the boats, it is very intentional that we're seeking a large-sized vessel and that's operationally driven. So it's kind of a well-oiled machine in terms of keeping that schedule going so that we can serve the optimal number of visitors to Alcatraz.

While those vessels may not be full going out because we do place limits to create a flow that protects the resource and results in a positive visitor experience, on the way back people can select any vessel, any departure time that they'd like.

Towards the end of the day, we find that those vessels are much fuller. So that's one reason around our decisions and the other is just emergency response. If there is an evacuation need on island, we need to have vessels in service that can really handle getting people off the island and support the broader transportation infrastructure too in that respect.

Commissioner Gilman - I'm just wondering if in your forefront before you issued this prospectus, if there was any competitive analysis to see that if adding those vessel sizes and adding this new service did anything around competition? Something that I've been really struck by in my limited time on the commission is how much we have conversations about ensuring that legacy business, San Francisco-based businesses and folks who maybe are smaller in size or don't have the scale as other competitors still are part of our waterfront.

What I heard at least today from public comment was that there is a sense that the way this was structured, it excluded competition. I'm wondering what work you did to ensure that we have a bidding process that's open and fair to folks that have been part of our waterfront for a long time.

Jessica Carter - We do have consultants that help us develop the full prospectus package and analyze every aspect of it operationally, financially and otherwise. We have definitely had a team of folks internally and externally looking at what makes the most feasible overall operation. I can't speak to looking specifically at small versus large-scale respondents. We're prohibited from considering some of those elements or having direct conversations about some of those facets.

Anne Altman, National Park Service - I would add two things. This is not a small operation. It can't be run by a tiny mom-and-pop operator. It's just too big. The number of visitors that want to go to Alcatraz is too big. In terms of increasing competition, that's been one of the huge focuses of this project all the way along. Previously, we would issue an RFP, and say, "Please tell us where the Alcatraz embarkation will be?"

People who have been around the waterfront for a while can remember that, previously, when Blue and Gold was our concessioner, it was at Pier 41. So we moved to Pier 31½ when our current concessioner obtained the contract. One of the things that we're trying to do is provide a stable home for anybody who would wish to bid so that they don't have to have a lease with the Port before they can bid and have all those pieces in place. It really does actually increase competition exponentially by having the situation that we've set up with the Port.

Commissioner Makras - Does the marketplace have these large boats? All those people that will be bidding, do they all have the large boats? Or is it a finite group of people that have it?

Jessica Carter - I know the marketplace does have such vessels. I can't speak to how many and exactly who has such vessels.

Commissioner Makras - For me, that's part of the competitive. You draw up a contract that you specify the size. So the first thing I would do if I was on your side of the table is go out to the private sector and see how many companies are in the business right now that have those size vessels that I knew can bid it. If my requirement for the size was very limited to the supply, then I'm restricting competition by the mere fact of the size of the boat. So I would lower the size of my boat, so I can increase it. Or I would have some other way to compensate letting everyone have a fair shot for the boat or telling them your boat has to arrive 24 months later. Or you can build up because there's a lead time to them. That's how I would approach it.

Jessica Carter - There definitely is a phase-in period that's allowed in the contract. We've certainly considered that. We don't expect every offer would have those on day one.

Commissioner Makras - Okay. I'm just going to jump around since it's my turn. A member of the public spoke. I believe her name is Marina. In your comments you said that the prevailing wage was not right yet. When I read the packet, it suggests that it's right. Would you be kind enough to let me know what you think is wrong about it? To our team, when we get the answer, let me know whether you agree or disagree. I want to see if the prevailing wage is accurate or not.

Marina Secchitano - The prevailing wage comes from the Blue and Gold agreement which is a WETA agreement. The previous comments about relationship was a mistake in the labor agreement. But it is their labor agreement. June 1, there is now a 1.5 percent increase.

