

# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING JULY 10, 2018

### 1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 2:00 p.m. The following Commissioners were present: Kimberly Brandon, Willie Brown, Gail Gilman and Doreen Woo Ho. Commissioner Makras was on vacation.

### 2. APPROVAL OF MINUTES – June 12, 2018

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

At 2:03 p.m. the Commission withdrew to executive session to discuss the following:

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

a. Property: Railyard an approximately 455,416 square feet of land which comprises the Port's Intermodal Container Transfer Facility (ICTF) including approximately 2,500 square feet of land for an office trailer, bounded by Cargo Way and Amador Street

Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime, Brendan O'Meara, Maritime Marketing Manager; Byron Rhett, Chief Operating Officer

\*\*Negotiating Parties: David Gavrich, President of San Francisco Bay Railroad, Michael Caprio, Area President, West Republic Services, Richard Normand Jr., Area Director Business Development, West, Republic Services

- b. 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
  
- c. Property : Java House LLC. Located at Pier 40½ , 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 3:15 p.m. the Commission withdrew from closed session and reconvened in open session.

ACTION: Commissioner Adams moved approval to adjourn closed session. Commissioner Gilman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Adams moved approval to not disclose any items discussed in closed session. Commissioner Gilman 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

## 9. EXECUTIVE

### A. Executive Director's Report

- Golden Gate Zero Emission Marine received \$3 million grant money from the California Air Resources Board to build the Nation's First Hydrogen Fuel-Cell Ferry Boat

Elaine Forbes, Executive Director - Two weeks ago, Golden Gate Zero Emissions, a Bay Area company, announced that it received a \$3 million grant from the California Air Resources Board to build the first hydrogen fuel cell ferry in the United States. Funding for this grant comes from the California Climate Investments, which is a statewide program that puts billions of cap-and-trade dollars to work reducing greenhouse gas emissions, strengthening the economy and improving public health and the environment particularly in disadvantaged communities.

The grant will be administered by the Bay Area Air Quality Management District. We are very proud of our tenant, Tom Escher, CEO of Red and White Fleet, for being part of Golden Gate Zero Emissions along with Dr. Joseph Pratt and Captain Joe Burgard. They have started this new company, Golden Gate Zero Emissions. This winning partnership already has proven that a hydrogen ferry can be built. Now, they aim to build the world's first fuel cell ferry boat, the Water-Go-Round. The Water-Go-Round is planned to be on the water by the autumn of 2019. We congratulate them for this grant award and look forward to seeing a zero-emissions vessel on our bay.

- In Memoriam - Kevin Manning, Pedicab Operator

Elaine Forbes - Port staff asks the commission to please close the meeting in honor of Kevin Manning. Mr. Manning tragically died last night after being struck by a hit-and-run driver on the Embarcadero on June 27, 2018 while he was working. He is a pedicab driver. He was 66 years old. I knew Mr. Manning. He was a 30-year cyclist. I had the experience to ride with him with the Oakland Yellow Jackets from 2002 to 2006 or so. He was a great friend. Cyclists look out for each other. He trained lots of people to be better bike riders. He changed a tire of mine on many, many occasions. He even patented something that would keep attune to air pressure, so people knew when their tires were too low and would go flat. He was a really wonderful person and a member of our community. We're so saddened by his death.

Commissioner Brandon - We will definitely close the meeting in his honor

B. Port Commissioners' Report:

Commissioner Gilman - I just wanted to, on behalf of the commission, thank the San Francisco Fire Department. Last night, there was a two-alarm blaze within one block from the Cannery building on Columbus Avenue. Three firefighters were hurt in fighting that blaze. Several people were displaced and now are homeless. But with everything that's been happening in the North Bay and with the fire season here in California, we're very lucky that it didn't spread from a wood-frame building to The Cannery or other property owned by the Port. It was within two or three blocks from the Hyde Street pier. I wanted to thank them on behalf of the commission.

Commissioner Adams - I request that we have a moment of silence for Brother Kevin Manning while we're here at the moment.

Commissioner Brandon - I would like to report that I had the opportunity to attend the American Association of Port Authorities Port Governing Board's conference in Montreal, Canada last month. It was a great conference with really good topics such as the uncertain political landscape, navigating Port priorities through rough waters. There was a session on partnering to create jobs, economic development and prosperity. But one of the ones I really liked was unique challenges facing female board members and CEOs, which was a really good session. This particular conference will be in San Francisco next year. I hope that my fellow commissioners can attend because there was great content and presenters. It was a good conference.

## 10. CONSENT

- A. Request approval of a five-year lease and associated license and berthing agreement between the Port of San Francisco and an existing Pier 40 maritime tenant, Spinnaker Sailing San Francisco, a California Corporation (Lease Number L-16336; License Number 16369, Berthing Agreement 16370), for operations in the Pier 40 Shed and South Beach Harbor. (Resolution No. 18-40)
- B. Request approval of the Fiscal Year 2018-19 Monthly Rental Rate Schedule, Monthly Parking Stall Rates and Special Events. (Resolution No. 18-41)

ACTION: Commissioner Woo Ho moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution Nos. 18-40 and 18-41 were adopted.

## 11. PLANNING & ENVIRONMENT

- A. Informational presentation by the San Francisco Planning Department on the Central Waterfront Public Realm Plan (including Port properties such as Warm Water Cove Park and 24th Streets).

David Beaupre with planning and environment - I'm joined today by Robin Abad Ocubillo from the planning department as well as Seung Yen Hong and Neil Hrushowy, who have partnered and led the planning effort for the Central Waterfront Public Realm Plan.

The commission last heard and was provided an update on this plan in November of 2016. The plan is in the final stages of being adopted. It's a plan that is an interagency project that will guide public investment, streetscape and open-space projects in the central waterfront.

Working off of the 2008 eastern neighborhoods plan, the plan incorporates and leverages waterfront parks and public realm improvements that have been advanced by the Port including the Blue Greenway design guidelines, Pier 70 parks and open spaces including Crane Cove Park, the Orton Historic Core open spaces and the Forest City development project.

The planning process included a significant amount of community outreach, which Robin and Seung Yen will go through and included the identification of nine projects to develop conceptual plans for, two of which are on Port property, including 24th Street, east of Illinois Street and Warm Water Cove Park. Both Robin and Seung Yen will provide an overview of the plan and where it stands today.

Robin Abad Ocubillo, San Francisco Planning Department – I'm joined by my colleague Seung Yen Hong, who was my partner in getting this plan together. We're excited to provide this informational update on the Central Waterfront Dogpatch Public Realm Plan. As David mentioned, this was an interagency effort. We collaborated with Port staff as well as staff at the SFMTA, the Department of Public Works and at Recreation and Parks to develop this framework document. We also worked with some great consultants, Fletcher Studio, a landscape architect who is actually based in Dogpatch and has done a lot of local work there, as well as our friends at Neighborland, which helped us deliver some innovative web-based public engagement, allowing us to reach a really broad audience.

We are currently in a series of hearings associated with a general plan amendment that we're bringing to the board of supervisors in order to incorporate this public realm plan into our city's general plan by reference. At this time, we're not proposing any planning code amendments.

Stepping back a little bit, what is the public realm? We think of the public realm as the streets and the parks and the open spaces that tie a neighborhood together. They're the commons, the parts of our neighborhood that all citizens and all visitors experience together.

The public realm plan lays out a vision that is informed heavily by community input for how public investments and private investments can be prioritized and targeted within that neighborhood.

What we have in this public realm plan is not just some beautiful conceptual designs but a practical tool that the capital planning committee can use when making decisions about complete streets and open-space investments in the neighborhood.

Seung Yen Hong - So why do we need the public realm plan for the central waterfront area? As you know, in 2008, the central waterfront area plan was adopted as part of eastern neighborhood planning process. Since then, the neighborhood has grown to mixed-used residential area. As you see in the chart, we are looking at about a quadruple increase in housing units in the next 15 years under the most aggressive scenario.

The area plan actually includes a lot of policies calling for open space and streetscape improvements. But the public realm improvements haven't kept up with the growth. So recognizing this, we formed an interagency team to kick off the planning process for the public realm plan.

At the beginning, we defined the project area that's a little bit bigger than the area plan boundary to address connections to adjacent neighborhoods. At the same time, we recognize that there are already major projects underway including Pier 70 and Potrero Park planned projects along the waterfront. We coordinated with David on top of the planning process to make sure connections to the waterfront and throughout the neighborhoods are all addressed.

We also had aimed for six key outcomes. The first one is to set up holistic vision for future infrastructure investments that reflect community priorities. Also, we want to make sure the planning effort actually provides a platform for interagency coordination. Because the public realm has a lot of overlapping city jurisdictions, it was important to have coordinated effort between agencies so that we can carry out the vision that we set up together.

We also want to make sure that future designs for parks and open spaces and streets are integrated with the current community characteristics because the community has a lot of cultural and historic heritage. We want to make sure those are recognized and enhanced.

Also, for this historic industrial area, we want to make sure we have basic infrastructure for pedestrians. Lastly but most importantly, as Robin said, we want to create an implementation tool, not just plan for another plan. At the end of the planning process, we had implementation projects that are already underway that Robin will talk about a little later.

