

**CITY & COUNTY OF SAN FRANCISCO  
PORT COMMISSION**

**PORT COMMISSION MEETING  
DECEMBER 11, 2018**

**1. CALL TO ORDER / ROLL CALL**

Port Commission President Kimberly Brandon called the meeting to order at 2:00 p.m. the following Commissioners were present: Kimberly Brandon, Willie Adams, Gail Gilman and Victor Makras. Commissioner Woo Ho was excused.

**2. APPROVAL OF MINUTES – November 13, 2018**

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. The minutes of the November 13, 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 2:00 p.m. the Port Commission withdrew to closed session to discuss the following:

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

- a. Property: Pier 43½, located at Taylor St. and the Little Embarcadero  
Persons Negotiating: Port: Michael Martin, Deputy Director Real Estate and Development  
\*\*Negotiating Parties: Golden Gate Scenic – Red & White Fleet: Joe Burgard, Executive Vice President
- b. Property: One Ferry Plaza, a portion of the Ferry Plaza at the Embarcadero and Market Street  
Persons Negotiating: Port: Michael Martin, Deputy Director Real Estate and Development  
\*\*Negotiating Parties: Alfred Tom, Ferry Plaza Limited Partnership

## 5. RECONVENE IN OPEN SESSION

At 3:20 p.m. the Port 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 discussed in closed session; Commissioner Gilman seconded the motion. All of the Commissioners were in favor.

## 6. PLEDGE OF ALLEGIANCE

## 7. ANNOUNCEMENTS – The Port Commission Affairs Manager announced the following:

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

## 8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

## 9. EXECUTIVE

### A. Executive Director's Report

- Port's Response to the Ferry Building Ferry Terminal Dock Incident – November 23, 2018

Elaine Forbes, Executive Director - I would like to talk about an incident that happened on the Thanksgiving weekend, November 23rd. You may all remember, on Friday morning, we all saw on the news that a ferry boat had an accident here at the Ferry Building. The accident damaged our promenade behind the Ferry Building quite badly. It was covered on the local press. I wanted to talk about the response because, many times on the weekend and after hours, our staff respond to emergency issues that happen on Port property and they go unrecognized.

In this instance, since it was on the news, I thought we could talk about what happened. It happened on Friday and by early Saturday morning, we had a whole crew out from our maintenance division and from our maritime group along with the Coast Guard. By 10:00, we had removed all the debris and cordoned off the area, so it was safe to the public. Our crews worked over the weekend to repair the situation and the damage on the promenade at Gate B including installing promenade railing.

We had many workers out and working to keep everyone safe and secure. As I said, this happens a lot on Port property but this is a nice instance to make everyone aware of the work that the Port does around the clock to keep us all safe and secure.

I'd like to congratulate the maintenance division leadership including: Tom Carter, Oscar Wallace, Tim Felton, Dan Maguire, Brian Kosch, Ed Lucia, Terry Dunnigan, Stephen Spicer and Dave Gibbs, in the maritime division leadership Michael Nerney, Brandon Chapman, Aaron Golbus, Dominic Moreno and, last but not least, our dedicated communications director Renee Martin, who received press calls all weekend long. Brandon, in particular, was very much on the scene from start to finish. He was my key point of contact.

- In Memoriam – Bernie McDonald, Volunteer Cruise Ship Greeter

It is with sadness to report that Bernie McDonald, a long-time cruise ship greeter, passed away November 19, 2018 at the age of 82. He was a Port volunteer for 20 years. He would welcome cruise ship passengers and crew members and assist everyone on their way from the cruise terminal to explore and enjoy the city. Mr. McDonald was known as a very dapper gentleman and he generously gave of his time. He was actually a member of the Screen Actors Guild in the 1980s. He was a part of the cast of Simon and Simon, Murder She Wrote, Chips. He always portrayed kind of himself, an Englishman, a very dapper gentleman. We are very thankful for all the years that Bernie gave to the Port organization and how he welcomed our visitors. He will be greatly missed. We ask the Port Commission that you close the meeting in his memory.

B. Port Commissioners' Report:

Commissioner Adams - Tomorrow, the 12th of December, will be a year of the passing of Mayor Edwin Mah Lee. The city went on. I know a lot of what we're doing down here at the Port, Mayor Lee's vision, is transforming right in front of our eyes. We have a new mayor. It's nice to know that the citizens of San Francisco are resilient in how we're moving forward. I know Mayor Lee up with the angels would be very proud. I want to personally thank the public for your support this year with the seawall bond and coming to the Port Commission, supporting this commission. Even when you didn't always agree with the

commissioners, we need to hear that. We understand that we work for you. We need to hear when you agree and when you don't agree.

I want to thank Director Forbes and staff for all your hard work. We're five tough commissioners. We ask a lot of questions. We push to the limits. Thank you to the staff. You need to hear it from us publicly what we feel about you. You spend a lot of time away from your families, your commitments. As commissioners sometimes, we don't always get it right but we do our best. This Port belongs to the people. We understand that. If we're pushing hard, it's because we understand our responsibility.

I want to thank all our commissioners. I want to thank our skipper, President Brandon, who has led us this year through our ups and downs as we've tried to move things forward and to Commissioner Gilman and Commissioner Makras who came on this year and Commissioner Woo Ho who is in Minnesota.

I just want to say thank you. I say this and I say it very proudly without apology. This is the best commission in the city pound for pound with the talent, the desire and the passion that this commission has to have. This is the best commission and the best port for the citizens of San Francisco.

Commissioner Brandon – A couple of weeks ago, we had our annual community advisory committee annual breakfast and there was a great turnout. I just want to say how much we appreciate the community engagement and input and how valuable that is for us to do our job. Following along the lines of Commissioner Adams, I want to thank everyone for being here, for being engaged and for helping the Port be a better place.

I also want to thank the staff for a phenomenal year. This has been a challenging but great year. We have accomplished a lot this year. Director Forbes, thank you for your leadership. I want to thank all the staff for everything that you do for the Port. This is the best commission in the city.

I also want to officially congratulate Commissioner Willie Adams on becoming president of the ILWU. At our last commission meeting, it was still unofficial but now, it is official. We are so happy to have you here on the commission serving with us and helping us locally, statewide and federally on all of our projects. Congratulations.

Commissioner Adams - Thank you.

## **10. CONSENT**

- A. Request for retroactive authorization to modify Construction Contract No. 2791, Roundhouse Two Elevator Modernization Project to extend the substantial completion and final completion dates. (Resolution No. 18-63)

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution 18-63 was adopted.

## 11. PLANNING & ENVIRONMENT

### A. Informational presentation on Citywide Resilience Efforts.

Lindy Lowe - I am proud to work for the Port of San Francisco and even prouder now that I've heard all of this. Thank you so much from the Port staff, at least from me.

I lead the Port's resilience efforts. Item 11A is a presentation of two of the city's major resilience efforts that have been going on over the last year or so. Over the last five years, the city and county of San Francisco has been working on efforts to advance resilience including the adoption of the Lifelines Interdependency Study in 2014, the Resilient San Francisco report in 2016 and the San Francisco Sea Level Rise Action Plan in 2016.

