

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE PORT COMMISSION MEETING SEPTEMBER 25, 2018

1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 2:30 p.m. The following Commissioners were present: Kimberly Brandon, Willie Adams, Gail Gilman, Victor Makras and Doreen Woo Ho.

2. APPROVAL OF MINUTES – September 11, 2018

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. The minutes of the September 11, 2018 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

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

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

At 2:32 p.m. the Commission withdrew to closed session to discuss the following:

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

- a. Property: 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

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 and reconvene in open session; Commissioner Gilman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Adams moved approval to not disclose any information discuss in closed session; Commissioner Gilman seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS – Eileen Malley, Port General Counsel announced the following:

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

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Corinne Woods - I'm here to talk to you about Crane Cove Park today. I'm sorry I missed last week's meeting. I did watch it on TV. I'm very concerned that we miss the opportunity to move forward with Crane Cove Park. I don't want to miss the bid deadline. I don't want to miss the bond deadlines. I don't want to waste our opportunity to use other people's money to build this park which is so important. It's not just about Pier 70 and it's not just about being a park. This is part of the overall Pier 70 project that we've been working on for what feels like forever, but probably isn't more than 15 years. If we miss this opportunity, if we can't follow through with the obligations that we've taken on for the voters of San Francisco in approving the bonds: (1) I don't think we'll have much of a chance of getting on any other General Obligation bond in the future. (2) We have to show that the Port follows through because we've got the Seawall bond coming up that we have to get passed. Please, move forward as soon as you possibly can with the Crane Cove Park project.

Katy Liddell - I'm here today in two capacities. First as co-chair of CWAG along with Toby Levine and secondly as a former President and current Vice President of the

South Bay/Rincon/Mission Bay Neighborhood Association. Like Corinne, I'm very worried. I've been out of town recently. I made sure I got back so I could be here today because I received so many phone calls and emails from CWAG members, neighbors and other people who have expressed some trepidation about the hesitation of the Port Commission to move forward with acceptance of the bid for construction of Phase One of Crane Cove Park.

This 10 or 15-year process has included at least 18 Port Commission meetings where every detail has been vetted. Crane Cove Park, as Corinne said, is not only important to the Port, the City and this entire region, it's a critical element of the Pier 70 project. The longer this project is delayed, the higher the cost will be. I understand that the Phase One bid that the Port has received will expire if the Commission does not take action very soon. Rebidding will likely increase cost and jeopardize any non-Port funding deadlines.

The CWAG, long before I even joined, has worked for many years with Port staff and community members on the Pier 70 project and the planning for Crane Cove Park. It would be so disappointing to CWAG members, to community members and to San Francisco as a whole if the Port fails to deliver on the promises made to the community for Crane Cove Park. I'm here to urge you to support this project now before bids expire and the project becomes more expensive.

Katherine Doumani - I spoke to you a week ago regarding Crane Cove Park. I support Katy. I'm a member of the CWAG as well. As I mentioned before, I've lived three blocks from where this park is to be located for more than 20 years. It seems completely outrageous in so many ways that it took this long as it is, but to delay it even further with, as we all know, are the exceeding and rapidly growing costs of all construction in San Francisco seems foolish, though there is a lot of question as to how it is that we got here.

Because it's only going to go up unless there's some tragic fall in our economy for many reasons and in the end, that would probably kill it too. So now is the time. I understand from the presentations that were given at CWAG last week that the bids do expire shortly. I have spoken to the leaders of both our community organizations specifically surrounding the park and Dogpatch and at the Booster Association of Potrero Hill of which I'm a board member. Both are urgently requesting that this park be built. I hope you do whatever you need to do to make that happen sooner rather than later.

9. EXECUTIVE

A. Executive Director's Report

- First Annual San Francisco Partnering Awards Ceremony – September 25, 2018

Elaine Forbes, Port's Executive Director - I'm very happy to announce that our Engineering Division received an award this morning. Congratulations.

This is a new award that DPW has spearheaded along with other Chapter 6 departments. We have founded the San Francisco Collaborative Partnering Steering Committee. We had our First Annual Awards Ceremony this morning. This award is to recognize San Francisco Building and Infrastructure construction projects where City staff partners with construction firms to resolve issues and deliver construction projects hopefully on time and on budget. There were 18 City projects submitted from six departments for consideration. Our award came from the Pier 23 and 19½ project team. This project also won an International Partnering Institute Award earlier in the year. So two awards for one project.

The project included removal and replacement of existing roof materials and flashing, hazardous material abatement, restoration of the beautiful historic rooftop windows at Pier 23. Our Port staff negotiated a very reasonable price with Pioneer Construction to increase the scope to include roof repairs at 19½ which you approved on September 12, 2017. Not only was this a really important objective for maintaining our historic pier but also two thirds of the project was completed by certified LBE firms.

Port staff, Pioneer Construction, the partnering consultants, identified issues very quickly, resolved them thoroughly. They had weekly construction meetings. All had a can-do attitude. They did have very big issues that came forward in the project but all of them were resolved. The total construction cost was \$3,078,000 and all change orders were within the 10% project contingency.

Without the can-do attitude and the partnering, you likely would've seen this project in front of you for change orders above that 10%. I'd like everyone to recognize and congratulate the Port team - Wendy Proctor, Alan Gin, Evelyn Onderdonk and Yakov Okupnik. Wendy is the emissary. Job very well done. Congratulations to the Engineering team.

- San Francisco Fleet Week – October 1-8, 2018

Fleet Week is upon us. It is October 1 through the 8th. This is really when we pay tribute to the men and women in our nation's Armed Forces. It includes many exciting events including the Parade of Ships, tours, military displays, the air shows, etc. Behind the scenes offers a really important opportunity for us to test preparedness training and response exercises.

This year is a good example of the testing that we will be doing. We will be out at Pier 96 on Monday, October 1st with all of our partners testing a full-scale earthquake emergency. The Department of Defense will be there to do communications testing, point-to-point logistics with the concept of bringing fuel and goods in after a catastrophic earthquake. We're very excited to do that testing.

Also to note, the Humanitarian Assistance Village is an interactive demonstration of military capabilities and will be out there to show all the various services they offer. I encourage the public to go out and enjoy the Humanitarian Village.

There will also be free ship tours throughout the week on Piers 15 and 17, 30-32, 35 and 50. It's a really fun event. Check out fleetweeksf.org for more information on the Web site.

- Pier 70 Closeout

In a tribute to Port staff, we had our Pier 70 Trust closeout on September 17th. This is the second Public Trust Land Exchange that the Port has done. It's a major milestone in the Pier 70 project and comes after 17 years of planning. It would not have happened without a lot of collaboration with the State Lands Commission. That Trust swap supports all of the Trusts, the Pier 70 projects. Kudos to all involved. This started so long ago. AB418 was carried by then Assemblymember Tom Ammiano and it's transpired into wonderful projects at Pier 70. Congratulations to our entire Pier 70 team who brought this across the finish line: our distinguished Deputy City Attorney Eileen Malley, Christine Maher, Dave Beaupre and Kevin Masuda.

- Largest Cruise Ship Ever to Visit San Francisco

The Norwegian Bliss, the largest ship ever to come to the Port, will be here on October 3rd. It will be docked at Pier 27 arriving at 9 o'clock in the morning. It is 1,000 feet in length carrying 4,990 passengers and 1,700 crews. We're excited to welcome it to our Port and also excited to see ships of larger volume. Of course that helps our passenger facility charge, which the Finance team is thrilled for, but it also brings more and more people to enjoy our shoreline and into our Cruise Ship Terminal.

- In Memoriam – Former Port Employee and Colleague, Veronica Sanchez

On a sad note, I would like to request that we close the meeting in honor of Veronica Sanchez. Many of us know Veronica well. Veronica was an employee of the Port for 11 years, from 1990 to 2001. She was our Government Affairs Manager. After leaving the Port, she worked on many Port projects. She was a big booster of WETA and water transportation. She was a representative of many of the labor unions.

Many of us had an opportunity to work with Veronica on key projects. She was kind. She was dogged. She was wonderful to work with. She was very highly responsive and she always kept her clients front of hand. She was reasonable to work with and she helped us move many project across the finish line.

At her time at the Port, she worked very hard on the fish processing facility at 45. She worked on the drydocks and got the ship repair business up and going and a second iteration at Pier 70. She worked on the ferry facilities at China Basin, the Downtown Ferry Terminal, the intermodal freight projects at Pier 80 and the Public Access projects at Pier 7 and Fisherman's Wharf.

As you can see, Veronica loved the Maritime portfolio and when she left the Port she continued to work hard on our Maritime portfolio. She peacefully passed away September 20th. She is survived by her husband Jeff Bornstein and their son David Bornstein.

Sometime ago, she started a volunteer organization to help poor women in her hometown of Leon, Nicaragua. Her family is asking that donations be made for this organization in lieu of flowers. The website is www.ncfkids.org or you can do so through her, Veronica Sanchez's scholarship fund. We offer sympathies to Veronica and her family. She will be deeply missed.

Corinne Woods - Is there a Memorial Service?

Elaine Forbes - The Memorial Service is September 28th at 4:00 PM at the Delancey Street Foundation, 600 Embarcadero, San Francisco.

Commissioner Brandon - I know that the Port is a sponsor of Fleet Week. Can you share with the Commission what the sponsorship activities may be? You don't have to do it right now.

Elaine Forbes - Yes, we are a sponsor and there is a website that posts all activities, but I will share specifically what the Port Commission, what the Port's sponsorship activities are. I will do that in writing.

B. Port Commissioners' Report:

Commissioner Adams - I have two things to report. First of all I'd like to start with Sister Veronica Sanchez. As a worker, I speak with a common tongue.

When the death of Sister Veronica was announced, there struck a deep and solemn note in our lives which resounded far and wide. I've always believed we're captains of our own souls. The last few months of Sister Veronica Sanchez's life, she walked with death as though death were a companion, an acquaintance whom she recognized and did not fear. In the end, death came as a friend.

Veronica called me about six months ago and told me she was backing out of everything. She discovered she had lung cancer. Never smoked a day in her life, 59 years old. One thing that got left out is Veronica was very instrumental in the James Herman Cruise Terminal working with Local 34 and Brother Art Agnos and Sean Farley to get that thing when you first go in about Jimmy Herman. She was very close to Jimmy Herman and she really cared about working people.