Commissioner Makras - I think it's self-explanatory for me. These are going to be comments to my commissioners. We should incorporate regional transportation issues upfront if we could to the best of our ability. If we cannot and we want to create an impasse on those regional transportation concerns that are brought to our attention, let it be an impasse. But we are not doing the best job if it just exists, and we go forward with the contract.

On this competitive bidding part, I have a large concern over the Park Service's going into competition with the cruise business. Let me tell you why -- not that they're just our tenants and not that they're just San Francisco companies. We are going to give the Park Service, who is the number-one draw, the first phone call because they want to go on the island. When they book and they cap out on the island, they're going to say, okay. We'll give you the cruise. We're going to strangle the other operators by that fact. I'm going to ask all of us to think hard on why we have to give them that component of the business and not just leave it out from this contract. How it will benefit us the most. I think it gives the Park Service a huge advantage.

When the Park Service has their cap on how many people can go to the island, what happens if that cap changes over the 50-year period of this lease?

Rebecca Benassini - If that cap changes, we'll continue to get our percentage rent from a larger number of tickets. At year 30, we would do a reappraisal and reassess sort of each of our economic benefits from the project.

Commissioner Makras - Why 30 and not every 10?

Rebecca Benassini - Thirty years -- my recollection, going back a couple years to when we set up the term sheet, was that we anticipated two ferry contracts during that time period. That would be the moment in time when the improvements that the first ferry concessioner had put in would probably need refreshment, reappraisal. My recollection is that was one of the bases of the 30 years. But if others on the team have another recollection from that 2016 term sheet discussion, please share it. Sea-level rise was another consideration, how

many years did we want to have the improvements in place before we figure out what's the next move on these waterfront properties?

Commissioner Makras - But it's a rent adjustment. Traditionally, the longer you go out, the bigger the advantage it is to the tenant. That's my experience. Is that the Port's experience?

Rebecca Benassini - Yes. I think that's the Port's experience.

Commissioner Makras - Why would we enter this real long thing if our track record says we're always running a little bit short and trying to play catchup and not have it renew every 10 years?

Rebecca Benassini - If others want to opine, I think I gave the answer which was the basis for the 30 years that was in the term sheet and what we were negotiating at the time of those approvals was we thought a 30-year kind of period for those improvements would be the appropriate time period.

Commissioner Makras - I will argue I'm not sure that the catchup time would serve us best at 30 years. We have two 10-year options. In their own belief, they're looking at having a catchup every 10 years is good on the back end but not on the front end. I would argue the logic of rent catchup would apply throughout the term of the year.

Elaine Forbes - Because this has been going on for three years, it includes CEQA analysis. So some of the questions that you're asking, Commissioner Makras, have been studied and opined on in CEQA. Some of them are futuristic issues relative to optional expansion services to Sausalito. There are some things that came up today and work we can do to answer and clarify questions. But there are some things that are very fundamental to the agreement that we have struck over three years and worked on all this time including the CEQA analysis. So I just want to point that out to the commissioners.

Commissioner Makras - I respect that. And that is ground zero on my request for a continuance and is ground zero that I have 24 hours to read this. I said upfront an offline discussion is beneficial. But if we are going to proceed and vote on this, I am going to ask the questions. If they're uncomfortable, that's the benefit of having a new set of eyes look at it. If it's a good, solid package, we should be able to defend it. I will come short in the argument, and the vote will go against me.

Commissioner Gilman - I have an additional question. I apologize because I didn't realize we were allowed to ask questions of people who gave public comment.

Elaine Forbes - That's not really an allowance. We can ask clarifying questions. Because of the Brown Act and Sunshine, we're to give everyone the same amount of time. I'd encourage you not to engage in dialogue.

Commissioner Gilman - I just would like a clarifying question. There was a gentleman from Blue and Gold. Mr. Murphy, you made a comment about the additional service that they proposed doing at the Fort Baker Park Service portion that would unfairly hurt people who are currently providing services. I'd like you to clarify that statement and what you mean by that.