These initiatives have set the stage for further actions taken by the city collectively as well as by individual departments. For example, initiating work to improve the seismic and flood resilience of the Embarcadero sea wall was a recommendation of both the Lifelines Interdependency Study and the Resilient San Francisco report.

The Sea Level Rise Action Plan identified the work that is being led by the planning department to advance understanding of city sea level rise risks and advance priorities that were set by the San Francisco Sea Level Rise Action Plan. Additionally, San Francisco is also in the process of updating its 2014 hazard mitigation plan, which will include both emergency preparedness and response and climate adaptation making San Francisco one of the first cities to do so, combining climate adaptation and hazard mitigation.

This work is being led by the Office of Resilience under the city administrator. The Port has been working closely with the other city departments on these efforts to align the Sea Level Rise Coordinating Committee's vulnerability and consequences project and the hazard and climate resilience work, with those projects being led by the Port including the seawall program, which we're leading for the city, and the Army Corps flood study, which we're getting started on.

Maggie Wenger from SF Planning, who leads the sea level rise and vulnerability and consequences work will provide an update on the efforts completed to date and the next steps for that work. Melissa Higbee of the Office of Resilience, the program manager for the hazard and climate resilience plan, will provide an overview of that effort.

Maggie Wenger - I'm a planner at the Planning Department. As Lindy brought up, we have a San Francisco Sea Level Rise Action Plan. The Port has been involved in this from day zero. Thank you to Byron Rhett and Lindy Lowe and many others who have contributed time to this effort.

The vision for the action plan is to make San Francisco a more resilient city in the face of immediate and long-term threats of sea level rise to the Bayshore and Pacific Coast by taking measures to protect and enhance public and private assets, natural resources and the quality of life for all. You have goals on the Waterfront Land Use Plan. You have goals as a Port. There's great alignment there. We understand that you're protecting what makes San Francisco great. We're trying to make it better, trying to do the same thing.

Understanding our problem is the first part of that. This is not the only effort. You may have heard about the Resilient by Design Challenge last year, which was baywide. We have ocean beach work that is farther ahead on the implementation side. We have a new grant going forward around Islais Creek with the Port and the San Francisco Metropolitan Transportation Agency, your seawall program, Melissa's work, many other efforts around the city.

We are trying to move forward hand in hand, use similar information, streamline work where we can. We all have a role to play in making the city as resilient as it can be. I'm going to focus on what we're learning about the impacts of sea level rise, particularly in the Port jurisdiction and neighboring neighborhoods of the city. The Port is the landowner at the shoreline. Obviously, what happens at the Port has huge impacts in the financial district and other neighborhoods.

We're moving through an adaptation planning process. It starts with understanding the science and moves through assessing what do we know about our infrastructure. What do we know about how people use the city today? What do we think the consequences will be based on what we can project for flood events?

This is the shared city information, so we can come up with priorities that make sense for San Francisco. We don't want sort of the loudest wheel to get the grease. We want to be able to look at what our needs are, what makes sense and make funding and implementation decisions based on that. We have a coordinating committee that is cross agency.

We deliberately have built it so that it includes people like the Port who own and manage physical assets but also people like public health, people like San Francisco environment, who have a different role with the city and really work with how people live and understand how to live in the city.

We work with the state numbers for what we expect sea level rise to look like in 2030, in 2050 and 2100. One thing to keep in mind, you guys know better than anyone the Bay is different water levels hour to hour, day to day, month to

month. Sea level rise is going to bring the floor of that up. We will still have storms. We will still have El Nino years. We will still have wave events. If you have more water in the Bay all the time, those events become much more severe for the city.

We use the state numbers. We use the previous state numbers to create our sea level rise vulnerability zone. This is the city. You can tell substantial areas of potential flood risk around the Ferry Building where we are today, also around Mission Creek, Islais Creek and some of our southeastern waterfront and some on the west side with the beach. It's a little bit different out there with waves and erosion but much of our vulnerability is on the east side where we have a constructed shoreline that we're on as we speak.

The state updated its sea level rise projections this year. They're looking at a much wider range of numbers. This is still going through the development phase. This was the science report but the most important thing is the mid-range number has not moved very much but the high end has gone way, way up. That's going to be a challenge for us to plan for and think about.

Cities up and down the coast are wrestling with what to do with this much higher estimate. We've moved through this process. We have the mapping, which is what we're calling exposure. Just where do we expect water to be based on elevation, based on how water moves across the land?

We did a deep dive into city assets so things like the muni stations, things like the wastewater treatment plant. What would happen if you were to have a flood event there? Important caveat for you all is that the seawall portion is being handled through your seawall multi-hazard risk assessment.

We're making sure these findings can speak to one another and be integrated but you were on your own path. You had resources to do a very detailed examination of your seawall portion and that is going forward.

What we're really in now is thinking about the consequences. Why do we care as a city? What does it mean for people who live here, who work here, who come to visit, for the economy, for the environment?

This is a good picture for where we are today. For those of you who aren't familiar we have these maps that show you just where would water go if we don't do anything. Nobody wants this to be what 2100 looks like for San Francisco. This is saying, what is potentially at risk if we don't act?

This is 2100 with a 1 percent chance coastal storm, which is a rare event but an event that we have seen in the past that we will statistically see in the future -- substantial flooding. It would affect Embarcadero, BART and muni stations, the ferry terminal, regional transportation and obviously, huge jobs and tourism centers along the waterfront.

We've done this for the whole city. We collected lots of data layers and maps from different agencies. It's all in a big file. You're welcome to have it if you want. The topline is flooding gets worse over time because sea level rise accelerates over time. We've projected that potentially 17 miles of streets are exposed to flooding around 2030. That goes up to 84 by the end of the century. Same thing with public land, schools -- it gets worse over time, again, without action.

These are in draft form right now. There are these neighborhood-scale maps that identify both the flooding and then different types of assets that might be affected, so public safety, transportation, wastewater, open space.

Unsurprisingly, the Port is our waterfront on this part of the city. Port assets are substantially at risk. Financial District, South of Market, Mission Creek -- one thing that we have done too is tried to pick out what's sort of the tipping-point water level for each neighborhood. Where do you go from having very limited flooding like we see today -- once in a while, you have to close one lane on the Embarcadero -- to really substantial impacts either to public infrastructure or private development?

That level is different in different neighborhoods. That is one part of the prioritization. When is this likely to happen? This is the southern extent of your jurisdiction. This is Islais Creek and you can tell these neighborhoods have different flood extents. They have different timelines. They also have very different land uses. What the Port needs to operate around Islais Creek is very different than the Ferry Building and those are both important parts of the Port. They're going to need different kinds of strategies because they have a very different function.

What we're on schedule to do is to publish this draft report in the spring and then work through review between March and July. We had a big interagency consequences workshop in November. Port staff participated. Port brought their Army Corps partners to participate. It was great.

We are also working with the Port and SFMTA on a Caltrans-funded study around Islais Creek that's looking at the Port facilities there, public works and MTA transportation facilities and what you could do with that area that would protect what works now and help make it better in the future, whether that is changes to open space, changes to land use but knowing that there's substantial flood risk there.