As I said, we set up the vision based on public input and existing plan documents like Blue Greenway design guidelines. This recognized the future growth areas including Pier 70 and community destinations and important transit networks. We set up guidance for network for public realm improvements. The next two slideshow shows the timeline for our community engagement process,

which started in 2015 and concluded early 2018 when we published the public realm plan draft in early 2018.

We had a lot of community engagement meetings, design charrettes, focused conversations and online outreach process to solicit community input. All this input became the basis for recommendations for implementation projects that Robin will talk about from now on.

Robin Abad Ocuillo - Up on the screen is a deeper dive look into the type of engagement that would have been associated with one of those priority projects. As you can see, there was a lot of deep and broad engagement that we undertook in partnership with the Port and other agencies on these sites.

The culminating chapter of the public realm plan is a set of implementation guidelines or recommendations grouped around these three priority areas. The first is complete streets, mobility and transportation. The middle one is open spaces, parks and recreation. The third has to do with upholding and enhancing the unique and quirky character that the central waterfront environment really has. As part of incorporation into the general plan, these guidelines will become part of the provisions that the central waterfront area plan calls for in Dogpatch central waterfront.

Recommendations for implementation, we worked with public works and MTA and the Port to identify specific street segments that weren't already receiving improvements either through an existing public project such as the 22nd Street green connection between Pennsylvania and Third or through private projects such as Pier 70 and the Potrero power plant plan developments.

As our city capital planning committee is looking at where do we need to make improvements in streetscape to bring our infrastructure not only up to baseline conditions but to make enhancements, we know where we should be looking and where we should be programming those funds. Twenty-Fourth Street is a key aspect of connectivity to specifically Warm Water Cove. It's part of the Blue Greenway. It was called out in the city's green connection plan. This plan effort took those prior mandates to develop this corridor and looked a little bit more deeply into geometry and design.

We worked with David and other staff at the Port to examine how we could optimize this street for both pedestrian approaches to and from Warm Water Cove but also accommodate all of the important freight activity and PDR activity that happens right there to the south of 24th Street with Sheedy Drayage.

Through our public engagement process, there was prioritization for open spaces and parks. Warm Water Cove lit up as one of the high priorities. As the commissioners know, there's a established and committed constituency around that site. We worked with those community members as well as Port staff to take a fresh look at what an expansion to Warm Water Cove might look like, what kinds of facilities, what kinds of programs, what kinds of experiences, what kinds

of productive, adaptive landscapes Warm Water Cove could look like in the future.

In closing, our next steps moving out of our informational hearing here with you, we're going to the architectural review committee later this month. We're going back to the planning commission before the end of the summer just as the board of supervisors concludes their recess for our adoption hearing, which puts us on track for adoption into the city's general plan by sort of mid-fall.

Commissioner Woo Ho - Thank you very much for this report. I have a couple of impressions, number one the fact that so many of the city agencies have come together in an integrated and collaborative way, I want to commend all of you. Obviously, we did play a central part in a sense that it is the central waterfront. I'm glad to see that there was so much interest across all the various agencies. It's nice to see how the plans are integrated. The left hand knows what the right hand is doing. I think that's number one. Sometimes, that's not that easy in a city of our size. I want to commend you all on that.

The second thing is the plan has obviously been thought out. I know that there's two projects that you've pointed out that really affect us on the Port which David has mentioned. We're aware of some of the funding for our projects but what happens with the other projects that, as you go to implement it, where is the funding coming for those projects?

Robin Abad Ocubillo - That's a great question. In fact, some funding for projects has already been identified and are moving forward. In terms of open spaces and parks, we have about \$1.7 million in impact fees going towards Esprit Park. That's being supplemented by another \$5 million that the University of California San Francisco is contributing towards public realm plan improvements in the vicinity of some new housing developments they have going.

We also have more contributions from UCSF going to complete streets projects. There is a portion of a stairway on the 22nd Street alignment that will connect the Potrero Recreation Center to the street grid in Dogpatch. We are also looking to feature primarily impact fees to see where we might be able to start filling out the network of complete streets.

Commissioner Woo Ho - It sounds like your projects and financing sources are separate from rec and park.

Robin Abad Ocubillo - In some cases, we are looking at the same funding source. Impact fees are ones that we would be looking to. There is a pot of funds specifically for open spaces and recreation in the eastern neighborhoods which goes to many RPD-led projects.

Commissioner Woo Ho - I think that we certainly try to engage in it very much actively ourselves here at the Port but the fact that you've engaged so much community engagement input, I want to commend you all for checking in to



make sure that everybody actually supports the plan and wants to see the plans happen. I think that's very important, as we've all learned. Thank you.

Commissioner Gilman - I want to thank you for the report and echo what Commissioner Woo Ho said. I really was impressed, as a new commissioner, with the extent of community outreach across all these departments working collaboratively. It's a model for the city of how community outreach should be done. Thank you.

Commissioner Adams - I want to congratulate everybody on this. Also, it's nice knowing that maybe in 2019 Warm Water Cove Park might be in the general obligation bond. This just adds to the strength of our city. The things that the Port has been part of this and all the partners, as my fellow commissioners have said -- it just strengthens our cities and puts us on solid foundation. I'm really excited moving forward what this is going to look like. I say this is like San Francisco 2100. I'm really looking forward to it.

Commissioner Brandon - Thank you David, Robin, Seung Yen for this presentation. This is wonderful. I'm wondering how you got to this specific area in the eastern section? How does this fit into the overall plan?

Robin Abad Ocubillo - Because the central waterfront area plan had all of these provisions and policies and objectives for public realm improvements, we essentially took that geography now considered a component of the central waterfront area plan. We did extend a little bit further west. The western border of the plan area kind of jogs around the streets to come all the way to Pennsylvania Street north of 22nd as well as incorporate 22nd Street up to the recreation center as well as incorporate Pennsylvania Street where the area plan hadn't really included those. The purpose of doing that was to address the connectivity issues. We have a neighborhood that's highly isolated spatially and in terms of connectivity to Potrero, Mission Bay. We have highways. We have high-volume arterials. We have a creek. We wanted to make sure that those, especially east-west connections, were attended to. Our designs and our design recommendations extend a little bit west into Potrero.

Commissioner Brandon - This is the eastern neighborhoods' planning effort. What happens with the other areas within the eastern neighborhoods?

Robin Abad Ocubillo – Yes, the eastern neighborhoods planning effort, which concluded in 2008 had a number of area plans within the larger eastern neighborhoods' boundary. Those other neighborhood plans include Showplace Square. There was one for the Mission as well as Central SoMa is coming forward now. There are other equivalent area plans for the larger eastern neighborhoods' geography. Not all of them have a public realm plan in the way that we've devised for Dogpatch.

Commissioner Brandon - What happens along the rest of the waterfront. What happens from India Basin to China Basin?

Robin Abad Ocubillo - We are looking at the Blue Greenway as our key framework document. This keys into that the green necklace idea, connecting all of these waterfront areas with public access and trails. What we have in the central waterfront plan definitely ties into that and is supportive of a greenway.

Commissioner Brandon - So there's no other plan for the rest of the waterfront? Is that what I'm hearing?

Robin Abad Ocubillo - There are plans for other segments of the waterfront.

Neil Hrushowy - I manage the city design group. I'm the principal urban designer for the planning department. Thank you very much for having us here today. I think you're asking for the extension south of here towards ...

Commissioner Brandon - From China Basin near AT&T Park to India Basin.

Neil Hrushowy - So Mission Bay

Commissioner Brandon - Yes. I'm wondering what's happening within the total waterfront and why we just focused on this specific area, if there's any other funding measures being applied anywhere else in the eastern neighborhood along the Port. I'm asking that because I know there's going to be resources that are needed to make these improvements happen. I know the Port is probably going to have to contribute something to that. I'm looking at the overall picture of our waterfront and the planning efforts for improvement in the eastern neighborhood plan, how this particular area will affect the entire waterfront.

Neil Hrushowy - I greatly appreciate your emphasis on the pulling back the lens and asking how the whole waterfront works together. This is the only initiative that the planning department has underway at the moment. I'd have to defer to my Port colleagues on the waterfront planning efforts that may be moving forward in the future. As of right now, this is the only project that the planning department is working on.

David Beaupre - A bit of clarification, from Mission Creek to the central waterfront, we have Mission Bay. Mission Bay has an infrastructure plan and a streetscape master plan that essentially addresses all the open space and streetscape designs for Mission Bay. That gets us to Islais Creek. South of Islais Creek, right now the only thing that's guiding public realm improvements from the Port standpoint is the Blue Greenway planning and design guidelines and some of the public realm improvements that we've proposed in the Piers 80 through 96 maritime eco-industrial strategy.

The city planning department's eastern neighborhoods did not include the Bayview community. At that point in time, when the eastern neighborhoods plan was being undertaken, the Bayview-Hunter's Point community was going through a potential redevelopment project area and being considered as a redevelopment area. The planning department wasn't focusing its efforts on the

Bayview community because the redevelopment agency was looking at developing a redevelopment area that would have included a public realm plan.

The reason that the planning department has selected the central waterfront is it's seeing the most growth out of all those neighborhoods in the eastern neighborhoods plan. It had the least amount of infrastructure to accept the growth and likely prioritize that based on what they saw was coming and probably what they heard from the community as well.