She always had that spirit that she could beat this awful disease that we call cancer. Fifty-nine to me is very young. I was really struck when I found out that she had passed. But I know that in her life, she tried to do as much good as she could for as many people. The MMP, the ILWU, me, were working people. She had that connection to just ordinary people. She held a lot of different jobs in the City. Clearly, Veronica will be missed.

Madam Chair, with your permission, I'd ask that we have a moment of silence for Sister Veronica.

Commissioner Brandon - Can we please have a moment of silence.

Commissioner Adams - Thank you Madam President. My second one is to Sister Eileen O'Malley. The ILWU, we have a saying that goes, "Nobody likes us and we don't care." Right now, I'm not as adequate as the rest of my Commissioners. I'm kind of rough around the edges. I know I'm out of protocol and everything but I just want to say, we owe you a debt of gratitude.

I'm really choked up about you leaving. There are people that talk to hear themselves talk, but you're one of those quiet champions that go about every day. You don't want any recognition and it's always about the team. You put yourself above, to everybody else. You're that person that just sacrifice and puts yourself out there. I know you don't like to be recognized publicly, but you deserve that. The six years that I've been on the Commission, I've called on you several times for advice and you've guided me. You're going to be sorely missed.

I know when I got here, you were here with Monique Moyer and then Director Forbes came in and we all had to coalesce around her and Byron and the new team, Michael, to move this organization forward. You've done that. Thank you for all the ups and downs, the victories. I know sometimes we go to a place in our life, we've got to move on. We need less stress in our life. We want to try something different.

I'm not going to wait for a Memorial Service to memorialize you. I'm doing it right now, whether you like it or not. You deserve to hear it now and to get your flowers now. I'm going to be quiet because the rest of my Commissioners have something to say. I always considered you to be a friend. I honor you. Thank you so much for being a giant because so many giants walk among us and they don't say a word but their actions speak for themselves.

Clearly, you are a giant. Clearly, you will be missed at the Port of San Francisco. I wish you the best at City Hall. I hope that you keep us in mind, as we continue to struggle and do what we do here. We will continue to keep moving forward. We know a good person's going to replace you, but thank you very much.

Commissioner Woo Ho - I think Commissioner Adams has put it very appropriately. I think that among the three of us, probably more than Commissioner Makras and Gilman. Eileen is quiet but she's very solid. We all know that she keeps us on the straight and narrow and she's very nice about it. She does it in a nice way.

We will miss you. When I recall first joining this Commission, we had many legal issues. Over the years, they've gotten less and less. The fact that we haven't heard as much from you, both in terms of issues that have to be resolved and in terms of all of the agreements that we go forward and obviously, you work as a team. It's not just yourself but you're coordinating with the rest of the City Attorney's Office. It speaks to the fact that the work gets done, we come out of it well, and as I said, we don't have any history where at this point where most of the Closed Sessions in many cases were about litigation and that just has disappeared. That's a credit to you and going forward.

The key message today is that you should feel very proud that you've left a very strong legacy here at the Port. Thank you for that Eileen.

Commissioner Gilman - I just wanted to wish you, Eileen, good luck. It's been a brief five months but you were so helpful and patient with me in walking me through everything. I really appreciated you and wish you good luck at City Hall.

Commissioner Brandon - Eileen, thank you very much for everything you have done. I have had the opportunity to work with three Deputy City Attorneys. You have just been absolutely wonderful. You definitely keep us in line. We have had so many projects going on during your tenure here that I don't know how we would've gotten through them without you. You've just been so phenomenal and we're really going to miss you.

This is a token of our appreciation that we want to give to you. Let's all take a picture with Eileen so we can remember this wonderful person.

Eileen Malley - I would like to very briefly say what an honor and a privilege it has been to serve as the Port General Counsel for the past six and a half years and to witness first hand everything that the Port has accomplished and how much good has been done for the benefit of the citizens of San Francisco. As a real estate attorney, you hope that you can be involved in one mega project in your career and I've kind of had an abundance of riches down here at the Port with so many exciting projects as well as other challenges and issues.

It's also been a real pleasure to witness firsthand so many people that are very dedicated to the waterfront and just very passionate about the waterfront. It starts with you guys as the Commissioners and then the Port Director and Port staff and all the many community stakeholders and people like Veronica and Corinne. Most of all, my Co-Deputy City Attorneys on the Port Legal team who are so talented and hard-working and dedicated. Thank you for all you've done as well these past six and a half years.

I wish everybody the best of luck on all that's ahead of the Port because there's a lot ahead of the Port. Thank you for the experience.

Commissioner Woo Ho - Because we did have our valued members of the public talk about one of the previous topics at our Commission meeting, I want to say that there is no question that we are going to do Crane Cove Park. It's not a question of if. We had some questions about how the money was going to be spent and what it's going to be spent on and how much money do we have.

I want to tell you we are 100% supportive and that somehow our communication, even though I read the minutes, I don't know how the public got the impression that we are not behind Crane Cove Park. We are definitely behind it. I think I speak for all the Commissioners and Commissioner Brandon will speak a little bit more in detail about that. Because it is something that is very near and dear to our hearts having sat on this Commission for many years, that I didn't want to let the opportunity go by not to say something about how that park and the project is very important to us.

It will get done. We had a few questions about where we are right now and how we're going to spend the money. But the park is going to be done and we're not going to miss that opportunity. I just wanted to say that on record.

Commissioner Brandon - I also want to concur with Commission Woo Ho and that is the Commission, from all of our statements two weeks ago, is 100% behind the development of Crane Cove Park. We want to make sure that it's done in a fiscally responsible way which is why we're asking questions now and not later. We have a certain budget that we can work with, and we have to make sure that we can provide a crown jewel of a park within that budget.

There is no doubt in our minds that that park is going to happen, but there's still questions that have to be answered before we can move forward.

Commissioner Adams - I'd like to follow up with President Brandon and what Commissioner Woo Ho said. This Commission is very aware that this park is the people's park. This park belongs to the community, not the Commission. It belongs to the people. We will get it done. But as Commissioners, we have to do our duty. We're going to do that to make sure everything gets right. We know this park will have all the bells and whistles but we also have to make sure things get done right.

If we seem to be looking at things, this is our responsibility. This is why we were appointed by the Mayor to do our fiduciary responsibility to the community but it will get done. We are 200% in.

10. CONSENT

- A. Request authorization to enter into a Grant Agreement with the Successor Agency to the former San Francisco Redevelopment Agency for the Port to

accept and expend up to \$9,760,000 in Successor Agency bond proceeds for construction of the Mission Bay Ferry Landing Project. (Resolution No. 18-51)

- B. Request authorization to Modify Construction Contract No. 2783, Pier 31 Utility & Restroom Project, to Extend the Substantial Completion Date. (Resolution No. 18-52)

ACTION: Port Commissioner Adams moved approval; Commissioner Makras seconded the motion. All of the Commissioners were in favor. Resolution Nos. 18-51 and 18-52 were adopted.

11. REAL ESTATE & DEVELOPMENT

- A. Request approval of the First Amendment to the Exclusive Negotiation Agreement with TZK Broadway, LLC, for the lease and development of a 180-200 room hotel, a dinner-theater, a 14,000-square-foot public open space, and ancillary uses at Seawall Lots 323/324 and portions of unimproved Vallejo and Davis Street right-of-ways on the west side of The Embarcadero at Vallejo Street. (Resolution No. 18-53)

Ricky Tijani, Development Project Manager with the Real Estate and Development Division of the Port - I'm here to request your approval of the proposed First Amendment to the ENA, the Exclusive Negotiation Agreement between the Port and TZK Broadway, LLC.

On August 14, 2018, we came before you to apprise you and give you an update on the development and the status of the ENA. We discussed the proposal ENA as indicated on this slide and we equally discussed some of the conditions of that ENA. We equally indicated that the developer is making progress. We indicated the benchmarks that developer had been able to achieve and the few that are remaining to be achieved.

We indicated that the developer was in full compliance with the ENA and we equally indicated to you the approval, or refinement to the development proposal including the fact that the development costs have increased to \$135 million. We indicated that the ENA will expire on November 4th this year unless extended by you. The developer made a request for an extension of the ENA through the First Amendment.

As indicated on this slide, this is showing the performance benchmarks that the developer has achieved to date. Under the ENA as I've indicated, it's a one-year term with those extensions. The reason it has taken this long, many of these benchmarks were achieved back in April, 2016, during the entitlement process and the number of predevelopment tasks that the developer needed to complete.

Given the nature of the site and given its location in a unique, open setting, the Embarcadero Promenade, the Waterfront district and a gateway location, it took

a while to get a consensus on what do we call a project description which is the basis that drive the CEQA evaluation that the Planning staff needs to be done. So they are making progress, but all those issues took longer than the developer anticipated and that was the reason for those four six-month extensions that were provided to the developer.

The remaining few tasks to be completed, these are just key among those benchmarks. The implemented on strategies is 90% completed and our projection is that it will get these done by March 2019. Included in their strategies is finding financing as well as meeting all the various City department requirements like utilities, etc.

CEQA evaluation is essentially completed because it's provided all the info that the Planning department needs. However, before we could bring this matter to the Commission for approval, there are three objectives that need to be done including getting approval from the Historic Preservation Commission and the Planning Commission approving the Conditional Use requirement.

This project is moving on multiple tracks so currently the projection is to complete a transaction document which includes the LDDA and the lease as well as other transaction documents that may be required. As indicated on this slide, it is 85% completed and we're hoping that by February of next year, it will be 100% completed. Thereafter we'll come to you for the approval of the documents and the Board of Supervisor's approval of the lease.

Our request for approval of the First Amendment is to provide two additional six-month extensions under the prior conditions for the prior extensions. We are hoping that the developer should be able to complete this by May of next year which will have been under one six-month extension. However, entitlements and many other issues are not completely within the control of the developer. They do slip. That is the reason the developer is requesting one additional six months to the one six months we are recommending. It's a total of two six-month extensions for a total of 12 months so that we can get this project going without having to come back and ask for another six-month extension.

The fee for those extensions remains the same. We've revised a couple months of schedule to reflect the new benchmarks and other terms and conditions of the ENA will remain the same.

I should have noted this is a very aggressive negotiation we're having with the developer based on a number of assumptions that this will get done within the six months. However, we're recommending the six months based on the reason that I provided that if things do slip, then the developer will be moving forward very quickly without having to come back to us and request another extension from you.

We are available to answer any questions you may have, Jay Wallace, Mark Hornberger, the architect with TZK, Mr. Patel who is the financial partner and of

course our legal counsel is here advising us, Grace Park, as well as Mike Martin our Deputy Director guiding us through this.