One great part of that project, partly because we have this grant funding, is there is carved-aside outreach money that's for youth engagement to work with a school in the Bayview. When we talk about 2030, 2050, 20100, we should have youth engagement in many of our projects. When you're doing this really long-range assessment and planning, it's even more important to have the San Franciscans who will be here to live through it weighing in on that. Most of us will not be here unfortunately.



I'm working with Lindy and Melissa and others across the city on what does our citywide adaptation planning look like. One thing to keep in mind is that adaptation may mean big infrastructure projects the way the seawall is a big infrastructure project. That's important. It's not our only tool. We'll have policy tools. We'll have probably additional information we need to chase down. There's a combination of tools. There are things we can do with policy and regulation. There are things we can do with public works projects.

We want to be looking at that whole suite of strategies including how we can pay for them with either existing public money, other sources or other mechanisms. That was all under develop.

Public engagement is going to be a huge piece of that work. To date, this has been a fairly technical assessment piece. We're excited to start bringing it to more public audiences. But we need people to weigh in on what's important to San Francisco. We can tell you what the models say. We can tell you what we know about the infrastructure. But we need people to help us figure out what is most important to move forward. That's what we're doing next. We look forward to continuing to work with the Port and our other city partners.

Melissa Higbee - I'm with the Office of Resilience and Capital Planning in the Office of the City Administrator. I'm going to be giving you an overview of the hazards and climate resilience plan. I want to start off by saying that this is a multi-departmental partnership.

While the Office of Resilience and Capital Planning is leading it, we do have a great team of partners. The departments you see on the screen are part of our steering committee. they've also committed staff time to participating in creating the plan. We also have a whole range of departments participating in bimonthly planning team meetings and serving as subject-matter experts and reviewers including the Port and other asset-owning agencies.

In terms of what this plan is, it is a citywide, multi-hazard vulnerability assessment. We're not just focused on sea level rise. We're looking at all the different hazards that we face here in the city. We will be developing goals and actions that increase the resilience of buildings, infrastructure and communities. This plan is going to be fulfilling important FEMA requirements that we update our hazard mitigation plan every five years to remain eligible for key hazard mitigation funding and recovery funding.

It's also going to be underpinning the next update to the safety element. The state of California, through legislation, SB-379, has really been pushing cities to integrate climate into their hazard-mitigation plans and integrate their hazard-mitigation plans into their safety element. We are one of the first cities in California to be doing that and hopefully serving as a model to others. This plan is also going to be the climate adaptation component of our 2020 climate action strategy, kind of a companion piece.

In terms of what we want to get out of this process, compliance with the FEMA requirements, with state requirements, commitment to the Paris Accord to developing a climate adaptation strategy but, in a bigger picture, we also want to provide direction setting for future capital planning, area planning and program development and also providing greater alignment, bringing all the great work that's happening across departments in the city on hazard mitigation and climate adaptation under a citywide framework.

We're by no means stalling any of that work or superseding it but rather trying to bring it into a citywide framework to make it more understandable and comprehensible to staff and the public in terms of all the work that's going across the city and, in the end, where you're really just trying to reduce risks for our residents, workers and for visitors.

As I mentioned, it is all hazards. This is the very long list of hazards that we face in San Francisco, about 16 hazards. There are some that are seismic and geologic, some that are more related to weather and climate, some that are more human caused like terror and cyber terror. We have a hazard profile about each of these that talks about the characteristics, the history of these hazards, the location, the probability that they'll happen and the severity.

Instead of having climate change as a stand-alone hazard, we're integrating climate into a number of different hazards. We know from observations and we know from our projections that we're going to be having higher temperatures, rising sea levels and changing precipitation patterns.

That has implications for several different hazards, specifically extreme heat days. We'll have more of those, like the unprecedented heat we experienced in 2017. The increased heat also can lead to more drought and wildland-urban-interface fires also leading to poor air quality days, as we experienced just earlier this month.

With the rising sea levels, we can expect to have more coastal flooding. We can also influence storm-water flooding and, as sea level rises, it can influence the groundwater table and make soils more prone to liquefaction in an earthquake. As we have changing precipitation patterns, we can expect more storm-water flooding and more frequent and severe droughts. We're integrating this climate information into our hazards and having a special emphasis on these hazards in the analysis.

These are the hazards we're facing across the city. What is actually affected by these hazards? These are the different sectors that we're including in the asset inventory. We're including people, the number of residents that are affected, but also looking at particularly vulnerable populations. The Department of Public Health is helping us with that.

We're also taking a special look at our emergency response facilities, housing, business and industry, public and community services, transportation, utilities

and infrastructure, parks and open space and contaminated lands. We're trying to be very comprehensive in scope with our assets.

The next step after looking at just what is affected is how exactly it is affected. If it's exposed to a hazard, how will it be affected? And what's its ability to adjust? We look at its physical design, its function, the role that it plays in society. Does it serve vulnerable populations? Does it need to be up and running after an emergency? Do we have the information we need to understand its vulnerability? Are there governance challenges or opportunities that contribute to vulnerability or resilience?

Then we look at the consequence. If the asset is affected by a hazard, what are the broader impacts to society and equity, economy and the environment? For this more detailed vulnerability and consequence assessment, we are focusing more on our seismic and our climate hazards as opposed to that long list of 16 hazards.

We know that our seismic hazards are the greatest risk that we face in terms of the probability of an earthquake happening and the damage from it. We also know that our climate hazards are going to be increasing in frequency and severity and often in unprecedented ways. As we move from the draft assessment and into creating strategies, we've created some draft plan goals to kind of guide us. Again, these are just early drafts that may change as we go through the planning process.

As staff, what we see as kind of the goals of this plan are to reduce the risk of damage and disruption, advance partnerships to be able to achieve hazard mitigation and climate adaptation, increase awareness among staff and among the public of this issues, build capacity of both city staff and the broader community and also address the inequitable impacts of hazards and climate change.

We will be launching a public engagement process as a part of this. These are some of the activities and resources that will go into the public engagement including a survey, public meetings and making all this accessible to residents through translation. We want to build familiarity of the public about climate change and hazards and also understand from them what are their concerns about climate change and hazards for them and for their families and for their neighborhoods.

We also want to understand from them, what do they see as the challenges and the opportunities for the city and for the community and, in general, just to create a plan that better reflects community priorities and concerns.

These are the next steps. We'll be wrapping up the draft vulnerability and consequences assessment in January, launching the public engagement around that same time. We'll be revising those goals and developing the strategies and implementation actions and then submitting the draft plan to

FEMA and Cal OES probably in fall of 2019. After FEMA approves it, it goes to the mayor and board of supervisors for final approval.

Commissioner Gilman - Thank you for the report. I don't have any questions at this time.

Commissioner Makras - Thank you for the report. No questions.

Commissioner Adams - First of all, I really enjoyed the report. I like the collaboration and the intelligence that was used to put this thing together. You said a couple things that really hit home to me. It's about leadership. My grandmother always said, "If you aren't leading, you're just walking." Clearly, you guys are leading right now. You said one thing that stood out to me, that we won't be here, but the younger generation will be here. The average age in this city is 27 years old. We have a lot of responsibility to think about the generations coming behind us and getting out front.