Commissioner Brandon - I'm wondering how to get the rest of our waterfront back into the planning effort since all no longer exists. Have you done outreach to the Central Waterfront Advisory Committee?

David Beaupre - Yes. The Port and planning staff have gone to a few Central Waterfront Advisory Group meetings over the last couple of years. During the outreach process, we also invited all the Central Waterfront Advisory Group members to the public meetings that were being hosted on the project as an entirety but also the specific Warm Water Cove workshops, 24th Street workshops and all the other workshops as well. So they were notified. The additional planning for at least the Port lands south of Islais Creek will be captured as a part of the Waterfront Land Use Plan work that's being done now. We're going to be integrating the Blue Greenway planning and design guidelines into the Waterfront Land Use Plan. We're continuing to advance and update the Piers 80 through 96 strategy.

Commissioner Brandon - Does that come with a city interagency collaboration and funding?

David Beaupre - For just the Port portions of it, it can. When we did the Blue Greenway planning, it was an interagency collaborative process. Maybe what we need to be thinking about is how we partner with the planning department and MTA and rec and park and begin to look at how we do potentially a Bayview-Hunter's Point or a Bayview public realm plan.

Commissioner Brandon - Or an eastern waterfront upgrade. We don't really have to focus on specific areas. We can look at our waterfront and try and see how to improve the entire waterfront. That's why I was asking why are we just focused on this section when we have an entire eastern neighborhood southern waterfront. I wanted to know before we expend any funds on any particular area how it fits into the overall upgrade of the waterfront. Love this. This is absolutely phenomenal. Just wondering how we spread the wealth.

Diane Oshima, Planning and Environment division - All of the layers that have just been described and your comments added to it, we will have to see where we can take it. But the one piece that I felt that was worth flagging as well was the coordination that the OEWD has been doing on the Southern Bayfront strategy. The planning director and Ken Rich from the agency have been here to try and speak to, on these large developments that are also queuing off of the

Blue Greenway, that is an element as well. We still need to try and work with all of those pieces to grow it into an area plan.

Commissioner Brandon - You're absolutely right. We've just never heard specifics. We've always heard that there is this plan but we haven't heard specifics of how that's going to affect our waterfront as far as the dollars and the resources.

Elaine Forbes - Why don't we discuss this more with the planning department and with the MTA and see what we could propose in terms of a public realm plan south of Islais Creek to see how it could integrate into the Central Waterfront Public Realm Plan. It's a very good conversation to have. We can update the commission after having that conversation in more detail.

Commissioner Brandon - I really do want to thank you because this is phenomenal work. We are so happy to get Warm Water Cove upgraded and 24th Street improvements. We thank you so much for including us in this piece.

David Beaupre - Absolutely. I would like to just add that the other thing that will be coming in front of the commission later this summer is the India Basin project. That closes a part of that gap as well and includes interagency coordination with the Port and planning and rec and park and OEWD. That, again, is specifics for that area. We're talking about a geography that becomes a little bit smaller.

Commissioner Adams - Are these projects so massive?

Elaine Forbes – Yes, They are.

Commissioner Adams - Financially for the Port, you can do a little bit here, do a little bit there but you just can't do a big massive thing all at once? Is that how that works?

Commissioner Brandon - No but you can be part of the plan.

Elaine Forbes - Yeah. Obviously, you have to have boundaries. You have to scale to a certain level in order to be effective and do all the interagency coordination. But the point that President Brandon is making while there are a lot of effort south of Islais Creek and many big efforts like India Basin that David just pointed out, it's this interagency collaboration looking at a geography that ties it all together that is so important, which is what you're seeing in the central waterfront conversation. She's calling on why not all of that coordination south of the creek, so we can see a Port-wide or a southern-waterfront-wide approach? It's a very excellent question but for every initiative, you absolutely have to set a geography in order to be successful in seeing those improvements through.

## **12. REAL ESTATE & DEVELOPMENT**

- A. Request (1) Adoption of the Final Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program under the California Environmental Quality Act for the 88 Broadway & 735 Davis Street Project (Planning Department File No. 2016-007850ENV); (2) Approval of an Option Agreement and attached Form of Ground Lease (“Lease”) with 88 Broadway Family LP, a California limited partnership, with a term of 57 years with one 18-year extension option for development and operation of affordable housing on Seawall Lot 322-1 located at Broadway and Front Streets (also known as 88 Broadway) (subject to Board of Supervisors approval); (3) Approval of Schematic Drawings for the proposed project at 88 Broadway; and (4) Approval of a Memorandum of Understanding between the Port and the San Francisco Mayor’s Office of Housing and Community Development regarding payment of fair market value and ongoing coordination and cooperation relating to the proposed Lease (the “Development MOU”) (subject to Board of Supervisors’ approval). (Resolution No. 18-42)

Mike Martin, deputy director of real estate and development - I'm very excited to be before you for this project. Today's presentation represents a milestone of a years' long and somewhat winding path towards having two things that don't always meet. The two things that are meeting are trying to do what we can to help the city and its housing affordability crisis and, at the same time, benefitting our responsibilities under the trust.

Today, we're going to be talking about a parcel of land that is cut off from the waterfront, that is a surface parking lot, that, through a lot of work from a lot of folks in this room, through state legislation, through complex negotiations of a structure that isn't generally seen with these types of projects, have brought forward a proposal that we think is really worthy of your consideration and approval.

Today, I'm joined by our partners from the Mayor's Office of Housing and Community Development, Faith Kirkpatrick and Mara Blitzer, representing OCD. We also have, from the developer joint venture, from The John Stewart Company, John Stewart, Margaret Miller and Don Lusty and, from BRIDGE Housing, Marie Debor.

We're going to walk you through a couple pieces. First, as noted in the item, we're going to start with a review of the schematic design, so you can sort of engage in that as part of your consideration and approval. Then, I'll invite Ricky Tijani from the Port team to come up and walk through some of the financial provisions building off of our information item presentation at your last regular meeting.

I am extremely remiss in not introducing the Port team. Aside from Ricky, we have Rebecca Benassini and our able counsel, Rona Sandler, as well.

John Stewart, The John Stewart Company - I'm joined by Marie Debor of BRIDGE Housing with whom we've had the benefit of teaming in past projects over the last 15 years. The most significant one that we started off with is, in

2002 in North Beach Place, we teamed with BRIDGE to produce a project that you probably see. It's on Taylor and Bay. It's 348 units. It's very similar to this. It's hybrid. It's mixed use, mixed age. This one has a lot of the same characteristics. This is our 24th public meeting dating back three years almost to the day. Our script is pretty well honed.

We have met with everybody that we can think of in the neighborhood. There's six community groups. We've spent a lot of time with them outreaching. When I say we, I mean BRIDGE and The John Stewart Company and LMS, our architects who have done a noble job.

I did want to address the issue of who is going to live in this building and what does it represent for the city? Is there any departure from past pattern and practice? There is. I think it's the mother of all mixed incomes in one sense. We have 20 percent of our 183 total units that are formerly homeless. That's way below the 60 percent of AMI tax credit standard. It's a whole other universe. It requires a lot of hands-on management.

There will be roughly 35 to 38 units in that category. We also have the so-called missing middle, which are people that are making too much money to qualify for tax credits or other not-so-common benefits, teachers, for example, first responders. That takes us up to 100 to 120 percent of AMI. That's about 15 percent of this project. In between, we have tax-credit families. We have a wide a wide disparity of incomes on mixed income.

On mixed use, we have retail. We have a restaurant of roughly 120 seats. We have a café serving the seniors. There are currently 125 family units and 53 senior units. The café would service the senior units, as Bill Leddy will show you when he makes his presentation.

As to mixed age, you're looking at one of the AARP members. We will have seniors in the senior project, which is actually in the city-owned property. We will have family on the property, which you own. Marie is going to talk about what the 26th public meeting is going to be and where we go from here.

Marie Debor, BRIDGE Housing - I oversee this project along with 735 Davis. I wanted to give a brief introduction about our team and then talk about what we're planning on doing, the next steps after today's meeting. Then, I'll hand it over to our architect, who will walk you through the current design.

I work with BRIDGE Housing. BRIDGE Housing has been an affordable non-profit developer for over 30 years in the city. We're based out of San Francisco. We are committed to building affordable units in the city. We have over 1800 units completed in the city and have over 2500 units in the pipeline. We wanted to introduce the rest of the team. I also have Jelani Dotson here, the project manager for this project. We've also brought our architect Bill Leddy and Aaron Thornton with us. Aside from that, we've also partnered with the YMCA and the Lutheran Social Services groups. They'll be providing services at the site.

We have a retail partner, a consultant that will help us fill the space, Vikki Johnson and Pam Mendelsohn with Cushman and Wakefield. Also here is the Mayor's Office of Housing.

We already talked about the meetings that we've done. We are very excited to be here before you today. This really is a milestone for us. Not only have we received approval from the planning department, the remaining agency approvals that we need, this is the first one we'll complete the entitlements.

As you can see, we've done over 25 meetings with the public that was started originally by the Mayor's Office of Housing before we even were selected as a developer. Before we go into the architectural drawings, I wanted to lay out what our next steps are. We're here before you today to get approval for this project and plan also in the month of July to go before the board of supervisors to receive approval.