Commissioner Gilman - Before I make any comments, I just want to remind the Commission again that I need to disclose that Jay Wallace who's a principal in TZK Broadway LLC also serves on the Board of Community Housing Partnership which currently employs me.

With that note, I want to thank Port staff for working diligently with the developer. At least for me and my frame, this is totally per par. I've seen so many projects that the DA has been signed or be moving towards CEQA and take years to accomplish for-profit, non-profit, public/private partnerships. I am very supportive of approving the extension and approving a second one so there's no further delay coming back to this Commission.

As many people know, building in San Francisco is hard. Getting through CEQA and planning is hard. To me this seems very typical, so for me, it raises no concerns.

Commissioner Woo Ho - I have no further questions.

Commissioner Makras - I have no questions also for the motion.

Commissioner Adams - Jay, hit the mic. How've you been doing? It's been a while.

Jay Wallace - Very well, thank you. Your words about Veronica were beautiful because I've known Veronica as long as anybody in this room. Thank you very much Commissioner for Veronica's and Eileen's words, because sometimes we forget in battle that we find ourselves in too often that there are really people's lives involved. Veronica Sanchez was a beauty. That was one hell of a lady. So thank you very much for that.

Commissioner Adams - Is there anything you want to say to the Commissioners? Can you tell us what's going on. I'm supportive. I just want to hear from you. Sometimes the developers come and the staff makes the presentation, but I'd like to hear from you. You're a developer.

Jay Wallace - Thank you very much for the time Commission and Commissioners. We've been working hard. I want to first of all say that Port staff has been extremely helpful and the delays, if you want to call them that, are not at the foot of the Port staff. Planning has taken an awfully long time to do the necessary work that is required under the California Environmental Quality Act (CEQA).

We sit in a historic district, Northeastern Waterfront Historic District. We had a lot of historic work we needed to accomplish. Transportation's always an issue. We have an extensive transportation study that's been done. Noise, air, cultural

resources, archeological, there's 10 different studies that we needed to do. It's all culminated. Last Friday, we submitted what we hope is our final version of the initial study and the preliminary mitigated negative declaration to Planning staff. They've reviewed it now three times. They gave us their final comments in their third revise, which we have implemented every single one of them.

The results of the initial study and the preliminary mitigated negative declaration which we hope will be published in the next five, 10 days is that the project does not have a significant impact on the environment if we implement a few mitigation measures. Like construction noise, construction dust. There was not one single mitigation measure that we were required to do in order to qualify for the Mitigated Neg Dec. That was unusual in San Francisco. Every project along the waterfront and throughout the City has the same requirements.

So the long and short of it is, we are right on the cusp of having all of our publications. Once we get the initial study, preliminary Mitigated Negative Declaration, published by the Planning Department, then there's a 30 day comment period. Planning has to respond to the comments. If there's no appeal, we go straight to the Historic Preservation Commission for approval of a Certificate of Appropriateness.

If there is an appeal, it has to go back to the Planning Commission. They have to hear the appeal. We would hope that they deny the appeal. Then we would start at the Historic Preservation Commission. Long and short of all of that is we're hopeful that every 30, 45, 50 days, there'll be another vote as we march through the process. That would be the normal, there's noticing periods and so on and so forth. Once we get the initial study published, then we have a track. Planning has 30 days for the comment period and 15 days to answer and 30 days thereafter a hearing. Then send it over to the next body that has to hear of it. Ultimately it will come to you as Ricky said, February of next year timeframe we hope but we're not in control of that.

We're really excited. Commissioner Adams, you weren't here at the last meeting, but we told the rest of your fellow Commissioners that Presidio Hotel Group is on our team. Rakesh Patel is here with us. They are very experienced, local group of folks get the dynamics of working in San Francisco. Our relationship with the unions remains super strong. Our relationship in the community, we really haven't seen any problems. I've been out to community groups. I was talking to Carol Parlette and the gang.

Everything is on target. It just takes too long in San Francisco if I may say so. Unfortunately, we spend a lot of time analyzing things. I was talking to Corinne out in the hallway. She and I were on the Waterfront Land Use Plan together in '80, whenever that was, '89 we started. To hear that Crane Cove is still going on. Such a beautiful project. I know that to be the case.

Commissioner Brandon - That did not start in the '80s.

Jay Wallace - I know but I remember hearing about it. But it was the early '90s. It must've been the early '90s. I remember hearing about it.

Commissioner Brandon - No.

Jay Wallace - Maybe not. It's been a long, long, long time. We're excited. We're keyed up and ready to go. There's not one moment of hesitation. There has never been a moment of hesitation. It's just been that it takes a long time to do the work that has to get done.

Commissioner Adams - Thank you. Appreciate it. I'm supportive. I just wanted to hear from him. He's a developer. I wanted him to talk to the whole Commission.

Commissioner Brandon - I wanted to say that the reason we didn't go over the terms in the whole overview is because we did that at the August 24th meeting. Everything is the same except for at the August 24th meeting, you guys asked for a six-month extension. Now you want a year. But because everything does take a long time here in San Francisco --

Commissioner Woo Ho - Except at the Port Commission.

Commissioner Brandon - Except at the Port. We all agree that two six-month extensions are in order just in case.

ACTION: Port Commissioner Adams moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 18-53 was adopted.

- B. Request award of the Restaurant Opportunity at Pier 33½, located at Bay Street and The Embarcadero, to Anchor Hospitality Group LLC (Anchor) and authority to enter into exclusive negotiations with Anchor for a lease subject to Port Commission approval. (Resolution No. 18-54)

Jay Edwards, Senior Property Manager - I'm here to follow up on our August 14th presentation where we completed the RFP and evaluation process and heard a presentation from the respondent Derek Smith and Mick Superkubie who are here in the audience today. They will not be giving a presentation but they'll be available to answer questions as need be.

We are here today to request authorization to award this restaurant opportunity at Pier 33½ to Anchor Hospitality Group, LLC and obtain the authority to enter into exclusive negotiations for a new lease. It's been an ongoing operating restaurant for many years and we are hoping to continue the same use for the site. We had conducted a pretty extensive review of the site, an assessment and it is going to require significant Capital investment which our respondent, Anchor Hospitality, is prepared to do. Not only to get the restaurant open but to create their vision for their new restaurant which I believe will be called Maya.

This was the Request for Proposal that the Commission authorized back in May 2017. We prepared a comprehensive RFP that covered all these topics that you see in front of you as well as the opportunity to overview the site, site information, summary key lease terms, submission requirements, the evaluation reward process and the conditions and necessary approvals.

We went through a selection process which initially we were going to utilize an Advisory Panel. Since we had one really good response, we did not convene the panel. Instead, we engaged Century Urban to conduct its due diligence of meeting all the requirements in the RFP. They prepared an extensive report which we've attached to the staff report. And went through all their findings that I have summarized here in the next slide.

Based on the review of the information provided by the respondent, from Century as well as Port staff, we have jointly concluded the tenant satisfies the minimum requirements as outlined in the RFP. The proposed Capital Budget of \$1.8 billion should be sufficient to cover all the project costs. Century Urban believes the tenant has demonstrated financial capacity to fund project costs. The tenant submitted five-year pro forma utilizes sales and expense assumptions that have been adjusted by Century Urban to reflect their estimates and assumptions.

We've brought them in line to vet what they're proposing here. We feel that it's a good pro forma. As you can see on this graph, that the tenant will not only be paying the Port significant annual base rent, but based on those sales projections from Anchor, there'll be significant percentage rent coming to the Port as well. In addition to being a qualified proposer, staff believes the proposed concept, design, partnership, financial investment, and commitment to develop a robust community engagement plan represents an attractive addition to the Port.

These are the proposed business terms. These were actually in the RFP. This is what's been agreed to by the respondent and this would form the basis of a new lease. We have outlined a schedule to move this forward based on hopefully approval today of the award. We would be back for the lease approval in November and then to the Board of Supervisors shortly thereafter.

Commissioner Makras - I'm supportive of the motion. I have no questions.

Commissioner Gilman - I'm supportive of the motion. I don't have any questions at this time. Except I'm happy to see the space activated because it's a dead zone right now between the Alcatraz landing and Pier 39. It'll be exciting to see it get up and running.

Commissioner Woo Ho - Same here. We've heard previous presentations on this item so I don't have any further questions.

Commissioner Adams - I'm very supportive. I am hoping someone can come in there that has the Midas Touch. I used to go to the Butterfly restaurant. We've got Pier 27 down there with the Cruise Terminal and we've got Queen's down there now. We will have the new restaurant coming in. We need to have that life especially with a city that has over 30 million visitors/ tourists a year. We need those kinds of restaurants. We want that kind of action. We want a lively waterfront. I am glad someone is venturing out and has got the courage and the vision and being bold.

I'm very supportive of it. It's going to add a little bit more flavor to what we need. We need a really good restaurant down there for people getting off the Cruise Terminal.

Commissioner Brandon - Thank you. This is exciting. It's great that we're going to have a new restaurant along the waterfront. Can you tell me, what is the investment in this facility?

Jay Edwards - There'd be investment to bring into code compliance. It's really a complete redo of the existing restaurant. There was a numerous non-code compliant just through time and through wear and tear which requires a significant investment. It'll be all new tenant improvements, a new layout. The last time they spoke about changing the bar area to the front. Changing the whole concept and vision as you walk in and unfortunately in this day and age that requires significant financial investment.

Commissioner Brandon - Approximately how much is going to be invested?

Jay Edwards - \$1.8 million.

Commissioner Brandon - That's just up to them. There's no rent credits or anything?

Jay Edwards - There is a rent abatement period for the construction time but there's no rent credits for additional work that's being done.

Commissioner Brandon - So it's no rent for the first 12 months?

Jay Edwards - Up to 12 months, the earlier of opening of the restaurant or 12 months.

Commissioner Brandon - What is the base annual rent?

Jay Edwards - The annual rent is roughly \$200,000.

Commissioner Brandon - It just has the square footage, not the total.

Jay Edwards - It's roughly \$16,000 a month. \$203,730 is the annual base rent.

ACTION: Port Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 18-54 was adopted.

12. FINANCE & ADMINISTRATION

A. Update on Material Changes to the Port's Biennial Operating and Capital Budgets for Fiscal Year (FY) 2018-19 and FY 2019-20.

Margaret Doyle - I'm a Budget Analyst on the Port's Finance and Administration team and I'm here to present the update to the final approved budget for Fiscal Years 2018-19 and 2019-20.