Pat Murphy - So sorry if I wasn't clear. We were talking about the park's cruises, which is a departure from Pier 31-33 embarkation site that goes around and comes back. It's an hour Bay cruise, for lack of better terms. The Sausalito and Fort Baker sites are a different project.

Commissioner Woo Ho - I think we've heard from our new commissioners. I think they're good questions. I don't think we're ready to vote today unfortunately, as I said earlier. In terms of the wage difference, if we're just talking about because there was another wage increase that happened between May 31st and June 1st, we need to get that agreement with the Park Service on how they're going to handle that, how they want to address that issue. It's an open question.

Sausalito has asked us to consider some things that they are concerned with. That's something that has to be discussed. I don't think we just sort of ramrod that. We have to make sure that everybody is clear and in agreement with that. As far as the competitive nature of this bid, it's a very difficult question in terms of whether it's international to narrow it down to only the existing bidder or the existing operator or not, or Park Service feels that they have their need to have certain size vessels. We can continue to talk about that but somebody is not going to be happy at the end of that discussion. We just have to live with what I think is maybe more discussion on it. That is not one where we're going to come to a happy conclusion one way. Somebody is going to feel like it's not right but I don't know the right answer right now. To me, those are some of the issues that we need to discover.

As far as the extra cruises, I hear the point and that's something we need to ask the Park Service to say. If you didn't get those cruises, can we proceed without it? Because we are interested in getting the Alcatraz resolved one way or the other. I don't think we're going to put them on the spot to respond to that but those are the issues that we have. Elaine, would you categorize those are the things that we have not resolved yet?

Elaine Forbes - I think everything is perfectly resolved. But I understand that there are a lot of open issues and questions. I do think many of these things are outside of the Port's domain. It's the National Park Service that prepares the prospectus. We have had these concepts now for many years. But with doing the due diligence that the Port staff always does for our commission, we will come back and discuss these further. I agree that many of these will not be able to be resolved issues. But we will check in more on these park cruises and explain more our point of view. We are balancing competing priorities here. It has been the Port's desire to bring more people onto the water.

Now that we have wages that are prevailing wages, we feel like there's open competition. A local could win the contract but someone out of town could win the contract. We're talking about new opportunities for the public to get onto the water. That's why we have consistently through this process recommending that expansion. It's also revenue to the Port. We will do our very best to answer these kinds of questions. I do want to alert you that these are things we have been chewing on and working on for some time. I don't know that there will be resolutions.

Commissioner Brandon - Can you just briefly describe what has been going on for years that is not in our purview to resolve and what can be resolved?

Elaine Forbes - The selection of the concessioner has been always in the Park Service's domain. It is heavily regulated through federal contract for a fair and competitive competition. The federal government does not have the rules that the San Francisco deploys in terms of LBEs. They have a completely different rubric under which they select contracts. We have no legal standing or authority over that process. It is theirs to select their concessioner. We worked very hard on the wage issue. The unions are right, the folks who spoke up today. We did engage that process. We did not think those wages were correct. We leaned very heavily forward into that negotiation. We feel very positive about the result. This is the first time ever that a prospectus has included a prevailing wage determination. This is not how it was the last time this contract went out. In terms of other issues, am I missing any?

Commissioner Brandon - What is the issue with the City of Sausalito? Because that has not been in front of us before.

Elaine Forbes - There is expansion potential services to Rosie the Riveter in Richmond and to Fort Baker in Sausalito. Rebecca Benassini described the numbers compared to Alcatraz overall. It's a small number. But the idea is to bring people to other Park Service locations when they can't get a ticket to Alcatraz. We're always hearing complaints from the public that they cannot get to Alcatraz.

The City of Sausalito is concerned. They have legitimate potential concerns about how traffic will move as a result of those passengers coming in, how bike parking will work, things of that nature. The Park Service has been working with them and meeting monthly and are going to enter into an agreement with them that they will work together to endeavor to resolve those issues.

The Park Service at this point doesn't have funding for the improvements at Fort Baker. It is an optional expansion. So there are many details to work out, much analysis to do. It is not ripe yet to make decisions about how traffic and passengers move because there's just so much more analysis ahead for the Park Service and Sausalito to make these important determinations about how to best manage traffic flow and bike parking.