Also, we have over 30 million tourists a year that come to our city. They need to know they're coming to a city that's safe, that we're interactive and that we're out front. I have to say, on this climate change, and especially what happened with the fires, it was just so bad. Everybody was walking around with masks on and stuff like that. We may see more of that. That concerns me. Living in the city, I see all these high rises. At times, I get so worried that we're doing so much building in this city that, if we have an earthquake, this thing will just collapse because of the weight.

I really like what you're doing. I would like for you guys to come back maybe in six months to talk to us some more. But more important, I'm glad the public is here to hear this. This is important. As far as social media, I would like us to do commercials and do more on social media because the younger generation, whether it's YouTube or whatever, to engage because this is so important.

Some people might say this is kind of boring. No. This determines whether we live or die. I know myself and President Brandon and Director Forbes went down to New Orleans a couple years ago. We saw what happened down in New Orleans. It was like \$12-18 billion dollars to rebuild that city because they didn't get out front. One thing I can say about San Francisco, you guys are getting out front and the collaboration.

Please come back to the commission and let us know what we can do as commissioners, whether we can go up to Sacramento and lobby or go to Washington D.C. to get funds. We, as commissioners, we work for the public. This is the public's port. We need to be engaged. Please call upon us when you need us.

Commissioner Brandon - Lindy, Maggie and Melissa, thank you so much for that detailed report. I agree that it's great that we have this collaboration going with all the city agencies on this subject because it is very critical. I also know

that our southern waterfront is part of this study. I'm wondering as we're focused on the northern waterfront and the seismic repairs, what are we going to do regarding the southern waterfront? How are we going to address the needs on the southern waterfront?

Lindy Lowe - So I'm glad you asked that question. We just had a meeting yesterday, Director Forbes and me and a couple of other staff, about our southern waterfront adaptation strategy. I wanted Maggie and Melissa to present today so that it was clear that the work we're doing with the other city departments is helping us to build that information into the southern waterfront.

The Islais Creek project is a great project. We're going to be working with SFMTA and planning over the next two years to do a deep district-scale dive into understanding the vulnerabilities and identifying adaptation strategies for that area and having significant engagement with the community.

The Army Corps study that we just launched just recently, we're going to be having three community meetings in Mission Creek and three community meetings in Islais Creek to better understand the flood risk as well as the seismic risk of those locations.

We're interested in hearing from the community members what they'd like to see happen in these areas and in the community. We definitely want to work with our city planning partners and our other city departments because some of these areas where folks are really concerned are outside of Port jurisdiction. But we need to plan the strategies together. We're thinking a lot about the southern waterfront. We're hoping to bring some things to the commission early next year, late winter or early spring as well as bringing Maggie and Melissa back to present the findings from those studies.

Commissioner Brandon - Thank you so much. I really look forward to the draft report.

- B. Request authorization to award a contract to Environmental Science Associates to provide California Environmental Quality Act (CEQA) review of the Waterfront Plan Update Project in an amount not to exceed \$1,000,000, with an initial term of four years. (Resolution No. 18-64)

Boris Delepine, Port's contract administrator - The item before you is an action item to award a contract for California Environmental Quality Act, or CEQA, review of the Waterfront Plan Update to Environmental Science Associates, the most qualified and highest ranked proposer to the Port's request for proposals issued on September 4, 2018. The amount of the proposed contract is one million dollars. The contract will have a term of four years with the option to extend it for one additional year.

This project complies with a number of our Port-wide strategic goals including ensuring that improvements to the waterfront result in advances in the

environment, social equity and quality of life for San Francisco residents and visitors and by establishing that findings and recommendations of the Waterfront Plan Update are consistent with California state environmental standards.

The Waterfront Plan guides the Port's planning and land-use policies. A public process to update the plan was initiated in late 2015. At the August 14, 2018 Port Commission meeting, the commission endorsed a plan and Waterfront Plan working group recommendations on next steps to produce draft amendments to the plan.

The plan update project must undergo environmental review pursuant to CEQA and the city's administrative code. At this point, it is not known whether the plan amendments will require a mitigated negative declaration or an environmental impact report. That determination will be made by the city's planning department. It'll have a significant impact on the budget and the scope of this contract. Regardless, the proposed scope of work will include project scoping, analysis of existing conditions.

Under direction of SF planning, a cumulative analysis, mitigation measures and possible alternatives will be prepared which will result in an environmental impact analysis document for the proposed amendments to the Waterfront Plan Update. Minimum qualifications can be barriers to small, local firms bidding on city contracts. Whenever possible, we strive to develop a minimum qualifications criterion that is inclusive to LBE firms at the prime and subcontractor level.

For the purposes of this solicitation, the minimum qualifications were simply four years' experience providing environmental review services compliant with CEQA, and experience with two projects with a mix of public and private-sector clients.

The RFP was advertised on September 4, 2018. We created a webpage that featured the RFP information about the Waterfront Plan Update along with sign-in sheets from the pre-proposal meeting, answers to the RFP questions and all of the RFP's corresponding submittal requirements. On September 13th, we hosted a pre-submittal conference in this room to review the RFP's terms and to provide a networking opportunity for potential respondents. Given the specialized nature of the contract services, we were pleased that 16 individuals representing seven prime contractors attended the conference.

None of the seven prime contractors were certified LBEs. Though the certification directory lists 21 firms certified to provide environmental impact report services, I did call through a number of the LBE firms that were in the directory and found that, while these firms provide environmental impact reports, they do not provide environmental services compliance with CEQA.

We convened a three-member evaluation panel to score proposals based on the points identified in this slide. Our panel members were: Joy Navarrete, the principle environmental planner from SF Planning; Noreen Ambrose, a former deputy city attorney and current member of the Ethics Commission; and the Port's operating officer, Byron Rhett.

On October 18th, the proposal deadline, we received three responses to the RFP. All these firms met the RFQ minimum qualifications. None of the firms were LBEs. The final rankings are shown on this slide. Each of our panelists scored the three proposals in the same order at each phase of the evaluation process. Environmental Science Associates overwhelmingly won with a score of 94 out of 100.

On August 17th, we issued a notice of intent to award a contract to ESA, the highest ranked and most qualified firm. No protests were received during the five-day protest period.

The Contract Monitoring Division, or CMD, sets LBE subcontracting goals based on contract scope of work and the number of small, local businesses available to perform that work. The LBE goal set by CMD for this project is 18 percent.

ESA will subcontract 25 percent of the work to small, local businesses. LBEs make up all of the subcontractors on their team. And five of the six firms are either woman-owned or minority-owned firms.

Given the low number of LBEs available to provide CEQA services, during the oral interviews, we asked all three proposers how they plan to mentor and support smaller firms to build capacity to compete on similar opportunities in the future. Through their answer and in an effort to broaden diversity of individuals in the environmental services field, ESA committed to creating an internship position as a result of this contract. The internship position will provide 500 hours of education and training for disadvantaged-student or entry-level professional interested in pursuing the environmental services field.

Alfred Williams Consultancy, an LBE/MBE subcontractor on ESA's team will be responsible for managing outreach and recruitment for the internship position. Our panelists and chief operating officer Byron Rhett gave ESA a perfect score for their response on this question.