The final step would be the State Lands Commission in August. Once we have all of that, we are planning to apply for financing for this project so that we can start construction in the spring of 2019. It's very critical that we keep in line with these scheduled meetings. If we miss any of the scheduled meetings, we fall behind in our financing applications because there's a break towards the end of the year.

We would not be able to apply for financing early next year, which could set us back several months. We're here before you to present this project. We're excited about it. We hope you are too. We're able to answer questions after the presentations as well.

Aaron Thornton, Leddy Maytum Stacy Architects (LMS) - I wanted to give you a brief introduction to the project. On the screen, we have the site. It is at Broadway running east-west and Front Street running north-south. The big rectangle is the family building, which is the Port-owned project. The small rectangle is the senior building, which is the city-owned project. A couple of key concepts -- we wanted to integrate mid-block passages, which is something that has been around since Mosie Diaz introduced this from the first time to the neighborhood.

Contextual harmony, we're in a historic district. We wanted to blend with the historical district but still be a new building. Network green and open space both for the public to enjoy and portions just for the residences and then light and views to one of the most spectacular rooftop views in San Francisco, we think.

Here is a view of the two buildings in axonometric. On the left is the family building. Again, that's 125 units. On the right is the senior building. That's 53 units. In the site plan, you can see Broadway on the bottom, Front Street running up and down.

This is the view from the corner of Front and Broadway. We're looking at one, two, three, four stories of residential above one story of commercial space. That's approximately a 3500-square-foot commercial space on the corner.

This is a view of the Davis Street building where we've used brick to integrate with the neighborhood, also stepping down towards the waterfront and providing a rooftop terrace for the seniors. The family building is in the distance.

We've also paid close attention to the mid-block passages in the neighborhood and provided our own mid-block passages. Andrea Cochran is our landscape architect. We think she's done a phenomenal job of designing our mid-block passageways.

This is looking at the senior building, one of our mid-block passages. The commercial space to your right serves both the tenants of the building but is also open to the public. This is a view of north-south passage adjacent to the family building. On the left is our commercial space. On the right is the mid-block passage, which is open to the public.

Ricky Tijani, development project manager with the real estate and development division of the Port - As Mike indicated, this is a major milestone for this project. We've been wrestling with this now actually since I joined the Port and then when you approved the MOU back in 2014. We've made a whole lot of progress. We were just here less than a month ago where we give you the details on the terms of the three transaction documents involved.

Today, I'm just going to talk about the improvement we've done based on the direction you provided us back on June 12, 2018 as to the terms. I'm not going to take up much of your time going back to all the items that we covered on the 12<sup>th</sup> and then talked about the proposed transaction document and changes to the proposed terms.

Essentially, the development hasn't changed from what we presented to you back on June 12th. As the developer indicated, the project hasn't changed from what we presented to you last time, 125 family rental unit with 53 unit for seniors, approximately 5,000 square foot of retail space. This is with respect to the Port pass through that we call 88 Broadway, the small space for childcare center and then your open space.

As Mike indicated, there was a little bit of pushback from the Mayor's Office of Housing reminding us of the true nature of the site and the constraints that would be attached to that site when we pass it onto them. The appraised value currently is at \$14.8 million. Because of the requirement to convince State Lands staff to support this development, we need to prove to them that we are getting the fair market value.

Given the fact that the MOHCD is not going to be able to pay us upfront for the fair market value, we introduced the concept of interest that will be charged



during the first and second year to maintain the present value of the fair market value of the site. So that's why we're proposing a 1.5 percent interest for the first two years and 3 percent thereafter until the full fair market value is paid. As Mike indicated, there is no deduction from the fair market value.

In terms of sources to pay us, as we indicated before, if we are successful in selling Parcel K North at Pier 70, which we are hoping that we'll be able to sell within the next six months, the proceeds from that sale will be used to pay for this because that project is required to be an in-lieu fee that we think is approximately \$20 million. MOHCD could then use that to pay us.

In terms of the lease itself, on June 12, 2018, we were looking at one dollar per year. The reason for that is because we are getting the fair market value upfront. Assuming we are not getting the fair market value upfront, we normally will get a typical minimum base range with anywhere from 10 to 20 percent of the appraised value of the site.

However, because they are telling us that we cannot participate in the profit or the upside of the residential portion because of the low-income tax credits requirement, we told them that if we can't participate, we need to have a way to make ourselves whole. We're going to be incurring cost in monitoring this complex lease.

We were able to negotiate for \$20,000 a year. Because of the lease nature, we have to call it minimum base rent but it's not actually a minimum base rent. It's what they will pay us to participate in the project. That \$20,000 minimum base rent is going to be escalated. Because this is an affordable housing project, they can't charge market rate. The rent doesn't grow as the market rate grows. It grows along with the area median income. That's why we're indexing it to that area median income and we escalate every five years.

In terms of the participation, again these are concession that we asked for because we can't participate in the profit. In order for us to participate in the net proceed, we have to find a way to characterize it as residual rent. In the event of a sale, there would be this deferred rent. This deferred rent would be a function of the appraised value of the site upfront. That money will come from the sales proceeds. That will be based on 30 percent of the proceed. Since they are non-profit and there's not that much cash flow from this project, if they do have a sale and there's no sufficient fund to pay us, that accrued deferred rent will have to be forgiven in order to consummate the transaction.

The retail portion we're able to improve upon what we shared with you back on June 12th. We indicated that we would be getting 20 percent of the net revenue during the operational phase of that retail space. We were able to increase it to 30 percent. Participation rent in other subleases since this is going to be a six-story building, we thought there may be an opportunity to have a tower for cell phones. It usually is a moneymaker in San Francisco.

We thought this may be another way to generate additional revenue. We will be getting 50 percent of the net revenue after they've deducted cost of generating that revenue, that will pay for TI or other expenses that may be involved.

Because the retail portion doesn't have this restriction from low-income housing tax credits indication, we are able to participate upfront in the sale of what we call upside, any economic opportunity from the site. We will be getting 15 percent of the net proceed.

Based on what is on this slide in front of you, we are recommending your approval. I'm not going to go through all the details. We indicated back on July 12th, there are many benefits to this project. Some of them Mike have already mentioned. But as indicated on this slide, this is why we're recommending your approval of the transaction documents before you or the adoption of the resolution that is part of this action item.

Todd David on behalf of the San Francisco Housing Action Coalition - I want to say that we are in complete support of this project. This is a phenomenal project. It really fills so many of the holes that we have in San Francisco on housing. One of the things that we don't talk about in San Francisco and is one of the things that Mayor-elect Breed has been pounding the table on is the missing middle-income housing. I have three children in San Francisco's public schools. Every year at the beginning of the school year, there are about 180 classrooms without teachers. Every year, it's like clockwork because teachers cannot afford to live in housing in San Francisco. That missing middle, the people who are making above 60 percent AMI but they can't afford market-rate housing in San Francisco, we've built almost no housing for those people in San Francisco for about 30 years. When we think about the people who make our city go, teachers, firefighters, EMTs, those people -- this type of project where we actually have the ladder housing for people who are low income and then people who are middle income -- these types of projects are phenomenal.

I also want to emphasize the importance of this being approved today because, as Mr. Stewart said, not only does it have to go to this commission, it also has to go to the board of supervisors. The board of supervisors goes on recess in August. If this does not get to the board of supervisors in a timely period, we are talking about incredible amount of delays. With delays come additional financing costs. The carrying cost of money for these types of giant projects are very high.

This is a great project. This is the 26<sup>th</sup> presentation. There's going to be a couple more to the public. The outreach has been phenomenal. BRIDGE and John Stewart and company are great companies. They know how to do this work. They've been doing it successfully for years. I hope that we can move this forward today.

Janet Crane, an architect working in San Francisco since 1970, a neighbor of this building, 14-year board member of North Beach Citizens, a homeless support group in this area, founder and board chair of Next Village San

Francisco, assisting seniors in the northeast San Francisco - All this experience gives me firsthand knowledge of how difficult the housing situation is certainly for the general public, at least affordable housing, specifically seniors and the homeless. I speak obviously in support of the project on points one and three of your resolution. I won't go on much longer because you've had a very good presentation here. The sponsors and the architects are nationally recognized. They've responded to public input with a staggering number of hearings. The project conforms 100 percent to the planning code, does not require variances, could have been three stories higher than it was. But the developers chose not to take that latest change to the planning code.

This is exactly the kind of project that the public supports on Port lands, as underscored by the demise of market-rate housing at 8 Washington. It relates to the neighborhood architecturally. From an urban design point of view, it follows the city's transit-first project. What more could be asked of a project? Every month delay adds about \$500,000 to the cost of the project. The time has come to complete the approvals, let the financing and construction begin. We hope you will support it.

Mara Blitzer - I'm the director of housing development at the Mayor's Office of Housing and Community Development. I couldn't say it any better than our previous two speakers. Those were exactly the things that I wanted to point out to you. I want to take my time just to show gratitude to thank all of you for your time here today and previously. This project has many years in development.

We also want to thank our colleagues at the Port and our development team. I'm not sure we said it before but the planning department has also spent a fair amount of time on this particular project. We're thankful to them as well, as we worked a lot with them through the entitlements process. We're here if you have any questions and quite hopeful that you'll be able to make the approval today.