This item updates the Port Commission on changes that have been made to the budget since its last review and approval in February. In February the Commission approved the Port's proposed Fiscal Year 2018-19 and Fiscal Year 2019-20 Operating Capital Budget and then the Port staff submitted that budget to the Mayor's Office.

In May, the Mayor's Office presented the budget to the Board of Supervisors and the Board of Supervisors' Budget and Finance Committee reviewed the budget. On August 1st, the City-wide budget was approved by the Board of Supervisors and the Mayor.

Overall there were some changes in both Fiscal Years to the budget. In Fiscal Year 2018-19, there was a \$1.3 million reduction from \$192.6 million to \$191.3 million and then in Fiscal Year 2019-20 there was a reduction of \$1.7 million to \$161.3 million to \$159.6 million. This shows the overview of the sources changes. All of the changes were in ongoing sources on the sources side.

Our Operating Revenues actually increased by \$200,000 in each Fiscal Year. This just represents increased Work Order recoveries for work performed by the Port for other departments. Our fund balance calculation decreased by \$1.6 million in Fiscal Year 2018-19 and by \$1.9 million in Fiscal Year 2019-20. This represents changes to our final balancing adjustments. Our South Beach Harbor revenue expectation increased by \$100,000.

While there were no net changes to our one-time sources, there were some changes within the budget in the first Fiscal Year. General Fund support was reduced by \$1.5 million. We requested \$6.5 million for Seawall funding and received \$5 million. This reflects a new \$250,000 Work Order recovery from the Capital Planning Office for the project at Jefferson Street. This is reflected as an expense line in the uses budget.

The budget reflects a \$650,000 anticipated grant from Nicholson Conservancy to support park improvements. Additionally, this budget reflects \$735,000 in bond interest earnings for Port Revenue Bonds and General Obligation Bonds.

Changes on the Operating side, we see a \$1.3 million reduction in Fiscal Year 2018-19 and a \$1.7 million reduction in Fiscal Year 2019-20 and this is in Operating and Capital. On the Operating side, we see a reduction of \$400,000 in Fiscal Year 2018-19 and \$1.2 million in 2019-20. This reflects \$700,000 decrease in Operating expenses in Fiscal Year 2018-19 and \$1.5 million in Operating expenses in Fiscal Year 2019-20. This is due to cuts made by the Board of Supervisors.

The Board of Supervisors also cut \$100,000 in our Programmatic Projects Budget supporting the Port's IS Strategic Plan project. Lastly, development project spending is projected to increase \$400,000 in Fiscal Year 2018-19 and \$300,000 in Fiscal Year 2019-20.

Our Capital spending is projected to increase \$700,000 in Fiscal Year 2018-19 with no change in Fiscal Year 2019-20. So this represents a \$500,000 increase in Port Capital appropriations, a \$1.2 million reduction in City-wide investments, that's General Funds and Work Order recoveries. Again that \$650,000 grant from the Coastal Conservancy and then \$735,000 in interest earnings spending on Port projects.

Lastly, the Port's Designation to Capital and Reserve decreased by \$1.6 million in Fiscal Year 2018-19 and \$500,000 in Fiscal Year 2019-20 to align with the final Operating Budget and available sources.

We saw a \$500,000 net increase in Capital due to the \$250,000 Jefferson Street project and \$250,000 for Resiliency planning. We shifted Sediment Cap funding to address reduced external funding availability for the Seawall and increase our Capital Contingency from \$1.2 million to \$2.1 million. Additionally we shifted funding from the China Basin Floats to the Roundhouse. The Float construction costs increased but there remains enough money to complete their design and the Roundhouse will generate new leasing revenues.

In addition to these changes, \$2.5 million in bond proceeds were reallocated in the Mayor's phase of the budget to other eligible uses. These funds don't typically show up in the Operating or Capital Budgets. The Port Commission already approved them through a separate bond issuance and supplemental budget legislation.

As you can see here, \$1.1 million was reallocated from Revenue Bond proceeds from the completed Pier 27 Cruise Terminal project to Crane Cove Park. \$1.4 million in General Obligation Bond proceeds were shifted from delayed, deferred or completed projects. So as you can see, \$748,000 to Crane Cove Park, \$350,000 to a public art project at Pier 27, and \$330,000 at Heron's Head Park. The Crane Cove Park budget lines were presented to the Port Commission at the last Port Commission meeting.

All in all, the budget continues to reflect the key highlights that were presented to the Commission in February. We still see strong revenue growth that coupled

with controls on budget growth supports over \$20 million in net revenue to be designated to Future Capital. We also see a significant Capital Budget in \$74 million over two years which is made possible by the growing dedication of Port revenues to Capital as well as \$18 million in external funding.

Commissioner Woo Ho - Given that this has gone all the way to the Board of Supervisors and the Mayor, it's not like we're able to change very much at this point. But trying to understand the trend line here, I'm not sure I understand whether you were showing us in the net change what you submitted versus what was approved finally.

Margaret Doyle - The net change is between what was approved by the Port Commission and what was approved finally by the Board and the Mayor in August.

Commissioner Woo Ho – What can you tell us in the net changes, because they reduced your budget, what did we give up?

Margaret Doyle - There's some changes that were just technical adjustments. The Board of Supervisors' Budget and Legislative Analyst Office cut some items. In our Operating Budget, they rejected some of our personnel substitution requests as well as a number of line items across the non-personnel board such as materials and supplies.

Commissioner Woo Ho - Did we cut from the existing staff level or was it proposed increases in staff?

Margaret Doyle - It was proposed increases in staff.

Commissioner Woo Ho - We have not cut from our baseline staff level.

Margaret Doyle - No.

Commissioner Woo Ho - In the Operating line expense, what did we have to cut further?

Margaret Doyle - It was across several different sections. Within other current expenses, it was decreased equipment funding, decreased materials and supplies and then entertainment funding and programmatic project cuts as well.

Commissioner Woo Ho - It's been a while so I'm not sure I remember exactly why our budget that we submitted for 2019-2020 is much lower than what we submitted for 2018-19. Can you explain that difference?

Margaret Doyle - I believe it's due to Capital Budget. The Capital Budget for the first year is higher than it is for the second year.

Commissioner Woo Ho - What would be helpful to understand is if we were to put the revenue up for these two periods, is our revenue going down?

Margaret Doyle - No.

Elaine Forbes - The revenue's not going down. The reason year one is so much bigger is we have more General Fund and the Seawall, Mission Bay Ferry Landing from my recollection. And there were more external General Fund and other Capital sources in year one than we'd identified in year two. But the Operating Budget is actually growing from year one to year two from my recollection. Isn't that right Margaret?

Margaret Doyle - Yes, that's true.

Commissioner Woo Ho - We're not changing anything. It's more for us to understand what the impact of this budget change is. I don't know Director Forbes if you can say how do you feel how these changes are going to impact us?

Elaine Forbes - Overall there's not substantial impact on us. We always go through the phases where the Board tries to cut some things which they did this year, and we made agreements to reduce our Operating Budget a little bit which on balance should be a help to us because it increases our fund balance. There's been changes in the Operating Budget which Margaret described which is to our budget and allocating our interest earnings and allocating the funding to where we need it in the Capital side especially on the bond program.

Overall, the majority of the Commission's budget has held and we will be able to do a good job within our allocation current year and next year.

Commissioner Woo Ho - So basically, if we cut our Operating expenses, then I would assume that our surplus is actually increasing.

Elaine Forbes - It does but you don't see that in these figures. Whatever we don't spend accrues to fund balance and then we have it to allocate to future Capital. It's really the year-end savings.

Commissioner Woo Ho - When we explain this to the Board of Supervisors, do we try to at least instead of just looking at a budget in terms of expenses and where we spend money is to look at the Revenue line and the surplus line and where it's going? It seems to me when you just look at this and purely in terms of the numbers have to go down.

Elaine Forbes - It's a longstanding process that the Board's review is a cutting and a reduction process in terms of the Budget Analyst's process. I know because decades ago I worked in that office. It is a justification and a reduction. It focuses on the City's General Fund. The idea is that savings for the General Fund allows the City to meet other priorities that maybe hadn't been funded.

As Enterprise Agencies, we are put through that same process. The difference between us and General Fund departments is our savings don't go to other City priorities, they're accrued to our savings account.

Commissioner Woo Ho - Right. I am sort of preaching to the choir here. But I'm saying it because I know what your answers are. Again on record, it's like we're kind of shooting ourselves in the foot here but that's okay. Because we're generating more revenue, we're generating a higher surplus, but we're cutting our expenses. But then we sort of say, "Well, we've got savings for the future. We're conserving our Capital." Then we go look at the Capital Budget and say, "Well, we can only spend so much money."

Elaine Forbes - It is the process. We did not take any cuts that we felt would be operationally difficult for us to achieve. We felt we kept our budget whole to meet our key priorities. There was nothing that staff vehemently disagreed with otherwise that would be pointed out in the report.

Also, you're right. It is informational only. The way the process works is the Board has this authority line item review and the Mayor ultimately signs the budget. But if there was something we felt we couldn't live with, we would talk to you about it and we would have raised the flag as well through the process.

Commissioner Woo Ho - Finally, what we're spending on the Capital side in these two Fiscal Years, just to be sure, we're increasing slightly. Is that correct? Am I reading these numbers correctly?

Margaret Doyle - Yeah. There is a slight increase due to increased sources.

Commissioner Woo Ho - We're not discussing the overall Capital needs at this point. This is just a budget presentation. I know I'm beating a dead horse but we need to keep explaining as an Enterprise Agency what our situation is. Yet we're kind of put in a straight jacket, which doesn't really necessarily make sense. But we can say that we have conformed. I can say that. You can't.

Commissioner Gilman - I just had one technical question. I was just curious. You said that there were new positions that were not funded, that you felt that they weren't going to be operationally challenged. I was just curious what those were.

Margaret Doyle - It was position substitutions. They were requests to move positions up a step. I have them here from the report. It was the substitution of an 1824 Principal Administrative Analyst to an 1825 Principal Administrative Analyst II in Maritime and the substitution of a 5312 Survey Assistant to a 5316 Chief Surveyor which was instead changed to a one-level increase to a 5314 Survey Associate.

Commissioner Gilman - And these are currently vacant positions?

Margaret Doyle - No.

Commissioner Gilman - So this was promoting folks in jobs.

Margaret Doyle - Yes. That would've been the request. We made several substitution requests and the Board of Supervisors wanted to rein that in.

Commissioner Gilman - Okay. I know I wasn't here at the time, so you had no new positions?