I will update you on in the internship's progress at our next semi-annual contracts report. Environmental Science Associates is a non-LBE environmental consulting firm headquartered in San Francisco for over 50 years. ESA has extensive knowledge and experience along our waterfront. They prepared the Port's first waterfront plan EIR in 1997. Since then, they have collaborated with the Port and city of San Francisco on the 34th America's Cup event, Pier 27 cruise terminal, Chase Arena, the seawall vulnerability study, the Central SoMa Plan, just to name a few.

ESA has a deep understanding of the diverse regulatory agencies, environmental organizations, stakeholders and community groups that live and work on our waterfront. This was evident in their proposal, and it's why they overwhelmingly won this competitive solicitation.

This is a sample of some of the area plans completed by ESA in the past 10 years along with their cost. ESA will be able to provide the EIR for the Waterfront Plan Update for under one million dollars. Any increase beyond that amount will require a new solicitation and Port Commission approval.

The project is fully funded through the planning and environment division budget. If you approve this contract award today, we will issue the notice to proceed in January 2019 and anticipate completion of the work by January 2024.

In conclusion, we respectfully request that you award the CEQA consultant for the Waterfront Plan Update contract to Environmental Science Associates in an amount not to exceed one million dollars and the contract term of four years and the option for a one-year contract extension.

Hillary Gitelman - I recently joined ESA after a long career in the public sector. I'm going to serve as the project director for this project. We're looking forward to working with the Port. Joining me today is Erin Brennan, our project manager, Gary Oates, a senior technical advisor, and Al Williams, whose firm is going to help us with the community outreach on this effort. We're proud of the team we put together for this project.

Your staff just explained to you we have a whole suite of LBE firms, five of which are women and minority owned and several of which are firms that we have not worked with extensively on Port projects. They're new to us. We're building those relationships for the future.

In addition, as your staff mentioned, we'll be building on an internship program that ESA has had for quite a number of years. Al has graciously offered to help us recruit one or more candidates for that program from the city's disadvantaged neighborhoods who can come in and work with us on this project, learn the ropes, hopefully by the end of it to it better than we can and take our jobs in the future. Erin is going to introduce herself and say a few words about our project. We're looking forward to working with all of you.

Erin Brennan - I would be the project manager for this project, should you so authorize the contract award. I wanted to thank you all for giving us the time today to come here and speak and just talk a little bit about what my role would be on this project.

I recently completed the Central SoMa Plan EIR for which I was project manager so I'm excited to be able to have the capacity and bandwidth to potentially take this project on, should you award the contract.



That project, similar to your project, considered a programmatic analysis and an EIR that would allow subsequent development projects to tier off of that document. There could be some nice overlap depending on how your project goes and what you really want to get out of this document. There could be some nice overlap with that recent experience for your project. Also, as a result of the Central SoMa EIR plus a lot of additional experience in San Francisco and working on San Francisco projects, I'm deeply familiar with the planning department's process and protocol.

I'm also an architectural historian with over 12 years of experience now. I find that working on projects where there are historic resources involved such as your project, that having that technical kind of expertise and background facilitates resolutions to potential resource issues that can arise on a project.

With Gary Oates, I was able to attend over the last couple of years several of the Waterfront Plan working group meetings, which I think provided for me a framework and a context of what the Port's goals are with this project.

Lastly, I'm wrapping up also the Flower Mart project where we considered Piers 19 through 23 as a potential interim site for the flower market vendors while their new flower market is under construction.

Again, that was an experience into understanding some of the challenges that the Port faces with regard to how they're approaching the revitalization and reuse of these really important and iconic structures on the San Francisco waterfront.

As Hillary noted, we've put together a great team of LBEs that we're excited to work with. We've worked with many of them before in the past. Some of them, we're going to be working with them for the first time on this project, although we've known them for many years. We're really excited with our team.

On a more personal note, my approach to project management -- and I say this quite often to my internal technical teams as well as my external sub-consultants -- is really defined by collaboration, communication and responsiveness. I find that, if the team is really focused on these very fundamental objectives, then the health of the project from both a schedule and a budget standpoint is much easier to achieve.

Commissioner Makras - I support the item. Great presentation. Well done. Thank you.

Commissioner Gilman - I support the item. Thank you so much. I look forward to hearing about the internship program at some point. That's really exciting.

Commissioner Adams - Boris, great presentation. I'm supportive of it.

Commissioner Brandon - Boris, thank you so much for a very detailed presentation. I'm really happy that we have a great team working with us on this item. I want to thank you for exceeding your LBE goal from the beginning. It's great that your firm worked on the original update so it gives you a starting place. I hope it doesn't take four years to do this.

ACTION: Commissioner Adams moved approval; Commissioner Makras seconded the motion. All of the Commissioners were in favor. Resolution 18-64 was adopted.

## 12. REAL ESTATE & DEVELOPMENT

A. Informational presentation on summary of responses received to the Request for Interest for Public Oriented Concepts in the Embarcadero Historic District Facilities.

Rebecca Benassini - I'm the Port's assistant deputy director of waterfront development. I am here representing the RFI team. I'm happy that Michael Martin is here. Diane Oshima is here. Renee Martin is here. I want to talk to you today about progress on the request for interest.

Since you last heard about this item in detail in the spring, we have issued the RFI. We have received responses. We distributed those responses via Internet and to all of you in a lovely binder that I'm sure you've spent a month flipping through.

Now, we want to update you on where we are in the responses and hear from you. During the presentation, I will provide a bit of background on outreach, go into the responses and then delve into next steps. I'm sure we'll have some public comment. I'm excited to hear from the Port Commission on this item.

What we're talking about today is focused on the Embarcadero Historic District. The Embarcadero Historic District is a three-mile span from the north near Fisherman's Wharf, Pier 45 down through Pier 48, which is just adjacent to the new Mission Rock neighborhood that we're also working diligently with our partners to build there.

Among the roughly 20 historic facilities in the Embarcadero Historic District, depending on how you count, five facilities have been fully rehabilitated. When I say full rehabilitation in this context, I mean the kind of improvements that will allow these former cargo facilities to be used for high-occupancy uses. When I say high occupancy, I mean we're inviting the public into the building just like the Ferry Building opens its doors. Anybody can walk in.

This is an important distinction I want to make. Everything we're talking about today falls into that category in terms of the uses. As we go through this process, you might hear another type of improvement called a partial seismic upgrade or a partial seismic improvement. That's something we've been

contemplating as a team for some number of the piers. Many of the piers, we're going to try for the full seismic rehabilitation. We may, in future strategies, come to you with this concept of a partial seismic rehabilitation, which Diane's team initially introduced as an intermediate lease term type of improvement where the bulkhead would be a high occupancy public inviting space. But perhaps the rest of the shed would be retrofitted only for light industrial or lower occupancy uses. I just to make that distinction upfront, what we're talking about today are public-oriented uses.

Our goal is to have more facilities fully rehabilitated for high-occupancy use throughout the whole shed. The five that are circled on this map are the five that have that type of improvement in rehabilitation.

Another important building block for this whole item -- and it's so apt that we came right after the EIR item for the Waterfront Land Use Plan update -- is that the recommendations and policies that have come out of that update are really underpinning and driving the RFI.