Rod Freebairn-Smith - I'm a 50 or 55-year architect and urban planner here in San Francisco, practicing that long. My connection to the Embarcadero rebuilding goes strongly back to 1964. I've been a member of your Northeast Waterfront Advisory Committee for the Port. I've been the civic design commissioner for the City of San Francisco for 11 years in the past. I wanted to comment on two things because time is short.

Affordable housing is incredibly cost sensitive, as you've heard and as you know. The longer we delay, the less housing we get or the more expensive the housing we build becomes. Time is short.

As a 44-year resident of Telegraph Hill directly above this project on the top of Vallejo Street looking right down on it, I am not aware of neighborhood opposition to this. It's very useful to certain groups to find a political leverage point by suggesting that there is citizen opposition when it really isn't well calculated or so well known. I'm concerned about that because, in the final stages of the development of the Golden Gateway, when it was moving north

with residential towers in the 1950s and '60s, the residents of Telegraph Hill negotiated an agreement that tall buildings would not advance on the hill and not make the hill disappear and it would keep its form. The height and bulk of a project like this have been negotiated for about 40 years.

This project, in fact, is relinquishing its ability to give us more housing. We've given up units in response to what is probably a relatively small voice saying the height and bulk of this project is too much, is oppressive. We have some of the best architects in California and the country working on this. It bothers me when the intrusion into the design process steps or pushes away the ability of very good urban planners and architects from accomplishing what they want to give us. We've seen a frustratingly large amount of requests for revision in this project. We desperately need to move on. We hope you will approve it and move it as fast as what we can through the pipeline.

Commissioner Gilman - I am so delighted to see this project before us. I have been aware of this project before I was sitting on this commission as a resident of North Beach and someone who is happy to see this moving forward and encouraged around the community outreach that the developers did to engage the community particularly when the call for senior housing was so needed and the negotiations with DPW, the Mayor's Office of Housing was able to do. I want to thank everyone.

I did have two questions though for Port staff. I know today we're approving the MOU regarding payment of fair market value. But also, it says ongoing coordination and cooperation. I wanted to explore that a little bit. Are we going to be receiving regular updates on the progress of this project if it's moving forward, construction schedule, etc.?

Ricky Tijani - We will follow our normal practice of providing you update at each critical milestones. Hopefully, maybe when escrow closes, we definitely will be sharing that major milestone with you by coming back to apprise you of it. But if you want us to apprise you more frequently than that, then that would be something that the director will have to consider.

Commissioner Gilman - I'm just wondering if there's a way to receive updates from the project teams that are meeting internally for the developer. They're sending progress updates to the Mayor's Office of Housing. I'm wondering if we can receive those updates because I just wanted to know. This is more around coordination with city departments that I wanted to flag.

I wanted to point out that I also think we should be ensuring that the City and County of San Francisco provides support for the 20 percent set-aside units for homeless families. The concern I have that the normal level of funding right now from my opinion is not adequate to serve the residents properly at that building. The per-unit caps from the homeless department would put that at about \$185,000 to serve up to 38 families that could have with them up to 80 youth if each of them had two children living with them in the property.

I want to ensure that we're not setting up the developer for failure in a non-traditional neighborhood where homeless services -- while there is North Beach Citizen and they are incredible, we don't have a bulk of services to properly serve homeless families. I'm wondering if there's some way we can incorporate in the MOU that we get an update from the Department of Homelessness and Supportive Housing on their commitment to this project to ensure the developers have a project they can run well. That's a request I have of staff and of the director because that's just a concern of mine.

Ricky Tijani - There's a two-fold response to that question. The way we currently draft the MOU in terms of the coordination with the Mayor's Office of Housing, we're expecting them to abide by what the state legislation required for this project to be affordable. As you know, from the Port's standpoint and State Lands staff standpoint, we're not putting any money into the project so that would be MOHCD's call. I'm going to let Mara Blitzer speak to that issue.

Mara Blitzer - Commissioner Gilman, thank you for that question. Absolutely, we can report to you more frequently on the progress of the project. We are so excited to do that in whatever format makes the most sense. We'll defer to you on that.

With respect to making sure that the right services are provided for the right people at the project, that is MOHCD's responsibility. We're working closely with the Department of Homeless and Supportive Housing to do that. As you mentioned, they have a tier system. They essentially fund a certain amount of money per person. You know this quite well. But for everybody else, they have been talking publicly about revising that tier system to make sure that there is enough money per person and that it is situational based so that, if there is a neighborhood -- if things are a little bit farther away, that that's accounted for. That's on our radar. We'll be working with them. I don't know that that needs to be in the MOU that we have with the Port. But it is certainly in our agreements with the developer with respect to providing appropriate on-site services for everyone who is living there.

Mike Martin - It seems like you were asking for two things. One is progress of construction and the other would be sort of operational progress towards the services that you're looking for.

Commissioner Gilman – Yes, I'm going to support this project today and move it forward. I understand the timeline, and I'm thrilled about it. But you know, we are responsible for the trust. Moving this project, from my understanding, took such fortitude from the commission before me and from staff and legislative response.

I'm hoping that this could be a blueprint possibly for more projects in the future. Housing is a crisis in this city. MOHCD is in charge of coordination but ultimately, it's not their decision point. I feel like there's a city partner who is not here today with us in the gallery at the table, which is the fact that there could be 38 formerly homeless families who I think this would be an incredible

environment for them to become self-sufficient and end that episode of homelessness. I want to ensure that we're providing adequate funding, so in five or six years, we don't have developer or public comment coming to us saying the building isn't operating well. I can't function and it's because the city has not provided the adequate service support for those families.

I either want that in a staff check-in on the project or maybe to invite that department to come talk to us about it. It hadn't really clicked in my mind before the presentation today. I was really focused on what the public comments were about how excited I was that we were doing middle-income housing and really helping that upper stratosphere. I want to make sure we have a safeguard about it.

Mike Martin - That makes sense. We'll work on inserting language in the MOU about the first piece. The second piece, we'll talk some more with MOHCD and HSH and try to come back with some better information, maybe short of an actual presentation first to make sure where we're going. Then, we'll see what works for you.

Commissioner Gilman - I am ecstatic about this moving forward.

Commissioner Woo Ho - As noted through all the public hearings on this project as well as the number of times that this project has been before the Port Commission and this project was initiated under Mayor Ed Lee and considered one of his legacy projects when he was pushing housing for the city.

I think we've come a long way. I first want to thank everybody that has been involved. It's been a tremendous effort to get all the various parties within the city family as well as the developers. We have non-profit, for-profit. So it's been a very complicated arrangement. So number one, appreciate that we've gone through that. I just want to comment briefly because we have discussed this many times at the commission both in closed and open session that, as you have noted on your second-to-last slide, that we were able to move this forward with some improvements in the final terms.

Hopefully we have reached a point where this is a win-win for all the stakeholders, for the Port, for the Mayor's Office of Housing, for the developer and for the families that are eventually going to be living in this project.

We have come to a good place in terms of making sure that everybody receives their equitable portion of the project to meet the objectives and all responsibilities and accountabilities.

I don't really have any further questions because we have questioned this many times. We've already seen the changes from the last time that we talked about. I think it was complicated. We had a briefing before this commission meeting. We do understand the details that have led us to this final form so I'm very supportive. We've always been supportive. We were very excited to be able to

participate in affordable housing, as that became one of the key issues in the city and to do our part here at the Port.

Commissioner Brandon - Mike, John, Marie, Aaron and Ricky, thank you for that wonderful presentation. I am so excited that we are at this point. You guys may think it's a long time but three years is nothing here at the Port. We are so excited to have a 100 percent affordable housing project here on Port property. Hopefully, we're helping to do our share towards the housing crisis. I know it's a small piece. I know it's taken three years but the deal has gotten better and better for everyone involved. We're happy that this day has come and that we are moving forward.

Mike Martin - there's a minor technical amendment in the resolution that's before you to reflect one of the deal terms on the slides. I'm going to describe it for you and leave it to your consideration whether to add it to your motion. it's the 22nd whereas clause in your resolution. It begins with, "The material terms of the lease include. . ." And this is in reference to what Ricky described in terms of the residual rent that's payable upon sale. There's a series of romanettes detailing key terms of that whereas clause. The material terms of the lease include -- romanette I, a term of 57 years with an extension option." So the change is in romanette v, which starts with, "Except as provided in romanette viii, all net sales or refinancing proceeds to be used for the benefit of development including required maintenance, needed capital improvements and operational subsidy."

What we'd request is that we amend that romanette to read instead, "Residual rent to the Port under certain circumstances in the event of a resale or refinancing of the residential portion."

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

ACTION: Commissioner Adams made a motion to approve the resolution as amended; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 18-42 was adopted.

### **13. ENGINEERING**

#### **A. Informational update on the San Francisco Seawall Earthquake Safety and Disaster Prevention Program (Seawall Program).**

Steven Reel - I'm the seawall program manager. This is an informational update on the Seawall Earthquake Safety Program. The last informational updates were for communications and stakeholder engagement strategy in February, planning and engineering in March. This update is for the overall program. I'll provide an update on the program and engineering. Lindy Lowe will give an overview of the planning approach and the stakeholder update. Then, I'll wrap up with legislative

and finance update. This is a very dense update. I'm going to move through it quickly.