Commissioner Woo Ho - But is it within the purview of our lease?

Elaine Forbes - I don't think so. I would argue strongly. It's not only not ripe. I think it's not our decision to make.

Commissioner Brandon - But it's part of this.

Elaine Forbes - It is. The only thing that is part of this is the option to expand those services to Fort Baker and a cap on the number of visitors that can go to Fort Baker from our pier. Is there anything else that's enumerated related to Fort Baker in this agreement?

Rebecca Benassini - No. I think you've captured it well.

Commissioner Brandon - So did we cover everything?

Elaine Forbes - I think so. I think that the other issue I would like to say is, of course, we honor our legacy businesses. Of course, we are very supportive of our ferry operators. My staff did convene a conversation with the ferry operators to discuss the expansion services. We heard the issues. We also understand that we are to bring people onto the Bay and provide opportunities to expand the options and that there is going to be a fair and competitive federal competition under which everyone can compete.

Commissioner Brandon - We are going to continue this item. I'm not quite sure what we can do in one month versus two versus three. At this point, I would like to continue it until the July meeting unless there is some reason that we need to continue it further. But I do encourage Port staff to meet with our two new commissioners. Please try and bring them up to date on the project and all of these issues.

After further discussion, this item was continued to the next meeting.

- C. Informational presentation on the proposed transaction documents related to Seawall Lot 322-1 (the "Site") located at Broadway and Front Streets: (1) an Option to Lease Agreement between the Port and 88 Broadway Family LP (the "Developer"); (2) a form ground lease with an initial 57-year term and an 18-year extension option (the "Ground Lease") with the Developer to develop up to 125 affordable housing units and ancillary ground level uses on the Site (the "Project" or the "Family Project"); and (3) a new Memorandum of Understanding (the "Development MOU") between the Port and the Mayor's Office of Housing and Community Development (the "Housing Office") with a term that is coterminous with the Ground Lease.

Mike Martin, Real Estate and Development - In keeping with some of the comments that were made on the last item, this is information item about Seawall Lot 322-1, also known as 88 Broadway, an affordable housing project that Port staff has been working on with the Mayor's Office of Housing and Community Development. I'm here with Rebecca Benassini and Ricky Tijani.

Ricky will carry forward the presentation. We wanted to use this as a way to set the stage for an approval discussion in July. Obviously, we're hopeful that, despite the late hour, we can answer your questions and sort of tee things up for being responsive not only today but at the next meeting.

Ricky Tijani, development project manager with the real estate and development division of the Port - I'm and the rest of the tea are very excited to be here. This is a project that has been in the pipeline for a long time. We're finally nearing completion. We just have a few tasks to be completed to break ground.

I'm going to provide a brief background on this project, the site, the history, the MOU that the Port Commission approved back in 2014 telling us to move forward in this project and work with the Mayor's Office of Housing to see if we could come up with the physical project. The few remaining tasks that we need to complete are the proposed transaction document that we'll be bringing back to you on July 10 and analysis of the proposed term and then the next steps.

The site is located in the northeast waterfront historic district. It's right at the corner of Broadway and Front Street, not too far from Pier 9. The site itself is approximately 38,000 square feet. It's currently being run as a surface parking lot and is generating roughly \$465,000 a year to the Port. It's a great location because it's a gateway to North Beach and Chinatown and is very close to the Financial District and job centers and is easily accessible by all transportation means.

The Port faces some challenges in developing its properties because of expensive piles to support buildings on tidelands, high historic building rehabilitation costs, potential environmental remediation cost, complex regulatory compliance requirements including development impact fees, and shoreline park/open space (public access) development and cost obligations. Among the strategies for addressing these financial challenges is leasing Port properties no longer needed for trust purposes because they are cut off from the Bay, and using the funds generated by such leasing for Port capital funding needs.