Margaret Doyle - No net new positions.

Commissioner Woo Ho - We have new positions but the head count.

Commissioner Gilman - The head count. That's what I was curious about.

Elaine Forbes - To be clear, we created a Project Management Office (PMO) for the Engineering Division and it's Capital funded. We don't see a net new headcount but there are five positions in that group. Those are five new staff resources for us to deliver on Capital. Regarding position substitutions, there are opportunity for promotions but they are run through a competitive process.

Commissioner Gilman - I just wanted to understand because I was aware that there was a budget instruction to all departments for not increasing headcount. I just was trying to contemplate that with what I heard.

Commissioner Makras - I think I'm going to defer to when I can participate in the budget but one thing pops out that deserves a call out so I understand it. On page 174 there's a \$32,000 charge for Giants' tickets. Could you walk us through what that is?

Meghan Wallace, Finance and Procurement Manager at the Port - So we actually do have a line item in the budget to purchase Giants' tickets. It's an annual expense that I believe we've brought back down. It's actually in the Executive Budget. It was an opportunity that came to us when the AT&T Park was built.

Commissioner Brandon - And it has gone down drastically over the years.

Elaine Forbes - It has gone down dramatically. We sold back some of the tickets this last budget cycle. These are tickets that we provide to not-for-profit organizations and for promotive opportunities for Maritime businesses, etc. We did cut in half the number of tickets that we're purchasing in this cycle. We also sell the tickets back when we don't use them. In some years, this has actually been a revenue more than an expense. But we haven't really been in the selling the tickets business in recent years.

Commissioner Makras - So you sell them on StubHub or something like that? Just so I can get it. Forgive me for asking.

Elaine Forbes - Yes. We do sell them.

Commissioner Makras - We have season tickets and we use them for promotion purposes.

Elaine Forbes – Yes and for not-for-profit organizations.

Commissioner Makras - If we don't use the number for promotion, we sell them?

Elaine Forbes - That's correct. We used to have more of the season tickets than we do now. We kept the club level tickets and gave up the field level tickets.

Commissioner Brandon - We used to have to pay for the Mayor's tickets so we've cut down a lot over the years.

Commissioner Makras - Great, thank you.

Commissioner Brandon - I just have a question regarding the movement of the bond proceeds. The Crane Cove Park additional funds, is that already in the report that you've been giving us, or is this additional funding?

Margaret Doyle - Yes, it's already in the report.

Commissioner Brandon – Okay, that's my only question. I do want to thank you for the budget book. It came in very handy. I do hope that prior to our next conversation on the budget, we have a draft of the budget book so we can understand the numbers in the budget and what they reference to better. That would be absolutely wonderful.

Commissioner Adams - On personnel, are we up to speed on all the hiring? I think Commissioner was talking a little bit about it. So what's going to happen? Is this across the City now in all the departments, there's kind of like a freeze somewhat on hiring when people leave? There are positions that are needed to be filled at the Port, right?

Elaine Forbes - There are. There is no hiring freeze in action at the City. We are up to speed on hiring, we just have a backlog. We have only two resources dedicated to doing hiring Port wide and we tend to run about 50 position backlog. I'm not sure about what the figure is today, but as people come on, people retire, people get new promotive opportunities in the City or elsewhere. So we're always running behind a full headcount. If we had a full headcount, we wouldn't get the savings we get at year end. We'd like it to be less than 50 but not quite at zero. We actively prioritize what positions are most important and our HR group does an amazing job bringing in new talent for our organization. But there's no hiring freeze.

13. PLANNING & ENVIRONMENT

A. Informational presentation by the San Francisco Public Works Department regarding the Jefferson Street reconstruction project, from Powell to Jones Street.

Dan Hodapp with the Port's Planning and Environment Division - I'm going to make a presentation on Jefferson Street Phase Two along with Jay Edwards, Senior Property Manager. Nick Ansel from SF Public Works is here to address questions should there be any.

Jefferson Street was originally conceived about 2010 through a public planning process. The project was divided into two phases based on budget. The first one was built just in time for the America's Cup in 2013 for about \$5 million. The second phase is three blocks as opposed to the first one being two blocks and has the F-line track running through it. Jefferson Street is bound by Hyde Street on its west end and Powell Street on its east end and it is the Main Street of Fisherman's Wharf.

It's objectives are quite simple. Being consistent with the City's Vision Zero, it's here to improve safety for all the users. It's to improve the experience of those visiting Fisherman's Wharf and to increase the return visits to the Wharf.

It does not lean to the right like this photo indicates a little bit but it could be improved and that's why we're doing it. It's a very auto-dominated street. There are conflicts. There are pedicabs that run down, the pedicabs are often spotted in the streetcar as are cyclists who get caught in the tracks. There are safety issues there. The sidewalks are narrow. It has its ills. It's not keeping up with Main Street environments for our popular attractions.

This is an image of our Phase One area between Hyde and Leavenworth prior to construction. Here is a photograph of it after construction, with sidewalk cafes, expanded sidewalks, a narrowed carriageway for all vehicles whether it be bicycle or other vehicles. It encourages slow movement. It's not a through street. It doesn't encourage those to drive fast. In fact, it feels very uncomfortable to move even towards the speed limit.

It has a two-tone pavement on the road that also has score lines and joints that discourage speed. It has pedestrian-scaled lighting, bike racks, sunny skies. It's been a very successful project and others will describe that in a little more detail.

Phase Two is three blocks running from Jones Street on its west end where it joins Phase One to Powell Street. The street will maintain the F-line trackway as is. No changes will be made to that. It includes improvements adjacent to the inner harbor to do an expanded walkway, special lighting that will include lighting on the harbor. There will be a new public plaza at the corner of Taylor Street and Jefferson. The Mason Street intersection will receive an exit from the Triangle parking lot.

Right now the Taylor Street intersection becomes jammed up and creates great traffic delays on any busy day in the Fisherman's Wharf area and Mason Street functions very smoothly with no movement. It's an attempt to redistribute some of the traffic on that to make all vehicle traffic and others work in a better way.

A cross-section of the proposed alignment. The improvements in pedestrian enhancement are done, the sidewalks are widened by removing parking along two blocks of the south side of the street. Phase One removed parking on two blocks of both sides of the street plus parking on one side of a third block. This one's doing significantly less than that. It puts more priority back to the pedestrian and there are far more pedestrians than there are vehicles down there.

This is the plaza at the corner of Taylor and Jefferson between Boudin's and Taylor Street. It's a plaza when need be. It can have market uses. It can have the Christmas tree. It solves its surface problems of grading and drainage. It's a parking area when not used as a plaza so it still has that revenue potential and meeting the needs of those businesses. The finishes will be designed so it can accommodate either of those. It'll be enhanced with plantings, seating and special pavement associated with this.

The project funding. It is about a \$13.7 or \$13.8 million project all together. Public Works was successful in obtaining a LPP grant, a Local Partnership Program grant. It requires a 50% match. That match is being distributed amongst various City agencies of which the Port is in here for \$250,000. Public Works is \$3.1 million. SFMTA at \$2 million. SF County Transportation Authority, CTA, at \$1.4 approximately. That provides full funding for the project to go forward.

Jay Edwards is going to talk about the revenue impacts and benefits. Then I'm going to return to conclude with next steps.

Jay Edwards - I'm also joined here by Libby Seifel who has helped us with a memo that she prepared on some of the economic impacts, benefits and potential mitigations that we should look at for this project.

What you have in front of you from our Fisherman's Wharf Community Benefit District Retail Strategy report which was presented to you on August 14th by Troy Campbell, the Executive Director. Laura Schaefer's here with the Fisherman's Wharf Community Benefit District.

They've tracked the amount of investment that's gone in since Phase One. One of the key findings in that Retail Strategy report is that public investment spurs private investment. That's perhaps a very good role for a project such as this where through this fantastic amount of money that was requisitioned for this project. It was really not easy to do that. Hopefully, that project would then continue to spur investment in the Fisherman's Wharf area.

This is an example of where that money is going to. A lot of investment into the lodging that surrounds this really on the non-Port side of things but that keeps the visitors coming back to new refreshed facilities. We think that's an important component of this to have that kind of investment. It's broken into other categories with public space, retail and attractions relatively even.

Libby Seifel's memo concluded that this would have an important long-term economic sustainability for the Wharf and the Port through this project. She did a lot of work as well on the Retail Strategy report and was very instrumental in putting that together. Other key points are as follows:

- Public improvements are critical to upgrade the appearance and walkability of the Wharf - We've seen that in Phase One.
- The Jefferson Taylor intersection would benefit from a well-design public plaza - It's a very constrained area right now. It's right where the Crab Wheel is. It's the iconic photo opportunity for almost every visitor that comes to the Wharf. We hope to activate that with the multiple uses that Dan had described seems beneficial to the community.
- Work collaboratively with our tenants and landside owners to invest in outdoor café and restaurant improvements - We've seen that happen in Phase One.
- Development Implementation Plan to minimize tenant impacts – We think that every good project needs to take into consideration our tenants, their ability to continue to do business and do so in a productive and positive way. We don't want the project to interfere with that. We want to hear from them and we want their opinions to be taken into account. Hopefully that will be done with DPW.

These improvements will hopefully strengthen future lease revenues. In terms of the parking revenue, the information is in the staff report but it's \$280,000 from the two blocks. There are only two blocks that currently have parking. On those two blocks, only one side of the block has parking but it's pretty significant revenue.

Through Libby Seifel's help, we looked at how we can recoup this money. Is that possible through other revenue sources? It is logical that potentially it could come back to the Port in terms of additional revenue from our parking operator. We have a very favorable percentage of revenue on that side, we get 66% of the gross revenue that comes off that parking lot. We've estimated that could be as much as \$140,000.

We looked at other ways that potentially this revenue could be supplemented and that would be through additional retail sales. Is it feasible that our tenants could have an increase in their sales due to an enhanced project like this? We thought it is feasible. The analysis is indicated in the staff report but it's roughly \$2.2 million of additional revenue based on our current percentage rent that we obtain from our tenants. We think it's feasible. Whether it happens or not, we will see.

Dan Hodapp - The design for the five blocks began with the City Planning department and the Port working with them in 2008-2010 through a series of public meetings, essentially a Master Plan for all five blocks.

It has since come back as project funding has become more hopeful and by the desires of the community. There have been several meetings to do this. There have been public meetings. There's meetings with Community Benefit District, with the Restaurant Association. We've done an informational presentation to the Port Commission in the past.