Seawall Earthquake Safety and Disaster Prevention Program is a Port-led and citywide effort to repair, strengthen and replace the three-mile Embarcadero seawall and codependent infrastructure. The seawall is the foundation of the Embarcadero waterfront. It's over a century old. It's highly vulnerable to earthquake damage and is running out of time for protecting the city from flooding. The program is budgeted at \$5 billion over 30 years. Phase one, we'll develop the overall program and construct critical life safety and disaster response improvements. Phase one is budgeted at \$500 million and scheduled to be complete by the end of 2026. We're in the program development phase with the goal of completing the program and identifying the phase one projects in late 2019. This pre-design work includes data collection, field investigations, a multi-hazard risk assessment for earthquake and flood risks, development and analysis of a range of alternatives and selecting a preferred program.

Fifteen million dollars is budgeted for this program development work. We've assembled the dedicated team of Port staff and consultants to carry out this work. To add to the Port team, we are currently recruiting a project funded environmental planner IV, whom we hope to have on board in September.

The major consulting contracts are in place. Civic Edge Consulting for communications and community engagement and CH2M/Arcadis for planning, engineering and environmental consulting. I'm pleased to report good performance and no significant modifications during this quarter. Engineering work is progressing from data collection you heard about last time. An outcome of the data collection effort was the recommendation to complete a detailed program-wide geotechnical investigation to both advance the seismic hazard assessment and inform development alternatives.

This recommendation came from both the design team and the independent seismic peer review panel. To inform the investigation program, we recently completed a pilot investigation to both test various techniques and get a jump start on analysis. The big takeaways are the ability to use less expensive techniques and a realization that the Embarcadero is filled with unknown utilities, which will not only complicate the geotechnical investigation but also complicate construction efforts.

The pilot program is approximately 325,000. We're looking at a total investment of \$2 million in geotechnical investigation work. Another outcome of the data collection effort was the recommendation to fill data gaps in bathymetry and rock dike geometry.

Bathymetry is essentially a survey of the bay floor. This work was completed in June. Survey used advanced equipment combining both high-resolution sonar and laser scanning. A technique called sub-bottom profiling was also tested to determine the bayside extent of the rock dike.



Below the mud, unfortunately, results are not promising. More expensive techniques are now under consideration. This work was approximately \$180,000. The main reason to undertake the seawall program was also a source of complexity. That is the sheer amount of codependent infrastructure owned, operated and maintained by both public and private agencies. We need support from these agencies to help us understand the assets and to estimate the physical damage and consequences from seawall failure. I'm happy to report that we've had great support so far from BART, SFMTA, PUC, Public Works, WETA, AT&T, Kinder Morgan and PG&E, who are all allocating resources to help us in this effort.

Next steps for engineering include: finalizing the overall geotechnical exploration program and beginning the investigations which are on the critical path for advancing the earthquake risk assessment work; continuing coordination with infrastructure agencies; and advancing the multi-hazard risk assessment.

Lindy Lowe will present on the program approach to balance the seismic and emerging flood risks as well as an update on the stakeholder and community engagement.

Lindy Lowe - I am new to the Port. I started in September. I am part of the planning and environment division representing resilience. The seawall program approach, Steven talked about how complicated the effort is. It's \$5 billion over 30 years. It's a number of assets that affect millions of people's lives on a daily basis. How do we go about doing that kind of work? We've been working on answering that question over the last couple of months. We've come up with an approach that we would like to present to you today.

The seawall program approach is designed to: (1) allow the Port and the city to focus first on urgent seismic and current flood risk; (2) establish a foundation for addressing increasing flood risk due to seawall rise; (3) provide the city, Port and community with the tools to address current and future risks over time; and (4) provide the Port with a way to respond to risks and conditions in a way that is transparent and accountable.

There are three elements to the seawall program: strengthen, adapt and envision. Here we are with not only all of this complexity but more than one hazard. We have both seismic hazards, ground shaking and liquefaction associated with seismic hazards, a current and urgent seismic risk and then a flood risk that is a localized issue and will increase over time and create more significant effects over time. The flood hazard map that I have on this slide demonstrates the different thresholds of that flood hazard that, at about six inches to 12 inches, we have localized flooding along the Embarcadero.

At about 24 inches to 36 inches, we have more increased flooding. Then, over 36 inches, we start to have more significant flooding. It's important to note that all of those numbers are on a 100-year event.

In order to address both the seismic hazard as well as the flooding hazard and recognize the risks, consequences and priorities that will change over time, we have developed the seawall program framework to allow us to adaptively manage the waterfront over the next 30 years and beyond for the near-term risks, the mid-term risks and then those Port 2100 risks.

Consideration of all three elements begins in 2018 but with significantly different levels of detail. The strength and element will provide an analysis that will support the construction of projects to reduce current seismic and current flood risks. The adapt element will result in a plan that will be updated every five years to advance the implementation of policies and projects to respond to additional seismic risks, increasing flood risks and consideration of city, Port and community priorities.

The envision element will result in three to six high-level concepts to respond to much higher water levels that will need to be addressed on a landscape-scale approach. These concepts will be revisited every 10 years to ensure that they are relevant to observe flood risk.

Is the flooding happening more quickly than we thought? Are sea levels rising more quickly than we thought or more slowly than we thought -- as well as those city, Port and community priorities and that the actions taken today in the strengthen project are building support for those future visions.

In more detail, the objective, as Steven said, immediately implement the highest priority disaster response and life safety projects along that Embarcadero seawall where we have that urgent seismic safety risk. The planning and implementation timeline is 2018 to 2026-2028. The priorities are, again, current seismic and flood risk to life safety and emergency response. The geographic focus for the strengthen element is that three miles of Embarcadero seawall. The objective is to identify policies and projects that will result in a Port that is resilient to seismic and increasing flood risk and that can respond to changing city, Port and community priorities.

Projects will be integrated into city, regional and private actions resulting in coordinated implementation. The planning timeframe, again, starts in 2018. The horizon is about 2050. The adapt plan will be updated every five years and identify implementation priorities for both policy and construction projects.

The priorities are seismic and future flood risk to 2070 projections. The geographic focus goes from the seawall portion of the three miles of the seawall to the Port's entire jurisdiction, the full seven-and-a-half miles. Then, we have the envision element. The idea is to develop three to five visions that can respond to the remaining seismic risk as well as the landscape-scale flood risk that are represented by those much higher water levels. It allows us to have an ongoing public conversation with all of the other city departments about how do we respond to those much higher flood levels. The planning and implementation timeline is quite long. It's 2018 to 2100.

We would be updating that vision every 10 years. The priority, again, is the seismic risk that remains as well as the future flood risk of those much higher water levels. Again, it's the Port's entire jurisdiction that we would be considering.

All along the way with all three of these elements, we have already started a very robust public engagement as well as regional, city and state partnership approach. We are going to be developing a policy and technical advisory committee to help us go through this work. We have already had our first quarterly seawall community meeting. We are developing a resource agency working group. We have already been conducting a number of focused briefings on issues or particular geographic areas where we're requested to attend and present.

We are in the process of working with the other city departments to identify an online engagement tool to increase our reach and provide people with the opportunity, if they can't come to a meeting or a briefing, to participate. This is another seawall program timeline that is consistent with Steven's timeline but is in more planning terminology where we talk about the existing conditions, vulnerability and risk. We line up where are the strengthen projects going and design approvals happening in relation to the development of the adapt plan.

The adapt plan is the big blue arrow. Below that, you can see the strengthen project preliminary design alternatives. What we really want to be able to do is advance those strengthen projects as quickly as possible while allowing ourselves the opportunity to plan for the entire Port's jurisdiction for those higher water levels as well as increasing priorities.

The bottom yellow line identifies the public meetings that we're having, the community meetings and the topics. We had our first one where we introduced folks to the seawall program in this room. We had over 75 people in attendance as well as a lot of our city partners and regional partners who participated. Then, at the next meeting, we'll have existing conditions and hazard scenarios. The third meeting, we'll focus on strengthen, adapt and envision, goals and objectives.

What are the goals and objectives for these different elements? They will be different because they are addressing different kinds of risks as well as different context, the evaluation criteria to make decisions about which projects get advanced in the strengthen alternative, the multi-hazard risk assessment findings and those strengthen alternatives that have moved through that evaluation process and then the strengthen project selection and the adapt plan outline.

I'd like to acknowledge Renee Martin who has done an amazing amount of this work on stakeholder and community engagement as well as Kirsten Southey. They're both wonderful members of our communications and outreach team. It's been great to be partnering with them over this work.

We have been out and about a lot. We have engaged a number of community organizations, taken the opportunity to partner with some of our wonderful institutions in San Francisco like the Cal Academy. We were there at three family nights in March where we reached out to over 500 families at each one of those events in language and talked to them about the seawall. We have some pictures of that event.

So many of the families did not even know that there was a seawall. So many of the kids answered our seawall quiz cards. It was a really great way to get people engaged. We have collected over 2,500 email accounts. People have willingly given us their email so that they can stay connected to this project, which is no small feat. Over 7,000 pieces of collateral distributed and probably 11,000 at this point people connected via outreach, given that this slide is a couple weeks old.