We have the Embarcadero Historic District. We heard loud and clear from our community members that they want more piers open for a wider variety of public-oriented activities. The second key item that was recognized through that process and which we documented through the policies is that we want everything.

We want public trust objectives met, of course. We want financial strategies that support financial feasibility. I'm looking at the Venn diagram. I think the financial feasibility bubble makes a lot of sense. It's sort of balancing your checkbook. We want to have projects that go forward where the upfront cost to improve the facility, like I talked about earlier with the full seismic upgrade, and then the ongoing cost to maintain that facility that's in water requires quite a lot of maintenance cost and requires rent to the Port, that there are revenues in that building one way, shape or form either through lease revenues from leasing the site or perhaps through gifts or capital fundraising that a group is able to get. Those two things balance out. The cost and the revenues balance out. That bubble is pretty easy to understand. The public trust objectives I want to delve into just a little bit more.

These are the six objectives that the Port staff drafted in close consultation with State Lands Commission staff for the Embarcadero Historic District only. This is in recognition of that nationally recognized district.

The objectives that we're trying to meet, some more than others depending on the project, are inside the pier, visitor-serving uses, public-oriented service uses as well as maritime uses inside the pier and on the aprons.

Historic preservation -- absolutely have to have it when we're doing construction in this district -- pier repairs, seismic upgrades, public access along the aprons along with balancing the need for maritime berthing on pier

aprons, coexisting where they can coexist, perhaps not existing in other locations depending on the type of maritime use.

We need revenue uses and lease terms that support that previous bubble we were talking about earlier, the financial feasibility bubble. Ultimately, we also will need revenues from these projects, from these piers to use in other piers that we're using the Harbor Fund to support essentially.

This RFI and subsequent solicitations are about getting partners on board. The reason we need these partners is that our capital budget is limited. We can't do all of this work ourselves. The RFI is the first step in identifying some of those partners. We'll identify more partners hopefully through an RFP process.

The RFI went out this summer. It was on the streets for three months. We worked very hard to get outside of our typical solicitation outreach to do additional outreach. We had a lot of website activity.

We did online sessions where respondents could watch a PowerPoint online and interact with us via chat. We did in-person presentations. We did open houses at three facilities. We had 260 people who signed up to continue to hear from us. Thank you for staying with us through the process. The bottom left-hand corner one, we had over 2,600 views of the RFI document.

We were very pleased with the outreach. Our consultants from Next Steps Marketing, Amanda and Thea, did a great job. We are still interacting with the public. This is not over by any means. This is just closing of the responses time period.

Our continuous interaction with the public is that members of the public can view all of the responses and can provide a very brief survey form that we've put forward to ask for feedback on the categories of uses that we've heard about thus far. We'll be closing this on January 31st. We've received about 125 responses so far. What is in these 52 RFI responses? To give you a little flavor of what you will see if you go onto the website and download any of these is, first, we have a diversity of tenant type.

We asked tenants to self-identify as the type of tenant that would take the whole pier, a tenant who would take a portion of the pier -- their use does not require 100,000 or 150,000 square feet -- or either. Perhaps, my use could scale. If I had a small space, I would do one thing. If I had more space, I would do another. We have a pretty equal distribution, a little bit less than a third for the combination users, master/smaller.

Then, we have partners. Several people put in proposals saying I have expertise that would benefit this type of planning process, this type of outreach or this type of architecture, that sort of thing so that we provided an opportunity for them to submit responses as well.

After getting these 52 responses, we, as staff, went through and put them into these nine categories just to start to see the forest through the trees of what we received. In order of the number of responses that fit into each category, I want to give you a little flavor of the types of responses for those who perhaps didn't have the opportunity to read through all the materials.

The knowledge-transfer section -- this is a group where there are non-profit or mission-driven organizations. They're organizations focused on identifying small innovation tenants that would benefit from being co-located with one another.

There are education entities that provide music training or opportunity for youth prayer. That's the type of thing that came through the biggest and broadest category. There were nine respondents in this category.

Live performance entertainment -- we received experiential attractions like miniature golf, escape rooms, gondola rides, installation of San Francisco's past, present and future, music recording space, NBA exhibition space. That was that category of live performance entertainment.

Food and beverage, individual food proprietors responded, homemade pasta, specialized Japanese cuisine. We also had other types of food-and-beverage-market type of responses where we would bring in different types of food proprietors and develop a market.

Under museum and cultural exhibition, seven responses in this category, quite a number of types of museums included here, African American art and history museum, a humuseum focused on humanity, botany gardens, women's museum, flexible event space, dance museum, immersive arts and events by culture house.

Under waterfront-wide concepts and partnerships, I won't delve into that one too much because that was more of just planning the whole waterfront and how we could potentially integrate spaces and public realm improvements. That one, you really have to look at to understand.

Under active recreation, we received responses for swimming, basketball, tennis, running and future sports, which is sort of things to do with gaming and robotics so those types of membership organizations or non-profits, artists and maker spaces including associated retail.

Arts, Makers and associated retail - this would be art studios where the artists are making art in one way, shape or form or making crafts. They have a retail outlet to sell those things.

Maritime excursion -- these are excursion, dinner cruises, charters.

Also, transportation opportunities where entities would like to have some sort of private transportation via the water to different parts of the Bay.

The last one I wanted to mention is we had two mixed-use proposals that included hotel components. I want to highlight that the proposers were aware of the Prop H limitation, which requires a vote of the city to allow hotels over water but those proposals were put in to just note that hotel uses may generate sufficient revenue to rehab pier facilities. That, in a nutshell, is our weekend of reading the 52 responses.

The respondents were provided the opportunity to rank facilities. They could rank one facility as number one or all -- 12 to 13 facilities, one through 12 to 13. In the aggregate, the top five facilities ranked by respondents are: (1) Pier 29; (2) Pier 19; (3) Pier 38; (4) Pier 28; and (5) the Ag Building.

Two of the top five are in the northern waterfront. Two are in the central waterfront. One is right next to us at the Ag Building so that's interesting in and of itself. Another way to look at these is, are there different categories that like different pier locations? When we looked at the top five piers and rankings by the nine categories, something interesting arose, which is all of the facilities were mentioned in the top five except for Pier 35. That was the one pier that wasn't mentioned in the top five perhaps because of the existing use that has a time associated with it where respondents had to only envision their response occurring in maybe 10 years. That was the one pier that did not receive rankings in the top five.

I also want to mention that, among the top five, several were open-house piers. Pier 38, Ag Building and Pier 29 were locations we opened up to have respondents look at those piers. So that's interesting as well.

Pier 29, Pier 38 and Pier 19-23 are also currently vacant piers or piers where we're doing work on the facilities. Respondents might have viewed those as potentially interesting-opportunity sites for that reason.

The final item I want to point out to you in terms of summarizing the responses are the economic metrics. Respondents were asked to provide a range of rental rates or a rental rate that they would typically pay for space for the use that they were contemplating and then also what their expectation for a capital investment would be to prepare the space for the use that they were proposing on.

Since this was not a required item for any of the respondents, it's interesting to note that less than a third of responses provided this type of information. Many said varies, depends on deal, which we understand that type of a response.

