

## MEMORANDUM

January 4, 2019

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Willie Adams, Vice President  
Hon. Gail Gilman  
Hon. Victor Makras  
Hon. Doreen Woo Ho

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Informational Presentation on proposed changes to the Port's 5-year Strategic Plan

**DIRECTOR'S RECOMMENDATION:** Informational Only; No Action Required

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### SUMMARY

The Strategic Plan describes the work priorities and actions the Port is undertaking to advance its mission. Port staff is proposing changes to the Plan to best align it with the Port Commission's priorities and current work program, and to improve clarity and accountability within the Plan. This presentation describes the proposed changes.

### BACKGROUND

The Strategic Plan was first introduced in February 2016 and was most recently reviewed by the Port Commission in February of 2018. The Strategic Plan is a summary work program to achieve results that advance the Port's vision of a vibrant and diverse waterfront. The Strategic Plan supports the Port's 10-Year Capital Plan, which provides an assessment of capital needs and available resources, and the Waterfront Land Use Plan, which reflects public values in goals and policies adopted by the Port Commission for long-term use and improvement of Port property. The Strategic Plan sets the projects, programs, partnerships and stewardship work over the next five years to achieve the Port Commission's priorities and policy objectives for the waterfront.

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The proposed changes to the Strategic Plan reflect updates to programs and projects that Port staff will be focusing on over the next five years. The Strategic Plan helps staff to prioritize efforts in the context of constrained resources. The revisions also are intended to improve clarity in communicating the Plan, include measurable outcomes where practical, and project or task completion dates to add accountability within the Port's work program. The Strategic Plan is a living document and should be updated regularly, with planned review and updates annually.

The Strategic Plan as proposed is presented in Attachment 1. The Strategic Plan will continue to be organized under seven goals, some of which are refined to improve the definition and purpose of the goal, and several objectives to implement the goal. Each of the goals are outlined below with a summary description of types of priority objectives for each goal:

### **#1 EVOLUTION** (formerly Renewal)

*Transform the waterfront to respond to changing public and Port needs.*

“Evolution” objectives describe major planning projects and initiatives to define policy, coordination, and partnering efforts that will guide future improvement and use of Port facilities. This includes completing the process to update the *Waterfront Plan*, coordinating transportation improvements with City and regional agencies, and improvements to the Port's parks and public space system.

### **#2 RESILIENT**

*Prepare the Port for natural and human made risks and hazards.*

“Resilient” objectives describe the Port's efforts to continue dedicated efforts to advance the *Seawall Earthquake Safety Program*, coordinated with developing a Port-wide Resilience Framework for the Port's 7½ mile portfolio that addresses adaptation and planning requirements to address near-, mid- and long-term sea level rise, seismic safety, security preparedness and climate change requirements. This goal includes coordination with related City resilience planning efforts.

### **#3 ENGAGEMENT**

*Increase the public's awareness of the purpose and benefits of Port functions and activities.*

“Engagement” objectives describe how the Port reaches out to the public to further understanding about the Port's activities. The Strategic Plan revisions incorporate community engagement and public process strategies developed in the Waterfront Plan Working Group recommendations, interagency communications and coordination, and digital and media communications.

#### **#4 EQUITY** (formerly Livability)

*Ensure Port activities advance equity and public benefit and attract a diversity of people to the Waterfront.*

“Equity” objectives describe how the Port is working to expand and improve community discussions about how the Port can be a better neighbor, develop a Port-wide Public Benefit Framework, and continue to expand business opportunities for local and minority business entities.

#### **#5 SUSTAINABLE**

*Practice environmental stewardship to limit climate change and protect the Bay.*

“Sustainable” objectives describe the many current and new functions and tasks the Port will be undertaking to reduce its impact on the natural environment and further protect the Bay. This includes updating the Port’s Climate Action Plan and advancing use of clean fuel technologies in water vessels and land vehicles.

#### **#6 PRODUCTIVE** (formerly Vitality)

*Attract and retain tenants that build an economically viable Port.*

“Productive” objectives describe the efforts Port staff will be undertaking to have an economically sound portfolio, allowing the Port to advance its many public purposes. This includes continued efforts to increase maritime cargo and passenger cruise business, managing the Embarcadero Historic District RFI process to increase investment and leasing of the Port’s historic pier facilities, updating the Piers 80-96 Maritime Eco-industrial strategy, and implementing phased developments for the Pier 70 and Mission Rock projects.