We have had a lot of success with online engagement and social media. We had this wonderful partnership with our transportation partners, SFMTA, BART and WETA and Golden Gate Ferry where we had a Twitter conversation that really took fire because BART has a number of Twitter followers where we talked about the importance of the seawall to transportation.

We're starting one with some of our Port tenants to tie into the king tides that are coming up and talking about the water levels that our tenants see and how king tides affect the Port of San Francisco. We have over 15,000 people going to our website. We have had radio ads, press conference on funding for the seawall which some of you attended. It was a great event.

We have had op-eds, over 50 stories on the seawall, a number of media engagements and more to come. We have been engaging in some innovative outreach with some local San Francisco partners. We have a seawall beer that has launched thanks to Black Hammer Brewery. We have a meet the engineer event next week at Black Hammer Brewery. We have seawall espresso coming out from Ritual Coffee and that's going to be in the fall. We have had a very successful, surprisingly, Snapchat filter about the seawall. We have a seawall fun run planned with Sports Basement.

One of the things that we've been struggling with is the seawall is invisible infrastructure and so how do we highlight it? Some of the ways we've been highlighting it are these innovative partnerships that normally you might not have to do this because everybody sees the thing that needs to be fixed. We need to highlight and educate people about this seawall. Doing it in fun ways is really important.

Your Port staff has been going out to community groups all around the city, out into the Richmond, out into the Bayview, right next door, giving these seawall roadshow talks that have been very well received.

We've been doing door-to-door outreach to the tenants. We've had a number of seawall walking tours. I don't know if the commissioners have been on a tour yet

but I would highly recommend that, if you haven't. You should go on a tour. If you have, you should let other folks know because they're selling out. We have a very popular tour.

We've gone to a number of stakeholder meetings and events where opportunity presents itself or folks have requested that we do that. We have a stakeholder survey with over 350 surveys have been completed. We have a monthly e-newsletter. I am assuming that you all see it on a monthly basis and regular website updates.

Again, our first meeting was on June 21st. We had this room filled with people and boards. We presented the program framework that I talked about today as well as the seismic and flood hazard risk. How is it we're going to be making decisions in this project over time?

Steven Reel - The meet the engineer happy hour is next Tuesday. It's going to be a very exciting event. So how are we going to pay for all this? Our overall funding goal for the \$5 billion program is 25 percent local, 25 percent state, 35 percent federal and 15 percent private.

You previously heard from Brian Strong, the city's chief resilience officer, on the recommendations from the seawall finance working group, which laid the groundwork for this strategy. For the \$500 million phase one, the primary source is the proposed \$425 million city general obligation bond.

Initial citywide investment not only gets the critical improvements moving quickly but shows our state and federal partners that the city is both a committed and financially capable local sponsor, which, more than ever, is very critical for securing those funds.

On local funding, the general obligation bond measure is moving along. At the end of June, the bond ordinance was unanimously approved by the board of supervisors clearing the way for the \$425 million GO bond measure to be placed on the November 2018 ballot.

It will require two-thirds yes vote to pass. As you've heard, the polling has been very encouraging. The program will also receive an additional \$6.35 million in the fiscal year 2018-'19 capital budget including \$5 million from the general fund, \$1.1 million from the Port and \$250,000 from city planning.

This funding is necessary to continue the planning and engineering work in advance of the bond. On the state funding efforts, these include AB 2578 and a state budget request. Assembly Bill 2578 gives the Port the ability to capture the state's share of tax increment from Port infrastructure financing districts specifically for seawall improvements. It was introduced by Assemblymember David Chiu, coauthored by State Senator Scott Wiener and Assemblymember Ting. The bill passed the assembly and is now in the state senate. Another state source of funds is a direct appropriation.

The Port requested \$50 million direct appropriation in the upcoming state budget. This request has been reduced to \$5 million but appears to be moving forward and is likely to take the form of a grant from the California State Natural Resources Agency.

On the federal funding side, we've already begun working with the Army Corps of Engineers under the Continuing Authorities Program, or CAP 103, for flood protection improvements along a half-mile stretch of the seawall from Pier 5 to Pier 22 1/2. This authority carries a maximum \$10 million federal contribution. The big and super exciting news though is a new start authority for the entire Port. It was approved in the USACE 2018 Work Plan.

This is for general investigation for flood protection for the entire Port and can bring unlimited federal funding. It was one of six new starts nationwide, one of only two for coastal flood protection. The new start includes \$500,000 in funding to begin the feasibility study this fiscal year. The approval path included top leadership in the Corps, the assistant secretary of defense and the director of the Office of Management and Budget.

Commission President Brandon and Executive Director Forbes, I don't know what you did back there in D.C., but it worked. Thank you so much on behalf of the project team. Thank you so much for your leadership on this issue.

We've already met with Corps staff at the district. They are assembling a project team. We intend to request execution of the feasibility cost-sharing agreement with the Corps at the August 14th meeting.

Commissioner Woo Ho - Thank you, Steven. Thank you for all of the efforts in terms of all the presentations of the various people today and everybody else involved. Again, today seems like all of our reports have been extremely comprehensive and integrated. That seemed to be the theme today and that's marvelous to see that.

I just taped something for the seawall earlier today. So I was totally briefed. I was updated in addition to your presentation. The only questions we had is obviously we want to see how the funding goes but we know where that's headed. We'll just have to wait and see how each piece comes into place. I do think now that we seem to have a number that we expect over time. We initially started off with just a study. We had the \$500 million and now, we know that we think we're in the range of \$5 billion. That was something that is another advancement. I'm not sure whether that's the final number. But at least we have a guesstimate at this point or maybe it's more than a guesstimate of what this is going to cost.

We know this is a major, major project. It's obviously extremely strategic. I can only say that we're very supportive. I think you all are going about it extremely smartly and appreciate the effort. Thank you.

Commissioner Gilman - Steven, thank you again. This was really informative. I really appreciate the out-of-the-box thinking of community engagement. I've seen a lot of social media posts on your presentations, on happy hours. I'm excited for the coffee and beer. It's really important because it is an invisible thing. It's really hard for folks to understand why we just can't fix it on our own or even what a seawall is. I just wanted to commend you on that strategy with all of the partners, both public and private, who are working on this to have that public education.

Commissioner Adams - I went to a couple of the meetings. I know this is not a sexy issue. I know Director Forbes, Steven and others, you were worried about how do we get it out there. Renee, I'm really happy what you've done with the PR campaign. It's gotten better. The social media, it's really good and I saw the Warriors in there. I had even mentioned one time the Giants but I think this is good.

This is an issue about life and the safety of every citizen in the city. That's what it's about and it's long-term thinking. It's getting way ahead of the project and getting out front on it. I'm very supportive of it. Thanks for all the hard work.

I believe, when you give people all the facts, they'll do the right thing. So this thing will get voted up. This is a long-term investment for future generations to come. At the end of the day, people will say we did the right thing. We didn't react. We were out front. We were on the offense instead of being on the defense because normally things happen afterwards. I know when we were in New Orleans with President Brandon and Director Forbes and you see what happened down there and -- \$8, 10, 12, 14 billion later. Most people never, ever move back to New Orleans. Getting out front like this, this protects our communities. This protects our families. It also protects our waterfront. This is something that's long overdue. Thank you.

Commissioner Brandon - Steven and Lindy, thank you so much for such a detailed report. This is great. It's amazing how much progress we've made in such a short period of time. I also think that the community outreach and engagement has been phenomenal. I've seen people all over the city. I love the toys and the things for kids. This is going to take a lot of education for people. I think we are doing a great job. I want to commend everybody who has had any role in this because when Director Forbes and I were in D.C., we were praying for a \$350 million bond measure. Now, we're at \$500 million. We have a new start, and people are really aware of this project. It's so needed. It's so critical to San Francisco to complete. I want to commend everybody on all that we've done so far. Thank you.

- B. Request authorization to award Construction Contract No. 2787R, Pier 27 Passenger Shelter, to G.Y. Engineering, Inc. in the amount of \$818,000, and authorize a contract contingency fund of 10% (\$81,800) for a total authorization of \$899,800. (Resolution No. 18-43)

Dan Hodapp with the planning and environment division - We are here to request the commission to consider awarding construction contract number 2787R for construction of the Pier 27 passenger shelter in the amount of \$899,800. Since the terminal opened in 2014, we have continued to work with the operator to refine and improve its performance. This is one of those projects that's looking to do that. The new shelter would be located in the ground transportation area, about 100 feet from the terminal. The new passenger shelter will replace the temporary non-permitted shelter currently in place at Pier 27.

The new permanent shelter is needed to provide weather protection for cruise passengers transferring to and from cruise terminal by bus or auto and to appropriately define vehicle and pedestrian areas. The project funding is from the Port's certificates of participation financing and the 2014 revenue bond issuance that were previously approved for the cruise terminal project.

The passenger structure is 162 feet long, 16 feet wide and being of a scale appropriate for the Port's international terminal. It will stand quietly between the new James R. Herman Terminal and the Historic Pier 29.

To discuss the bid process and the contractor selection, we'd like to begin with Tiffany Tatum of the Port's engineering division describing the advertising for the project.