The meetings are continuing. They're not over yet. They're talking now about the construction impacts and the scheduling and all that and how that would work together. As much as we have a project that we feel is quite complete in its design, there are issues to be resolved and input that needs to be taken and that will affect the plans as we go forward.

The community concerns have been around the construction impacts and the schedule associated with that. There have been other issues too, but these are the ones that I can speak most confidently about. Construction impacts are very real. This is an image from Phase One construction. You can see that they are occupying the entire roadway there. They were able to keep a lane open on this one. That's not going to be possible on all phases of the next section but I believe it will be on two out of the three blocks.

Also, the sidewalks are open. The businesses are open. It was a great learning exercise and a very successful one but it is a large construction process. It is expected to take 14½ months. The schedule right now is for it to bid in November/December through that process and for construction to begin in the spring, possibly in April. And then do the 14½ months hopefully only impacting one summer season is the attempt to go through that.

As far as the schedule of how it will be done, there are three blocks. Generally only one block would be done at a time. They're going to start with the westerly-most block, and that's between Taylor and Jones and that's before the busy season. Then switch to the most easterly block, which is between Powell and Mason.

The reason for doing that one during the busiest season is through a recent private project development, they rebuilt the sidewalk in there to the specs of the Jefferson Street roadway. It lessens the construction impacts for all of the retail businesses on that block because they're only at one side of the street there.

The third block would be between Mason and Taylor and that would be done during the winter of the following year, or the off-season. We don't have the exact timing yet. The intersections will generally be closed one at a time as they may need to handle utility upgrades and other such things.

Schedule and how it is handled is still an evolving process. That's why those meetings are happening. That's why the Public Works is leading the effort to do that. If you desire, Nick Ansell from Public Works can speak about that when we conclude a little further.

In 2012, the Commission approved Phase One and in doing so, approved changing the street from a one-way street to a two way. It's much more logical as a two-way street for a street that is just a Main Street type function. It's not a through street trying to carry traffic. The Commission also authorized the removal of parking for the entire street, all five blocks.

Then the Commission authorized the Executive Director to enter into MOUs to make the street work, SFMTA for operations, Public Works for maintenance and PUC for lighting. It also divided who's maintaining which parts of the street.

At a future meeting, possibly in October, staff will be asking the Commission to consider the Phase Two design and again authorize the Executive Director to enter into MOUs similar to the Phase One.

Laura Schaefer - I'm the Community Programs and Operations Director of the Fisherman's Wharf Community Benefit District. On behalf of the FWCBD, I'm here to speak about our steadfast support of the second phase of the Jefferson Street Streetscape Revitalization project from Jones Street east to Powell Street.

For the last six years, our organization has been in support of this project and most recently have been working with DPW to find funding to complete the second phase of the changes along Jefferson Street. Jefferson Street Phase One dramatically transformed the previous streetscape, encouraged private investment and enhanced our visitor experience. Now this improvement is being leveraged into Jefferson Street Phase Two.

As for the Fisherman's Wharf Retail Strategy which was compiled over a year-long process which Executive Director Troy Campbell presented at the August 14th Port Commission meeting, this is the most significant public realm improvement of Fisherman's Wharf and is included in one of our main Retail Strategy goals. The proposed second phase of the Jefferson Street redesign will improve the street and public realm areas. Traffic flow will increase with the new Mason Street Triangle parking lot exit since there are constant traffic delays at the Taylor Street intersection.

The expanded sidewalks in some areas and other pedestrian, bicycle and transportation safety improvements will enhance the experience for our 16 million visitors just as it did with the Phase One improvements. Business access will be improved. Increased lighting for both the walkway and the harbor and a new railing along the Jefferson Street at the inner lagoon will increase exposure to the sport fishing boats and the working waterfront.

We are excited that a small portion of the existing parking area at Taylor Street next to the iconic Fisherman's Wharf Crab Wheel sign will be repurposed and transformed into a public plaza that could host small performances and events. At this stage, in order to ensure that our constituents are well informed about the construction process, we are currently working with David Froehlich, DPW Project Manager and have deployed a construction survey to the community via email.

We have asked constituents to complete the survey as soon as possible to help DPW inform how the construction should be executed. For example, times of day, holiday moratorium, etc. All are welcome to complete the survey. We will continue to work with DPW and our constituents as project timing and goals are announced. We'd also like to take this opportunity to thank the Port for the very generous \$250,000 that they have contributed towards the estimated construction costs of \$13.8 million.

Gina Alioto-Biagi - I'm a private property owner and a member of the Executive Board for the Community Benefit District. Thank you so much for your generosity in your donation. Phase Two is so important to the vitality of Fisherman's Wharf. I've been down here all my life and have worked here on and off. There's been many years where, I'm sorry to say, I wouldn't recommend friends or family coming down here. But in the last 20 years, the transformation of the waterfront, especially the Embarcadero and Phase Two are just shining examples of wonderful Capital improvements to revitalize the area and bring more San Franciscans in besides people from around the world. Being that it's a critical asset to the city and is an area of critical mass, it seems wise that we give it our attention. Phase Two seems to do all that and more. We look forward to this potentially happening. We hope it happens. We're grateful for your help and your contribution to it.

Anton Sabella - My family owns a property at Fisherman's Wharf at Taylor and Jefferson. I've worked on that corner for 45 years and I've seen a lot of changes. This is something we really need. We're not up to the rest of the waterfront in our appearance, and this would really help.

My family, many years ago, tried to get a public park of some sort at Taylor and Jefferson, and we never got that. I feel that somehow we aren't able to get the customers that are at Pier 39 because it's like a self-contained attraction. Our part of Fisherman's Wharf has kind of lagged behind. I really think this project is necessary and I agree with everything that's been said today.

Commissioner Gilman - I want to thank staff and DPW for the update. As I stated when we did the presentation at last Commission meeting about the Fisherman's Wharf Development Plan, I'm really excited about this. For someone who lives a stone's throw from Jefferson and Powell, I'm really excited to see this happen. I've seen the improvements in Phase One. I'm excited to have it done and do a ribbon cutting in 14 months.

Commissioner Makras - I've got a couple of various interests. I would like to explore why it's a 14½ month construction project. The impact versus our options of bringing the construction time down. What is the overtime cost to run the double shift and do it in half the time.? The impact of quality of our tourists. Everything is a cumulative issue. Go down to Union Square and look at the impact of construction for a few years and what it's done to the businesses. I think we should look at that. See what the cost implications are and make a conscious decision that we're not going to spend the extra money to do it twice as fast.

With respect to the public park at Taylor and Jefferson, the staff report said that we're going to use it as a park and sometimes for parking. Why would we do that? It makes no sense to me to do that. I would start by saying, "Find me any other park in San Francisco that turns into a parking lot part time."

More importantly, you're going to sit down there and put cars and you're going to have them put oil, leak oil and have gas and have all the consequences of a parking lot. Then you're going to open it up and say you want people to go there and use it as a playground and as a park. There's no logic to using it for a parking lot.

Commissioner Brandon - It is a parking lot.

Commissioner Makras - I understand. But we're turning it into a park.

Commissioner Brandon - Maybe. Sometimes, a plaza.

Elaine Forbes - It's a plaza. It isn't a greenscape park that's a parking, like a more traditional park. It will flex from parking to a plaza. In working with the merchants there, the parking is very oversubscribed. There will be certain times in the summer where there's just maximum parking in the area because it is so busy. Then there'll be times when we can flex it to a plaza. I'll have staff say more about that. In terms of the construction schedule, it's DPW's project but we will share with them your request for consideration. I suspect the merchants have shared the similar questions.

Dan Hodapp - I'm going to address the park question. Nick will address the 14½ month construction process. The plaza between Boudin and Taylor Street is Port property and the Port does have the ability to say how that would be used. The reason is that it has such a high demand for parking during peak periods, so that comes up.

We could look at shifting that more towards public plaza use. We could also talk to the tenants about that and vet that idea further. The rules as to what events it gets scheduled for versus what parking have not been a discussed topic of conversation. It really will be the Port's decision. We're so thrilled to have Public Works include these improvements in the project, but it will be back to the Port

to decide how this space gets used. At the Commission's direction, we'd be happy to take that up further and come back with recommendations on it.

Nick Ansell. I'm here for David Froehlich who's the Project Manager for the project. Regarding the 14-month construction duration, I'm going to assume that this was a conversation with our Construction Management Group at Public Works to determine the length of the construction duration. We'll take your comment seriously and explore expediting the process if it's possible.

Commissioner Gilman - Is DPW doing the construction work or are you subbing it out?

Nick Ansell - No, it will go out to bid. It will be a private contractor who will build the project.

Commissioner Makras - I would like to argue and find a way to discuss and get a recommendation if it's going to be a plaza or it's going to be a plaza and parking. It's great that there's parking demand. But we're also a Transit-First city encouraging public transportation, more so in corridors just like this than anywhere. Forgive me for saying, that corner, with that parking lot, is not something people want to take a picture of and want to be around. It's less desirable. This is the opportunity to improve it and make it a plaza people could enjoy. And if we want to, I would encourage us to make a proactive decision on that, that it is to remain a plaza or parking and the money overrides the look and the environment and the experience we're trying to accomplish there.

Commissioner Woo Ho - Jay, you took me to that particular area, so I'll take a little counter argument to Commissioner Makras. I was down there to visit Boudin. I would never have been able to get to Boudin's without that plaza for my car.

Commissioner Makras - To park your car.

Commissioner Woo Ho - It was, yes. It was impossible to find a space and I would've had to park way up closer to Pier 39 garage. I hear the message about the Open Space but it is kind of tucked around the corner. It's not right on the Jefferson Street. I don't see that it's really disrupting the flow or the beauty of the area per se but it is a parking lot, I understand. I think there's some utility in it. I wouldn't just jump into saying it has to be an Open Space because I don't know what people would do in there. They'd just walk around.

Unless you put lots of things inside it and chairs and things like that. I do think that there's no question that Phase One has done a lot to improve the area. We're going to put about \$250,000. The report indicated that we hope to get some return on that \$250,000 contribution to Phase Two by the fact that we will get some parking revenue. Since we've done Phase One, do we have any data of the actual increase of tourists or people that walked in that area? I'm thinking of Boudin's primarily because we do track them on percentage rent. Do we have

any facts to support our supposition that with the improvements that more people are coming down and that our tenants, and Boudin's just being one of them, have actually increased their revenue since Phase One has been completed?