#### **#7 STABILITY**

*Maintain the Port’s financial strength by addressing deferred maintenance, maximizing the value of Port property, and increasing revenue.*

“Stability” objectives describe the Port’s focus on increasing annual revenues and growing outside capital funding resources to support Port capital improvements. This includes creating a dedicated Project Management Office to expedite capital projects.

### **CALENDAR YEAR 2018 LOOK BACK**

The Strategic Plan guided a successful 2018. Port staff is proud to present some high-level 2018 notable achievements:

#### **Evolution & Equity:**

The Port is partnering with the private sector and City agencies to create new affordable housing and efficient public transportation to ensure a City for everyone.

1. **Mission Rock was approved.** Achieved all project entitlements and execution of transaction documents for a new neighborhood at Seawall Lot 337 and Pier 48, which at full buildout will include 1,500 new homes (40% affordable to low- and moderate-income families), 1.5 million square feet of commercial space, 6 acres of new and rehabilitated open space, and a working waterfront redesign.

2. **88 Broadway was approved.** A 100% affordable housing project achieved all project entitlements and execution of transaction documents. When completed the combined project on Port and City land will deliver 130 homes for low-income families and 55 homes for seniors.

3. **Pier 70 waterfront site broke ground.** The Port's development partner broke ground on the 28-acre site. When complete the project will deliver between 1,100 and 2,150 new homes (33% affordable to low income families) and over a million square feet of commercial space, plus waterfront parks, community space, and neighborhood retail. Real Estate staff has been managing relocation of the prior tenants as well as ongoing oversight and financial support for the buildout.

4. **Embarcadero public safety improvements.** Coordinated with the SFMTA to support the Embarcadero Enhancement Project and short-term bicycle and pedestrian safety improvements.

5. **WETA Gate G open for service.** Coordinated with WETA to complete and open the new Gate G, the first of 3 new gates at the Downtown Ferry Terminal to ferry riders this month, as part of joint efforts to increase ferry facilities and service along the entire Port.

6. **Mission Bay Ferry Landing project progress.** Project is approximately \$40M construction value, with construction expected to commence in 2019 and ending in early 2021.

7. **Pier 70 20th Street historic core buildings saved.** Base building work in all six of the Pier 70 Historic Core completed or nearly completed in 2018. Site is nearly fully leased. Port's partner completed "base building work" which ensures that the buildings will be enjoyed for decades to come.

8. **Crane Cove Park Contract Approved.** Secured approvals to construct 7 acres of park improvements at Crane Cove Park, a major anchor open space for Pier 70 and the Blue Greenway.

9. **Alcatraz embarkation approved.** Long-term agreement with NPS and Golden Gate National Parks Conservancy received entitlements, continuing the Port's role as the gateway to the #1 tourist destination in America for decades to come.

10. **New Public Art along the Waterfront.** Executed installation of "Point of View" at Pier 27 Cruise Terminal, a collaboration with Israel; installation of "Islais" at 3rd and

Arthur Streets in the Southern Waterfront; and the 30-foot Polar Bear Temporary Art Sculpture at Harry Bridges Plaza to highlight the International Climate Summit held in San Francisco in September.

**11. Parks and open space network improved.** Pile workers and divers removed over 500 piles from Islais Creek and replanted the entrance to Heron's Head Park.

### **Resilient:**

Port resiliency work is a leader for the City and will continue to be as we protect the Port's 7.5 miles of shoreline.

**1. Passing of Proposition A.** A \$425 million General Obligation Bond Measure passed with over 82% of San Francisco voter support and will help fund the first phase of the Seawall Program.

**2. US Army Corps of Engineers New Start Study.** Port was awarded one of only six in the nation, and one of only two for flood control.

**3. Exploratory geotechnical borings.** Completed approximately 100 borings to support seismic analysis of the Seawall and impacted infrastructure.

**4. Seawall & Resilience Program Framework.** Defined the framework ("Strengthen, Adapt, Envision") to guide work to make the Port's entire 7½ mile waterfront resilient to seismic, floods, security and other risks.

### **Engagement:**

The Port had a banner year for engagement.

**1. Waterfront Land Use Plan Update recommendations.** Secured unanimous support from the Waterfront Plan Working Group and Port Commission on policy recommendations that will be used to update the Waterfront Plan.

**2. Minority Business Mixer.** Partnered with the San Francisco African American Chamber of Commerce to execute a mixer where over 160 participants attended. The Port announced its intention to do a four-part technical workshop series focusing specifically on Port projects. The first workshop was held in November 2018 and highlighted the recently advertised As-Needed Engineering and Professional services contracts. There were 65 attendees at the workshop and resulted in 96 attendees at the pre-proposal conference.