It is interesting that the average rent that was specified, about \$30 per square foot per year, is similar to the type of rental rate that we were seeing when we were doing the feasibility analysis for public-oriented uses through the

Waterfront Land Use Plan. We were in that range when our consultant was trying to derive this type of figure. The range did range from zero to \$75 per square foot per year with the highest rental rate coming in for a relatively small space, small use.

The capital investment also had quite a large range for master tenants anticipating \$7 million to \$50 million in investment and smaller tenants, \$2 million to \$9 million in investment. Just a caveat on this -- these are very small numbers of responses. This was a non-binding request, of course. We wouldn't make conclusions about these responses. I think it's instructive the types of numbers that some of our respondents were able to put forward through the RFI form.

Today is an informational report. We want to hear from you. We want to hear from the public. We're going to do more of these in different forums. We anticipate providing a report similar to the one I'm giving you today to our advisory groups. We'll also be closing the online survey and reviewing those responses, which again are focused on the categories of responses, not focused on the particular responses. We'll be closing that on January 31st.

We, as staff, will then be putting together an RFP strategy informational session for you in February. Once we discuss criteria with you, then we'll take RFP criteria if we all have concurrence on consensus direction for those criteria.

We'll take criteria for potential RFPs to our advisory groups, which is part of the process that we've developed through the Waterfront Land Use Plan and consulting with them and with the anticipated action item back at the Port Commission. If an RFP authorization is in the cards, we're anticipating it's coming in the later spring of 2019.

Seth Sokolov - I am from a group called San Franciscans for Sports and Recreation. I've lived in this city for 20 years now. While I've had numerous jobs and girlfriends, the one constant in my life has been a facility on Fifth and Brennan called the San Francisco Tennis Club. That facility is slated to be demolished. We are very much looking forward to finding it a new home. They say that tennis is a sport of a lifetime, and there are people of all ages that have enjoyed that facility to date.

We heard about climate change earlier. We certainly all experienced smoke over the last little while. We need more indoor recreational facilities in San Francisco. Particularly this time of year as the weather gets cold and rainy, people need places to exercise. I'm hopeful that the Pier 29 proposal for the Embarcadero Tennis Center and other recreational uses will be considered seriously. These facilities have both public as well as the revenue-generating needs that have been outlined in the request for information.

Specifically, there are organizations like the San Francisco police and fire department that have frequently organized their fundraisers, what they call Guns and Hoses, for the tennis players in those departments. There are numerous other public uses from colleges, schools and others that will benefit. We hope you will, again, support recreational use of Pier 29.

Steve Jamison - I'm adding to what Seth said and, in a short time, maybe paint a grand picture and also some nitty-gritty aspects of it. We do see this as a potential great opportunity to use this Pier 29 in a manner that attracts national attention for its creativity, for its public access, for the various components within it, which I'll outline. The basis of it would be 12 state-of-the-art indoor tennis courts supported by members who pay for the right to use that. Those courts have also -- and this is important -- continue to be availed to youngsters who have financial needs and can't get equipment, can't get the lessons and all of that. We do that now, and we'll continue to do it. This is the best I can do for a prop. But it's Youth Tennis Advantage, which is one of the nation's great organizations for bringing tennis to disadvantaged kids. I'm on the advisory board.

The work that they do over the years has allowed kids not only to get access to playing tennis but the social component of what that means. Sports -- a good teacher but then the environment you're in is so positive. Also, Harper for Kids teaches kids about character, using tennis as a foundation. It's based on UCLA coach John Wooden's ideas and principles for success in life starting with athletics. This would be an ongoing part of it.

Also, we would like to consider an indoor gallery museum featuring tennis legends from Northern California and California, Billy Jean King, Serena, Venus, Peanut Louie from here, Brad Gilbert, a great destination-spot museum along with a café overlooking the Bay. Residents in the city would have access to the various elements within this facility including yoga, fitness, spinning and all of the rest that currently exists at the San Francisco Tennis Club.

The combination of these elements supported with paying members and allowing such great public access would be sensational if it's done right all the way through. It would be a sensational use of one of the piers.

Male speaker - It looks like we're here in force, the tennis crowd. It is one of the reasons we're here in force because it's a really exciting prospect. This would be an incredibly unique facility to have a waterfront indoor tennis facility. It fits both of the bubbles that Rebecca was talking about because there's a serious San Francisco Bay real estate developer behind it, the Alexandria Real Estate Group, and a serious operator of clubs, the Bay Club, both of which are serious about producing revenue.

They are committed to mixing that with the kind of public-facing aspect to this that the Port wants and that the people developing this want. This is a unique



opportunity to put something that doesn't exist in the country, an indoor facility like this and in such a spectacular location. It would be really quite amazing.

Alice Rogers - I had the pleasure of serving on the working group and was chair of the land-use portion of that. I want to thank you again for allowing this process to go forward. I went to an earlier meeting where these proposals had their first vetting in front of the public. It was like a cocktail party or a meetup or something. There was so much energy and enthusiasm in the room and so many new ideas. They really gave life to the public comment that we received during the working group meetings. It was really gratifying to hear that. I'm hoping that some of them will make it through the process. I realize that financial feasibility is difficult on some of them. I also think that there are some rich resources here for possible pop-up uses as you're going through the development process and using these piers on short-term basis to activate and to create interest in the way that Pier 70 did on their project.

Simon Snellgrove, Pacific Waterfront Partners - I think it's been a terrific process, the whole waterfront land use review and Rebecca's works. It's a terrific team. I want to draw one point to the most important thing, that is this Ferry Building, which is very complicated. I understand it's just sold. We have breather-tube problems. We have ferry-boat issues. We have everything but this is the historic spiritual gateway of our city. I would hope that careful consideration be given to not making any more short-term 30-year bets but to pause and look at what is the greater good at this time in this life, the 21st century for the second iteration of the greatness of the city.

Stewart Morton - I am on NEWAG in addition to being on the working group as well. We had, in the land-use discussions, good comments with use of hotels in the historic piers, which we know there was a ballot initiative in 1990, that passed on no hotels but we have a different category this time. We have the historic district, which means anything being done in that district has to go by the standards of the secretary of interior's qualifications. I'm glad there were two proposals in the 52 that were hotels. That's terrific. We were told in the urban use working group that we shouldn't talk about this. We got squelched. There were two particular members that got their way, so to speak but there's pretty good support in the working group for hotel use. It has to be done properly but it's a good category for big bucks. We need that. This is good long-term usage. As Simon has indicated, that's important.

Johanna Hoffman - I wanted to follow up on what the preceding gentleman and the woman before him were mentioning about the potential with the redevelopment of the waterfront for pop-up and also a moment for reflection about what the future of the Port could potentially hold. I'm an employee of MKThink, which was a submitting organization. What we really see as an amazing potential for this redevelopment process in addition to opening up public access to a lot of these different pier sites is to create and take advantage of the preceding years before funds and permits and all the rest of what is needed in order to redevelop these sites is secured, to instigate and

introduce what could really be a compelling civic engagement process by pop-up activation of the different pier sites, some of which would not necessarily require huge amounts of investment.