Elaine Forbes - We do have numbers to suggest but it's very difficult to isolate whether it's the project or the economy that is changing the percentage rents that we see year over year because we know that we're in an aggressive economic cycle. It's difficult for us to say whether it was Jefferson Street alone because we're not holding the economy and its changes constant. We have some very positive changes to our restaurants in percentage rents. We have some that are flat. We have some that are down at the Wharf.

It's not an overwhelming story but we stand by that it is a better environment and it is a better experience for the visitor. We have lots of anecdotal evidence to suggest, and a better environment and a better experience for locals and visitors means return customers. On the experience side, we're certain that Jefferson Street Phase One is delivering a better experience.

Commissioner Woo Ho - Having been down there, it does look better from when I've been down in that area before. We heard from the Fisherman's Wharf Community Benefit District try to present all their strategic plans to look at the make-up of the neighborhood and the retail spaces and to make it more interesting and not just one t-shirt shop after the other. I think we are seeing the benefits of some more quality kind of retailing to increase interest in foot traffic down there.

Obviously a lot of people go to Fisherman's Wharf to eat as we heard from some of our public comment today and that experience is improving. Having personally gone to the Boudin's site and seeing what they plan to do, etc. and what they've done, that has seemed to bear out.

Jay or Dan, you indicated that by doing another three blocks our consultant thought that we would see another major increase. Is it very specific to what type of retail it is? Do we think that our percentage rent could increase? We're not sure yet but the economy has something to do with it. I'm a finance person. I like to know that if you invest \$250,000, you get a return and what we hope that return's going to be.

Jay Edwards, Senior Project Manager - We looked at, "Is it feasible? Is it possible? Is it likely? Could it be?" It is, as Executive Director Forbes had said, going back and tracking and we've spent a lot of time looking at these numbers. It's certainly hard to say this because this occurred. A occurred. B occurred. C equals C. So we don't have that logical formula.

So what we tried to do is say, "Is it feasible? Is it conceivable that we could offset the revenue loss from our parking?" We have a one-time contribution

we're making but to us, it's the on-going revenue that we are always focused on. We think it is feasible.

Commissioner Woo Ho - On that particular three blocks, who are some of the key tenants of ours?

Jay Edwards – Boudin is the anchor tenant and they're just doing tremendous. I don't not having them in mind necessarily because they run a very good operation. They're maximizing what they can with their facilities. That's why we are here to have a reinvestment and extension and they want to continue to take advantage of it. Their capacity is very maxed out.

If I may not necessarily mention them by name, there are other surrounding retail businesses in that area that could certainly have potential to do better. It's maybe a little bit of the, "Rising tide lifts all boats" concept. We have \$114 million of sales being generated on the Wharf excluding Pier 39 and the Maritime excursion operators.

The concept of continuing to have this positive visitor experience, as a real estate professional, that translates into real return with people going there and voting with their wallets. They love coming down there. They want to come back and they want to continue to. That's the real key in this project, to increase the visitor experience. If you look at the long-term strategic investment in this where we think it does make sense, we don't have this economic formula we can just apply to that.

Commissioner Woo Ho - I understand that but when we think about these things and this is a good example of where we can put some models in place to think about it. Because, there's no question that this is the right thing to do. It is going to make the area look better. It is a better visitor experience. It makes the area, and we don't have the congestion and everybody, the pedestrians and the cyclists and whatever competing. I think that's the right answer in line with what the City's trying to do overall in terms of our Transportation and Transit Strategies, etc.

I'm totally supportive in that regard but I think that if we have an opportunity to say, when we do these things, public realm kind of enhancements and there's a way to show that there is a return, then that speaks to being able to continue to do projects like this because it's not just a "do good" thing.

Commissioner Adams - Thank you for the presentation. When I think of Fisherman's Wharf, I think it's second to Disneyland as one of the most visited places in our state. We've got to look at it like that. I do agree with Commissioner. Time is of the essence. As Commissioners we can sit here but I want to hear the mood from our tenants. They'll give us direction on which way we need to go.

With change there's always impacts and it's uncomfortable but we need to do that. I run down that way every morning. I have seen the changes down there.

We need those kind of improvements. If we have an opportunity to take our game to the next level, we need to be like the Warriors. We need to come out like champions. We need to raise the bar.

Maybe I can hear more from the tenants, but I don't know if we can get it done in less than 14 months but whatever we need to do, I think we need to do it. The tenants, just them being here today, they're giving us direction. They're there every day. We're Commissioners. We're not down there every day. They work, live, sleep and breathe down there. The guy said they've been down there 50+ years. They understand that.

That's where I'm getting the mood and the direction. I don't know whether it should be a plaza or what but I'd like to hear from them. Whatever it's going to take to make that area successful, we want more dollars coming into San Francisco. We want people to enjoy the experience of the waterfront. If we've got to make an investment to change that, to enhance that, we need to do that.

I'll say it again. We're the second biggest attraction behind Disneyland. If we're going to be a world-class port, world-class city, we need to think like that. We can't be nickel diming. Let's step it up. Let's do what we need to do and let's get it done. I like the work that's been done.

Commissioner Brandon - Dan and Jay, thank you so much for this presentation. We're very fortunate that DPW and the City are investing \$14 million in the upgrade of Fisherman's Wharf. It's going to be beneficial for everyone. As a Commission, we need to clearly understand what our investment is in this endeavor. Are we getting rid of parking on both sides of the street or just one?

Elaine Forbes - Both.

Dan Hodapp - Right now there is parking on one side of the street on two blocks of these three blocks. It's one side for two blocks. Phase One eliminated parking on two sides for two blocks plus a third block on one side but that's already done.

Commissioner Brandon - So now there's just not going to be any parking on the street.

Dan Hodapp - Correct. Which then could contribute to a fuller Triangle lot and some of the other Port facilities.

Commissioner Brandon - With the parking lot and the proposed plaza, if we were to turn that into a permanent plaza or even a part-time plaza, have we looked at what the lost revenue would be on that?

Dan Hodapp - We have not looked at lost revenue from that particular corner area yet. We could make that assessment and look at that versus if it gets used 20 days a year or 200 days a year and return to that. I think that decision would

not have to occur at exactly the same time as your larger decisions here because that is Port property. It is part of this project. It is funded as part of this \$13.8 million of it. The use of it the Commission has the ability to discuss.

Commissioner Brandon - I do understand but I do know that our tenants have been telling us for years that parking is vital to their business. So us losing parking, it may have a significant impact on our restaurants and our tenants. I just want to make sure that we're looking at everything before we make that decision of what we're going to do with the plaza because it's hard to understand how you have a parking lot/plaza. How often it will be one or the other? And so just being able to make an informed decision on that piece of it.

Commissioner Woo Ho - It is being used as a parking lot today.

Dan Hodapp - It's currently used, yes.

Commissioner Brandon - It is a parking lot.

Dan Hodapp - It's about 20 spaces we're talking about at this corner out of 165 space lot.

Commissioner Brandon - That's always crowded. That's always closed.

Dan Hodapp - Yes.

Commissioner Brandon - So we will be losing spaces if we decide to do it. We need to know what the impact is if we make that decision. I, too, would like to see the less impact to the tenants for this project as possible. What are the next steps?

Dan Hodapp - Today is an informational presentation. The next steps are we return to the Commission with a resolution as described to approve the Phase Two design and to authorize the Executive Director to enter into the MOUs with three or four different City agencies for the operation and maintenance of the street.

Commissioner Brandon - So by then will you know what we're doing with the parking lot/plaza?

Dan Hodapp - We're very interested in maintaining Public Works' schedule. Because if you do the math, they want to bid it. Then they have to go through all the pre-contract requirements. Then they want to start this so that they only end up impacting one summer season. The schedule is very crucial to that. We anticipate, with the Commission's agreement, to come back at the October meeting with a resolution. That the improvements to the plaza, if approved, would not be affected by the decision as to how it is used. It would probably be difficult to come back with an answer, to get the community input back as to the importance of that. I think we could come back with estimates as to the revenue.

From what I'm hearing, you also want the question answered, "How valuable is this to the community if we change this to just purely a public space?"

Commissioner Brandon - Right. I want to know the total impact of our investment. Because it's not just \$280,000 that we're losing. It will be more.

Dan Hodapp - There would be those other 20 spaces. We could come back with that number. The financial information, we could come back with a series of options and have that at the next meeting for you.

Elaine Forbes - Dan, I would suggest we need to speak with the merchants. We need to do good community outreach that includes the merchants and I don't want to rush that piece. We want to be sure that we have good options for the Commission that includes quite a bit of public outreach.

Commissioner Makras - For me, when you do the analysis for parking, how often and their flow of maximizing their parking, 180 versus 200. How many times a day they're using every spot multiplied out so we can understand. If they're using it every day and maximizing, that would obviously tilt lots of people for revenue. But if they only reach capacity two days a week for one hour, then the impact can be gauged appropriately.

Dan Hodapp - We do have a lot of information on the lot and we could generate that. We would like to bring the community's input on this issue for the Commission as well and that may take a little longer than just generating the options for the numbers.

Elaine Forbes - In October, if this is okay with you Dan, that we would like you to move forward on the consideration of the project. So SF Public Works can move along on the schedule. We are removing street parking as part of this and then we have a flexible design in a small area of the Triangle parking that can be either plaza or parking. We'd like to take time to study that more. Work with our merchants, work with the larger community and make some proposals for how to use that space.

Because we'll have an opportunity to make some decisions down the road. But we want ample time to not have that answer for you in October because I don't think that will be enough time to do the analysis required. It will be a changing environment as we will be eliminating the street parking. The lot may be used differently, if you're amenable to that but we will study it and we will work with our tenants on it.

Commissioner Gilman - It might be helpful at the October meeting to give us a little background or history about why this decision point was made. My understanding was Libby, only because I know her fellow colleague who actually did some of that work before I joined the Commission, did a lot of community outreach. Even though I know it's flexible and we don't need to make a decision in October to move the project forward, I'd like to have a deeper understanding.

Because I'm sure it wasn't DPW staff and our staff who wanted to have this plaza/parking. I'd be interested to understand the background and how it came about.

Commissioner Makras - Lastly, do they do any valet/stacked parking in any way? Is it all pay on your own and go up to the box? Like every time I've been there, that's what it's been or do they split it and sometimes they will valet you and they can stack them?

Dan Hodapp - Yes, they do some tandem parking and we can address both of those points in greater detail when we come back in October.

Commissioner Brandon - Thank you Dan.