Tiffany Tatum, engineering outreach coordinator - I'm here before you to outline our outreach efforts for contract 2787R. The invitation for bids was published on May 15, 2018. During advertisement, we contacted 190 certified LBE firms as well as all local ethnic chambers of commerce via email. Of the 190, 91 of these firms were from supervisorial district 10 and 66 from zip code 94124 Bayview-Hunter's Point. The project was posted on the Port's website, Office of Contract Administration website and the PUC's planholders room website as well as a seven-day advertisement in the Examiner. We also highlighted this project at the Port's second-annual contract open house in March. Lastly, we held an optional pre-bid meeting on May 3, 2018 at our Pier 1 offices.

Dan Hodapp - The Port received three bids, two from LBE firms which were then eligible for the 10 percent scoring adjustment. The adjusted responsive and responsible low bidder as determined by the contract monitoring division, CMD, is GY Engineering at \$788,000. Their additive bid price was \$30,000, bringing the total to \$818,000.

Per the local hiring ordinance, there is a mandatory 30 percent local hiring requirement. GY Engineering is familiar with this requirement and has met it on other projects without incident. Fifteen percent of that is required to be for disadvantaged workers.



Should the commission authorize this resolution today, then we would enter into the contract with intent of issuing a notice to proceed in September of this year, which would put us to March of next year for substantial completion.

In summary, GYE is the lowest responsive and responsible bidder. The LBE participation required on the contract was 20 percent. Svala Construction is GYE's subcontractor and will perform 36 percent of the work. GYE, also an LBE, would perform 57. Together, 94 percent of the work would be done by LBEs on this project.

GYE is a licensed contractor in San Francisco since 1991. They have 27 years' experience with over \$10 million of work in structural steel construction. These types of projects have included a couple of projects at SFO and Claremont High School addition on the peninsula. They're also currently a general contractor on the Port's restroom project.

The total bid price (base bid plus additive alternate bid) is \$818,000, with a 10% contingency of \$81,800 brings the total contract amount to \$899,800. Should you have questions about this contract, Gene Yakubovich of GYE Engineering; Jewell Finbarr of the contract monitoring division; Tiffany and I are here to answer your questions.

Commissioner Woo Ho - I sort of remember seeing some one of these designs when we first did the cruise ship terminal. I guess, at the time, we ran out of funding to complete it. Is that correct?

Elaine Forbes - Yes. At the time, we thought we would run out of funding but we actually had savings on the cruise ship terminal project. This is from the original project amount. The source is the cruise ship terminal project.

Commissioner Woo Ho - I sort of remembered the design. I certainly am supportive to see that we want to move away from the temporary and to actually look like we do have a modern cruise ship terminal. It really completes the entire area. I'm very supportive from that standpoint. The building itself is beautiful.

I am very supportive. I think that you were all very careful. You have taken our guidance on making sure that you answer all our questions when we have a bid in terms of the background of the contractor, the LBE percentage, etc. I don't really have any further questions.

Commissioner Adams - We probably have one of the world-class cruise terminals in the world. This is long overdue to have something like that. It's a first-class operation and we need to look the part all the way through. This is going to help because, every year, we seem to be growing our cruise ship business. I've said from the first time I came on the commission, I would like to see us have over a million passengers a year.

We have private activities and other activities that people rent out the cruise terminal. This will just add to the splendor of our building and this helps our tourism in San Francisco.

What I wanted to know was there any diversity in the bids? Because it seems like we've had problems at the Port as far as diversity. Can you tell me were there any minorities? Who was in the process? I just want to know if we've started to be able to broaden the playing field a little bit more around here.

Dan Hodapp - I'm going to call on Jewell Finbarr from the CMD, contract monitoring division, to provide the details on your answer.

Finbarr Jewell, Contract Monitoring Division - A review of GY Engineering's bid documents reflect that GY Engineering is an OBE. The subcontractor they utilized to meet the LBE requirement is also an OBE.

Elaine Forbes - To put that in layman's terms, it's white-owned firms. We've been working on this issue for some time. I'm proud to say this commission has more disclosure and conversation about diversity in contracting than any other city commission. And I'm really proud that we're leading the way in having these conversations. In talking about what's available in the pipeline, there are definitely minority firms, MBEs, that are certified and capable of doing the work.

For whatever reason, we have not reached out to them yet to find out why they didn't bid. It's a very hot construction climate. Sometimes, city work may be less preferred to private work but there is a pipeline available. In this instance, two OBE firms that partnered to put in the winning responsible low bid.

Today, right before the commission meeting, Finbarr, Rod and Katie and I were all sitting down and we had a breakthrough moment. We were working on lots of different tools. This is going to be something new that we implement when we go out for a bid. CMD is going to express the diversity that's available in terms of MBE and WBE, women-owned businesses and the percentages and ask the respondents to be responsive to that availability and, if they are not, to document why not. We have more data and information to provide you when you're making your decisions. I thank Finbarr for that really great idea today.

Commissioner Brandon - Thank you, Finbarr. Thank you, Dan and Tiffany, for this presentation. Thank you for inquiring about the diversity. It is a little discouraging that we continue to have these contracts. This particular contract has no minorities, no women. Maybe we should ask the bidders. Maybe you can tell us why there are no minorities or women a part of this bid because we've just got to change how we're doing things.

Gene Yakubovich, principal of GY Engineering - It's not that simple. It's not black and white. If you do employ a large group of minorities and women, we explore and send the invitation to minority. In this particular job, we have only a limited

amount of trades involved, two trades. We contacted two Asian companies and they said they will not bid because it's too big for them.

Nevertheless, right now, we are talking to one of the fabricators, metal local fabricators who is a Spanish American. We may utilize him if we can get all the numbers together with him for fabrication of some of the parts for the frame assembly of the structure.

We also hire a lot of local residents. We are a local company. I've been living in San Francisco since 1978. I've been working on the waterfront since 1979. I'm very familiar with issues here. I hope you're going to be able to understand what we are trying to do and the limits what we have on this project to get more minority businesses / subcontractors to participate.

Commissioner Brandon - I really appreciate that. I really do but it seems like there's a disconnect here because it says that we sent this to 190 LBE firms. So there must be a large pool that qualified to do this work. So you're saying that there's only a couple that can do this job?

Gene Yakubovich - The job is structural steel. It's mostly a little sheet-metal work and painting there. So there are three trades.

Commissioner Brandon - Just for reference, on the current Port project that you have, did you partner with any minorities or women?

Gene Yakubovich - Yes. We have electricians minority working for us, a plumber. Besides the minorities, they have to be local business enterprises. It's a double requirement here.

Lindy Lowe - Commissioner Brandon, I just wanted to clarify the 190 also included the required license for general A and general B with the subs included in that list. We can provide you a separate list of how many were in the specific sub-trades and those that were bidding for the prime spot.

Commissioner Brandon - Thank you. I really appreciate it.

Finbarr Jewell - Commissioners, I'd like to follow up and suggest to G.Y. Engineering since he has just informed us that, as of yet, he hasn't got a fabricator. I would like to work with G.Y. Engineering as a template or a test forward a list of all the MBE, WBE and OBE fabricators. Then, we can work together. He can work with me and explain and possibly provide documentation, which would be a good start for us going forward on other contracts.

Commissioner Brandon - I truly, truly appreciate all your help with this.

Finbarr Jewell - Thank you very much.

Commissioner Brandon - Thank you, Finbarr. Thank you, everyone, for all your comments.

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution 18-43 was adopted.

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

Commissioner Woo Ho - I have a couple of items. I had requested a while back and I'm not sure that I saw it on the calendar in terms of forward topics where we stood with Teatro ZinZanni. I would appreciate if that does get on the schedule so that we understand.

As we approved, through consent today, the annual rental schedule and, in the staff report that we read at the last commission meeting, we talked about the vacancy report. I guess we've landed on a new definition of vacancy and that number has stuck in my mind, which is the 11 percent. Given all the capital needs of the Port, every dollar that we can obviously generate in revenue, and our main revenue source is real estate leasing. Obviously, we do have parking and other sources. I would like to suggest that we have a periodic report every three or four months to tell us where we are in terms of leasing activity as far as vacancy.

Also, in terms of what's coming up, I'd also like to know the time a property has been on the market. We do see certain transactions which obviously come to us because of the lease parameters and need commission approval. I'm not here to approve your vacancy or anything like that. I'm here to be informed and to give ourselves all a sense of urgency that any empty space that can be rented should be rented because we need the capital. We need the money.

Every day, we hear about all the projects that we just don't have enough sources of funding. If we could just put that up on the radar screen for all of us to review on a regular basis, maybe that would help us and give us the right focus.

That's the purpose of the request. It's not to criticize or anything. It's to keep it on the radar screen to make sure that we're watching what is available for lease that hasn't leased and how long it's been on the market.

Now, we know we have some problems. For example, Pier 38 - I can't believe it's been six years and it hasn't been rented out. We thought it was going to be done in 12 months. I know that it's a problem child. It has its own particular issues. Aside from that, there's got to be some other things that are not waiting for six years to be rented out. We need to put this front and center and tie it to everything else that we're doing. So it's not an isolated report. It relates to what we're trying to achieve here at the Port which is to generate capital, to be able to sustain ourselves and all the things that we need.

#### **15. ADJOURNMENT**

ACTION: Commissioner Adams moved approval to adjourn the meeting in memory of Kevin Manning. Commissioner Gilman seconded the motion. All of the Commissioners were in favor.

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