To implement this strategy and to address affordable housing needs, "State Legislation" were adopted to permit the lifting of Public Trust use restrictions from a number of Port properties on specific conditions. Seawall Lot 322-1 was identified in the State Legislation as a site to be considered for affordable housing development under a lease with term of up to 75 years, provided the development proposal is feasible.

In November 2012, the Board of Supervisors adopted an Ordinance which allows the Port and Housing Office to enter into the Pre-Development MOU. This MOU provides, among other things, a mechanism for the Port to receive fair market value if it enters into a below-market lease with Housing Office for affordable housing on the Site. This MOU also provided that the Port would contribute no funding to the project, unless a public parking garage were

deemed feasible and included in the Development. This Predevelopment MOU provided for a term of three years to complete all feasibility tasks required to close escrow, and a delegation to the Port Executive Director to extend the term by up to twelve months.

The Mayor's Office of Housing issued a competitive RFP bidding process. They selected BRIDGE housing and John Stewart Company that form a new business entity called 88 Broadway. In that MOU, as the Port does most of the time, make sure that we reach out to the community. We get community support.

We explain to them what the project is about. We did that for over a three-year period. There was an extensive community outreach. There was a consensus form. In the end, we have the current proposal that we will be bringing to you.

That current proposal include approximately 125 family rental units. During the community outreach, there was concern from the community that this project needs to cater to older members of the community. Through that process, the housing office was able to reach out to the city to provide for senior housing for those members of the community.

Looking at the cash flow to the Port, we'll be paid up front, but we're currently looking for opportunity to continue to generate revenue for the Port. We wanted to include our public parking garage. We look into it. But in the end, we found that it's not financially feasible. The Port Commission allowed us to leave out the public parking garage component in the project.

I will be coming back to you in July to get your approval for the proposed transaction document that will document the current terms and condition that we've negotiated with housing office and the developer. We will seek lease approval from the Board of Supervisors and State Land Commission. Thereafter, the developer will start looking for funding and close escrow.

The MOU is going to be for the same term as the lease, approximately 57 years. This will allow the Mayor's Office of Housing to do a number of things for the Port including monitoring the project, monitoring compliance, helping us to review the transaction document. There must be an agreement for the mayor's office to pay us for the fair market value (FMV). We are hoping that it will pay that within the first three years. But if there is difficulty in paying that, they will have option to extend it to another two years.

While the MOU does not restrict the Housing Office from using a particular source to pay the FMV to Port, the parties understand that the likely, first available source will be affordable in lieu fees paid to the Housing Office from the development of Pier 70 Parcel K North site. The Housing Office will pay Port the FMV of the site as soon as fees are paid to it from the Pier 70 Parcel K North development and within not more than three years from the close of escrow. If Parcel K North fees are not paid within three years, the Housing Office may extend this payment period for up to two additional years to secure other funding sources.

The option to lease is an agreement between the Port and the developer because, currently, we do not have an agreement with the developer. We have some site agreement. We need to provide an instrument, a side control that it will use to demonstrate that they do have an opportunity to actually lease this parcel from us while they're applying for funding. So that option agreement is going to be roughly for two years and eventually will be replaced by the lease once they meet all the preconditions to enter into the lease.

We are proposing the lease for 57 years for a number of reasons. The regulatory requirement for low-income housing tax credit from the state requires a long period of time. On the other hand, we want to make sure that we have an opportunity to address climate condition as well as sea-level rise. Regarding rent, they will pay the Port \$20,000 a year. That was something that we're still negotiating but it was a compromise because we cannot participate in the upside of the residential portion. We will be participating in all revenue for the non-residential portion of the project. That means that, during operation, refinancing, sale, we get to participate in some level. At the end of the lease, the development will be coming back to the Port. Any other transaction like subleases will require Port prior consent.

We think that this is a great opportunity to lease the site for affordable housing and get the money we need for our capital fund as well as contributing to the city's and state's affordable housing objective. We intend to come back for Commission's approval in July. Thereafter, we will seek Board of Supervisors' approval.