14. ENGINEERING

- A. Request authorization to award Construction Contract No. 2797R, Pier 29 Utility Upgrade & Beltline Building Sewer Re-routing Re-Bid Project, to CF Contracting, Inc. in the amount of \$944,250 and authorize a contract contingency fund of 10% for a total authorization of \$1,038,675. (Resolution No. 18-55)

Mongkol Mahavongtrakul - I'm the Senior Utility Engineer for the Port. I'm here to seek your approval for award of Contract No. 2797R, Pier 29 Utility Upgrade and Beltline Building Sewer re-routing project to CF Contracting Incorporated. Miss Tiffany Tatum is the Project Outreach Coordinator at the Port who will do part of the presentation.

The project work scope is spread over two sites, Pier 29 and the Beltline Building. The purpose of the project is to provide upgraded utilities for Pier 29 and Beltline Building. The project at Pier 29 is to expand sewer and water beyond the Bulkhead area. This will make the Shed space more valuable and easily marketable by Port Real Estate. When the tenants occupy the open area of the Shed, the required utility can be easily connected to the connection point as shown without interrupting the Bulkhead tenants.

The best bid from the Beltline Building include rerouting of gravity sewer line to the City sewer on the Embarcadero Roadway. The existing sewer line is currently connected to the pump station inside the Pier 29 Bulkhead. This will eliminate the need for the pump station inside Pier 29.

As you may recall, on March 27, 2018, we presented this project before you and received your approval for advertising this project for competitive bid. On June 19, 2018, the Port received two bids. Both bids exceeded the available project budget by 40%. Port staff rejected all bid and decided to modify the project packaging so the project could be bid and constructed within available budget.

Tiffany Tatum - I'm the Outreach Coordinator for the Engineering Division and I'll be highlighting our outreach efforts for this project. In early July, the Port entered

into contract with Yolanda's Construction and Administration for the purposes of outreach on several upcoming Port construction projects including Contract No. 2797R. Over 100 emails and follow-up phone calls were made to District 10 businesses to inform of the upcoming opportunity and to invite them to our Town Hall meeting.

On August 8th, Engineering staff and YCAT co-hosted a Town Hall meeting to give contractors an opportunity to meet with the Project Managers and have detailed discussion about the work. We were able to provide lots of great information and strongly encouraged all attendees to bid. On the original due date, this contract received two bids. As a result of the Port's and YCAT's successful outreach, five bids were received more than doubling our initial efforts.

Mongkol Mahavongtrakul - On September 4, 2018, the Port received five bids. Because of the limited budget, the Port decided not to award Alternate A2. This slide shows the ranking of our bidders considering Base bid and Alternate A2 and A3. The lowest four bids are within 6% of each other. The bid received from CF Contracting Incorporated was determined to be the lowest responsive and responsible bid. The slide also shows the subcontractors for CF Contracting Incorporated with the 24% of the LBE goal be satisfied CMD requirement.

The total contract duration will be 11 months. Assuming the Port Commission authorizes the award of the construction contract today, the final completion will be in October, 2019. Port staff recommends the Port Commission authorizing this award of the Construction Contract 2797R to CF Contracting Incorporated in the amount of \$944,250 and authorizing a Contract Contingency Fund of 10% for a total authorization of \$1,038,675.

Commissioner Makras - I support this item.

Commissioner Woo Ho - I see there's just a brief paragraph in the staff report on CF Contracting which is whom you're recommended as a result of a panel evaluation. Can you tell me exactly, have they done exactly this type of work before? What kind of contract work have they done before? You do mention that they've worked before with DPW and the Office of Community Investment. How much of this work that we're asking them to do is the area that they worked on before for the City?

Mongkol Mahavongtrakul - They used a subcontractor more than themselves. They used Cal's Pacific System 38.6%. But they're not an LBE, for the Base bid there. They used JDB & Sons, 24.18% of the contract Base bid.

Elaine Forbes – Mongkol, the Commissioner's question is, "What relative experience does this firm have in the job they will perform for us after winning the low bid contest?"

Mongkol Mahavongtrakul - I would like to ask my Project Manager to come up here because since he evaluated all the bids that came in.

David Hu - I'm a Mechanical Engineer at the Port and also the Project Engineer and Project Manager of this project. When we received the bid document from all the contract firms, we evaluate the requirements, the qualifications, work experience, insurance requirements etc. For this particular contractor, they submit more than maybe 15 of their references. They've done about eight or nine projects with the City including the Airport of San Francisco, MTA, Public Works.

Commissioner Woo Ho - Were those projects in the area of this sewer rerouting? Was it the same type of work?

David Hu - Most of the projects they've done are on seawall engineering like roadways, pavement and facility maintenance.

Commissioner Woo Ho - So they're general contractors.

David Hu - And also some small amount of the sewer work in the street. The main thing is they basically sub out the plumbing work for this project to the subcontractor.

Commissioner Woo Ho - Do we evaluate the subcontractor?

David Hu - Yes. This contractor was working with the Port for one of my big projects on Taylor Street for all those restaurants in 2011-2012. The under pier piping, sewer piping replacement for Pier 49 along Taylor Street.

Elaine Forbes - Just to clarify, we evaluate the prime contractor. They, of course, assemble a team that have the relative expertise to do the job at hand. Mongkol was beginning to describe that there's a lot of subcontracting work here that have the relative experience with sewer repair. We've selected the general based on the low bid evaluation and their years of experience in City, including lots of City projects.

Commissioner Woo Ho - Right. I'm just trying to understand. Because this is very specific work since it's a general contractor who's subbing out and we're also very focused on our LBE, etc., do we evaluate the subs too to know that they have the expertise in the areas that we need?

David Hu - Yes. That's what I'm saying.

Commissioner Woo Ho - Okay. That's what I want to be assured that's the process that we go through.

David Hu - To answer your question, this particular subcontractor is called California Pacific Plumbing. They are one of the subcontractors working for our project on the Taylor Street project.

Commissioner Woo Ho - Okay, so you know them.

David Hu - We know them.

Commissioner Woo Ho - Okay. I just want to be assured.

Commissioner Makras - Besides knowing them, did the subcontractor meet the qualifications of the prime contractor?

David Hu - These were also evaluated by the CMD.

Commissioner Makras - The same qualifications.

David Hu - Right.

Commissioner Gilman - I wanted to congratulate Port staff. They've done a great job. For every bid, they outreached to LBEs and Local Hire has been completed. To go from two bids to five, I just wanted to say, "Nice job."

Tiffany Tatum - Thank you.

Commissioner Brandon - Thank you for this presentation. I just wanted to clarify, in the staff report versus the summary, you have an MBE on the team. Is there an MBE on this team, DeLao Electrical Inc.? Then it says for alternative bids, will they be completing the Alternative Bid A1 and A3 for \$113,000?

Mongkol Mahavongtrakul - On the table here we show the LBE which is OBE there for 24%. This is for the Base bid. But DeLao Electric, they're the MBE. We don't use them into the evaluation. We only evaluate if they meet 24.1%. They meet the CMD code.

Elaine Forbes - But are they working on the project? Will the MBE firm work on the project?

Mongkol Mahavongtrakul - The MBE will work on both projects because we plan to award A1 and A3.

Elaine Forbes - So this is an issue of the Base bid and the Bid Alternate. For the CMD review, they just looked at the Base bid to see if the contractor was compliant with the rules of the ordinance. But because we are pulling the trigger on the alternate, we have additional LBE participation including an MBE.

Mongkol Mahavongtrakul - That is correct.

Commissioner Brandon - And what will their participation be?

Mongkol Mahavongtrakul - The MBE, I don't have the number here because at the time we know that they meet the LBE/OBE. That number we did not put in the table, so I have to look at the staff report one more time.

Commissioner Brandon - But they're not in the staff report.

Elaine Forbes - Mongkol will need to look at the bid documents.

Commissioner Brandon - Okay. So in order to make this bid work, we took out Alternative 2. Is that something that we still need to do in the future, or are we just not going to do that anymore?

Mongkol Mahavongtrakul - We will do that in the near future. At this moment, the Port Maintenance, they plan to do it another way with our own labor. So the budget that we don't have enough, we try to find a budget from somewhere but it will be a lot cheaper because we are using our own labor to do it but it will be done.

Commissioner Brandon - Can we use our own labor to do the whole project?

Uday Prasad, Principal Engineer of the Port - I just wanted to point out, the Alternate A3 and A1, they both had up to about \$19,000 plus \$94,000. So that's the amount of work we'll be giving.

Commissioner Brandon - So it's \$113,000.

Uday Prasad – Yes, \$113,000.

Elaine Forbes - Thank you for clarifying.

Commissioner Brandon - Great. I do want to commend you guys on the outreach and how many bids you got in. It's wonderful and thank you so much for the hard work.

ACTION: Commissioner Adams moved approval; Commissioner Makras seconded the motion. All of the Commissioners were in favor. Resolution No. 18-55 was adopted.

15. NEW BUSINESS

Commissioner Woo Ho – Today, we approved the Mission Bay Landing and we know what the budget is for that project. In line with the fact that we are looking to do more water transportation and we have lots of projects that are hitting the waterfront going forward, it would be good for us to understand, besides doing a full-fledged ferry landing like Mission Bay, what are the alternatives that we can do for water taxi and the cost for a floating dock? How do you set up a network of transportation network

for water transportation throughout the Port? What are the alternatives rather than actually doing a full-fledge ferry landing that we've seen so far. Because those take lots of money, lots of time, lots of effort. We need to look at other, better cost alternatives so that when we are approached or when we consider new projects, we can have that at the back of our mind and say, "We know that this might be a possibility instead." Other than we're doing it one by one, which is a very slow approach. It will take us forever to build a network. I think this Commission is in favor of having a network of water transportation but you have to facilitate that in the infrastructure somehow. We need to know what needs to go into the infrastructure.

Commissioner Woo Ho – Many months ago, we approved selling fish off the boats as a pilot program. I'm wondering if we can get an update. How has that pilot program fared in terms of selling fish off the boats? We had a lot of discussion on that item as far as how to do it and whether it was going to work. It would be interesting to know what progress has been made and what the results are.

Commissioner Makras - If there are problems with it, the quality, Health Department complaints or anything that fell out of that, please let us know.

Commissioner Gilman - Can we get an informational hearing on what is happening with the Ferry Building and its future? Folks have asked me and I don't have a good answer.

Commissioner Brandon - Pier 70 would be a good one too. We'd like to get an update on what's happening with Pier 70.

16. ADJOURNMENT

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

Port Commission President Commissioner Brandon adjourned the meeting at 5:40 p.m.