**3. Contract Opportunities Open House.** Over 140 attendees joined with the intent to network and learn more information regarding the Port contracts that total \$60M and \$350M with development partner opportunities.

**4. Embarcadero Historic Piers Request for Interest (RFI).** Successfully completed the RFI process which produced 52 responses with new public use and development ideas to rehabilitate more historic piers and the Agriculture Building along the Embarcadero. The RFI attracted new energy and engagement from arts and cultural organizations to create waterfront experiences and recreational enjoyment.

**5. Seawall Program Outreach.** Participated in 60+ neighborhood outreach events, 100+ stakeholder presentations, took the roadshow to our internal Port divisions, penned three op-eds, filmed 10 videos, sent eight Seawall Program eNewsletters to over three thousand recipients, reached an estimated half a million radio listeners, held two community meetings, hosted ten Seawall walking tours and one bike tour, received over 300,000 impressions on social media, hosted over eleven thousand website visitors, and partnered with local businesses to create two specialty Seawall beverages – coffee and beer!

### **Sustainability:**

The Port continues to be a good environmental steward of our public land.

**1. Beneficial use of Port dredged materials.** Secured regulatory approvals that allow the dredged soil from maritime berths to be used for wetlands and habitat benefit instead of being disposed, resulting in a maritime-environmental win-win.

**2. Cleaner fuels for maritime vessels – resulting in cleaner water and air.** Collaboration with the Mayor and City leaders to announce that all Bay ferries, excursion providers, and the San Francisco Fire Department boat would transition to renewable diesel by 2020. With continued support from the Port, the California Air Resources Board awarded a \$3 million grant to Golden Gate Zero Emissions for construction of the world's first hydrogen fuel cell ferry.

**3. Fisherman's Wharf environmental improvements.** Completion of new public restrooms and waste disposal facilities to serve the public and Wharf visitors, and implementation of a renewable diesel fueling station for fish processor operations.

**4. Port tenant collaboration to improve air quality.** Worked with the Amador Street tenants – the "Track-out" Group—which is focused on dust control protocols for Port industrial tenants to improve air quality in the Bayview Hunters Point neighborhood.

**5. Procurement of new low emission rail locomotive.** The Port partnered with the Air District, which funded 73% of the cost of the locomotive. The locomotive carries construction debris to out-of-state landfills, removing 20,000 truck trips annually from Bay Area roadways.

## **Productive:**

The Port had record breaking results in maritime services this past year.

1. **New cruise call announced for 2020.** Confirmation of a new Home-ported cruise ship from Carnival Cruise Line, the Carnival Miracle, will make 30 visits to San Francisco.

2. **Continued growth at Pier 80.** Pasha signed an agreement with a large auto manufacturer bringing Pier 80 close to operational capacity.

3. **Record cargo volumes at Pier 80 auto terminal.** Auto terminal oversaw 30,000 vehicles and 41 ship calls for a 22% increase from the previous calendar year.

4. **New 15 Year Lease and Rail Agreement with San Francisco Bay Railroad.**

Agreement will ensure the continuation of over 40 local jobs and our maritime facilities having connection to the main rail line.

## **Stability:**

Keeping our Port financially secure while making the needed investments for the future.

1. **Record investments.** Capital projects saw an increase in investment which includes a new Project Management Office to support delivery of capital projects.

2. **Capital Improvement Program.** Published the Port's first document that defines a five-year capital work program for the Port, including prioritized projects and a funding plan.

3. **Port's "A" rating.** Maintained credit rating with agencies such as Standard and Poor's.

4. **Permit application valuation increase.** 345 building permit applications with a valuation of \$247M.

5. **Lease execution.** Executed 50 leases with annualized revenue of over \$5 million.

6. **Rental rate increases.** Processed over 350 resulting in nearly \$500,000 additional monthly rent.

Port staff look forward to utilizing the proposed revised Strategic Plan to achieve more results that advance the Port Commission's priorities and policy objectives for the waterfront.

## **NEXT STEPS**

Staff invites the Port Commission and public to review and comment on the proposed changes to the Strategic Plan. Following inclusion of comments Port staff will return to the Port Commission for full review of the Plan, and to report on annual progress of the Plan. Port staff will return to the Port Commission with the Strategic Plan on an annual basis to ensure the Goals and Objectives stay current in addressing the needs of the Port, and to provide the Port Commission and public with the opportunity to review and provide feedback.

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## **ATTACHMENTS**

Proposed Goals and Objectives of the Strategic Plan