At the July 10th Port Commission meeting, the developer will have an opportunity to present their design.

Commissioner Gilman - Was Port staff part of the scoring panel with the Mayor's Office of the Housing for the award of this project? Going back to the theme of our last item, were we at the table with the Mayor's Office of Housing and other folks scoring the application for the award and being part of the decision making on the award of this parcel?

Ricky Tijani - Yes. We have a representative from the Port. We have a representative from the community as well.

Commissioner Gilman - That's great. I think sometimes the community doesn't understand what's our jurisdictions and other departments' jurisdictions like with the Park Services jurisdiction. We have an obligation, because we're a public trust, to listen to our community. That makes me feel great that we were part of the selection of BRIDGE and John Stewart. I just wanted to make sure that took place.

Ricky Tijani - That was one of the requirement that the Port Commission directed us to do that. We actually have a working group from the community

that help put together the RFP and what the objectives and other requirements should be in the RFP before it went out.

Commissioner Gilman - Okay. I'm very happy to hear that.

Commissioner Makras - On your ground lease, because they're giving us a purchase price, it indicates that it's a dollar a year.

Ricky Tijani - We have a nominal value there for one dollar, which has since changed. Now, it's going to be \$20,000 a year.

Commissioner Makras - Tell me why it changed and where that money is coming from.

Ricky Tijani - First of all, they are still paying us the fair market value. Then, for lease purposes, we have to indicate what the rent is. So for the residential portion, they will be paying us \$20,000 a year. How we came about that was because they said we could not participate in the refi and sale of that residential portion because of tax credits requirement. So to offset not being able to participate we settled on 20K per year that will be escalated every five years.

Commissioner Makras - I'm just going to read this then as a comment and a recommendation. On page 12, the reversion interest, I'm going to make some changes to it which will be helpful for the purpose that we all want.

Tenant will own the improvements during the lease term. At the end of the term - - I'm inserting -- at the Port's sole discretion, tenant must remove or the Port can repurpose the property and improvements per the legislation. I'd like to recommend that it move solely to the Port's jurisdiction and control. That's just my recommendation.

Ricky Tijani - So you would say that tenant must remove at the discretion of the Port.

Elaine Forbes - At the sole discretion of the Port.

Commissioner Makras - I'd also encourage as you shape up your lease that, at the end, that there's two main things we want to do. All tenant security deposit should be transferred over to whoever takes it over, so we can make sure that the tenants will get their money at the end.

We should have some vision on what we're going to do with liens on the property. For instance, conventional wisdom would say, with a 57-year lease, they'll get a 30-year loan. At the end of 30 years, the property is free and clear. That doesn't mean it will be free and clear. They can refinance it. They can pull new loans out. They can extend. Most banks will cap out on the term of the lease. But we would be smart to contract them not to be able to have a loan beyond the lease term. So we won't end up having to clean up a problem or a

mistake. Those are my few comments for you guys. I'm very supportive of the item.

Commissioner Brandon - Thank you, Ricky, for the presentation. We look forward to this coming back.

13. FINANCE & ADMINISTRATION

A. Discussion and possible action on Port Executive Director Salary pursuant to Charter Section B3.581(h) (Resolution No. 18-38)

Commissioner Brandon - Because Commissioner Adams is not here and because Commissioner Woo Ho had to leave early and because we have two new commissioners, we're going to continue this item.

14. NEW BUSINESS

Elaine Forbes - I have three items under new business. One is to schedule a strategic plan update for WETA with a focus on the increase in passengers. Second is an informational presentation on the Mission Bay Ferry Landing Project. Third is a detailed accounting of the southern waterfront beautification from inception to date and an outline of policies and procedures and encumbering and spending the funds moving forward.

15. ADJOURNMENT

ACTION: Commissioner Gilman moved approval to adjourn the meeting; Commissioner Makras seconded the motion. All of the Commissioners were in favor.

Port Commission President Commissioner Brandon adjourned the meeting at 6:55 p.m.