We can create a certain amount of activity on the waterfront and introduce a civic dialogue about what the future of the waterfront could really be, what citizens want to see and do it in a dynamic way of really harnessing some digital technologies for community engagement that are being developed right now. Bringing people to the waterfront in a more dynamic way and also evaluating how people use the waterfront in that more pop-up manner in order to evaluate what are the proposals that have already been put forward that bring forward what needs to happen on those piers for a long-term, successful redevelopment process.

I wanted to reiterate that what some people have said already is really something that we also agree with. I would love to pursue that conversation forward as befits the commission.

Dianne Washington - Thank you for having the meeting today at 3:15. I got a chance to come over, driving from Marin. Thank you for having this time for us for the RFIs. I am a teacher/educator by trade. I started out as a nanny back in the days in '80s and '90s in Blackhawk and everywhere. I ended up with an MA in education administration and interdisciplinary studies as well as special interest. I come to you today because I wanted to make known what my entry on the 12A, it's called the San Francisco International House of Prayer for Children, Tweens and Teens, those that are before teenagers, tweens and the teens. Because I've worked with the Unified School District and with the Pentagon, I find there's a great need in San Francisco as well as the nation for our young people to know how to pray and for those that already know how to pray.

It is something we don't talk about every day and, especially in my field in education, we sort of separate that with our children. We wonder why we have a lot of school shootings. Children have to get things out when they need to get it out. Many of them know how to pray better than most people that I've heard pray. They just pray. I do feel like San Francisco has been very much so a melting pot. I have been on Gavin Newsom's task force in the past when I was a grad student. I did see a lot of changes because we had entered children into areas where they could step out and pray the way they wanted to pray. Even though this may be a bit generic and it's not laid out in the outline right now to you I'd like to say, why do we need a children's international house of prayer?

Briefly, it promotes and provokes hope. It also perpetuates hopefulness. It allows the children to be who they are. In this place on the pier that I would envision, the parents would have to bring their children. No matter if they were up to 19, they would have to come in with a parent, no exceptions. The outline would pretty much be and the protocol would be for the young people to have

their own project there as far as program and how they would worship or whatever like that.

It would be set out through a congregation in Silicon Valley where I have been a member. I've been able to not only witness but through surveillance the children's projects and programs they have there. They would be stewards there. The benefit of this is that it would help children to recognize that there is success in any failure. There is success in any failure. They don't know that right now. As a teacher, I know they don't know it. That's why we have a lot of cutting and other things that's going on.

Male speaker - I have a couple of historical items here. "Joint siren on Ferry Building. Sound will carry to all five Bay counties. Resolutions from the Board of Harbor Commissioners instructed chief electrician C.S. Stanton to install the noisemaker were adopted Friday." That was published in the San Francisco Chronicle on October 14, 1918. Nothing more was noticed. January 14, 1919, "More noise promised from harbor siren. The noisy siren installed on the room of the Ferry Building by the Board of State Harbor Commissioners will be sounded thrice daily. "It will be given an 8:00 toot in the morning to give the workmen of the Bay cities and the peninsula notice to begin their day of labor. It will remind them that it is time to lay off for luncheon at 12:00. And at 5:00 p.m., it will give one happy shriek ordering all mechanics to quit for the day. "Harbor Commissioner Harry Cosgrove says the siren now gives forth a tone too far down the musical scale. And he wants more noise." That's the article from the Chronicle in January 14, 1919.

I couldn't pinpoint the exact date of the actual installation. According to Robert Bryan, who was an important Chronicle writer in the mid-century, the first sound from the siren was at 5:00 p.m. on December 31, 1918, in other words New Year's Eve. They had hoped to have the sirens ready for the end of World War I when Germany surrendered but the timing wasn't quite right on that. In 1972, the siren was silenced and dismantled or deported. It was replaced by the air science bells that we have today.

Furthermore, I was a resident of Telegraph Hill for 36 years enjoying the sound of the sirens at 8:00, 12:00 and 4:30 in the afternoon. It was always interesting to see. At 8:00 in the morning, before I went to school, the longshoremen would gather in front of the great portals of the piers. At 8:00, the siren would sound. The portal doors would come up. All the men who had been standing there for 15 or 20 or 30 minutes poured into the pier to do the work unloading and loading the ships. It was an authentic bit of San Franciscana that you can't duplicate or replicate today. It was a great, great thing.

Commissioner Gilman - Rebecca and the team, I want to thank you for the community outreach, for working with the citizens advisory committee to get this RFI out. I had a couple of questions because I'm going to play the new card. There are 52 responses. I didn't read them all carefully but I flipped through them. Some were very well done, which you could tell were from

professional development groups who are used to responding in this way. Some you could tell from average citizens or individuals with a concept that didn't have that sophistication. I was curious how you will make decisions. As an example, Pier 29 is the most popular pier. What's the thought process or how does staff and the advisory council work to make a decision using Pier 29 as a theoretical example of what of all these uses we would RFP out? I'm trying to figure out how we get from here conceptually to an RFP process.

Rebecca Benassini - Great question. We've started this conversation. You are exactly right that the range of responses reflect the different places that people are coming from with their responses. To be clear, we've said at every single RFI response item that we are not ranking anybody. We are not using these to select any particular concept, that we anticipate putting an RFP out or RFPs out at your direction to specific piers or specific groupings of piers and that we'll be looking for criteria that are guided by what you tell us, what our advisory groups tell us and what we hear from the public through the survey process or through the open house that Alice was referring to earlier.

We had an open house where we invited members of the public to flip through the responses. We are talking carefully about what that criteria is. The criteria might be we want an active recreation use. That could be one criteria.

Another criteria could be we serve these types of members of the public already. Bring a response to us that serves a different segment of the public. We haven't talked in detail enough yet about whether or not we look at these nine categories we've devised and say, we're doing an RFP for category number seven at this pier.

Respondents come to us in that category, and make it work financially with other revenue-generating uses. You bring us your smarts. We just don't know at this point. That's why we're coming early to really talk through the criteria. Is it important to this Port Commission that we select a category? Or is it more important that we select X number of piers and come to you with a strategy that's successful and that serves different members of the public and complements existing uses. That's what we're really talking through at this point and which responses get a lot of excitement. As Alice was saying, there really was excitement in the room. Which ones are exciting? Which ones see the potential to combine where you can have more than one type of public-oriented use in pier?

Which really can't? Which really need the whole pier and can't really combine with one another? Those are the things we're weeding through right now. I know that's not a full answer and that's because we're early in the process at this point.

Commissioner Gilman - When we get to an RFP moment, I just want to make sure that my assumptions are right, that we would be vetting and scoring on

financial capability both for capital improvements and long-term leasing with the Port.

Rebecca Benassini - Absolutely.

Commissioner Gilman - I know there are a lot of piers on here. Do we know what the average capital investment is? I'm trying to figure out who we're going to attract from a capital perspective. Is it one million? Is it 100 million?

Rebecca Benassini - Very good question and kind of setting what ballpark are we playing in right now? As part of the RFI process, many respondents said, "Can you give me a cost estimate for every single pier on the list?" We could not do that, and we did not do that. But we did point them to the cost estimates that were done for Pier 19 and for Pier 38 that were done about a year and a half ago for the Waterfront Land Use Plan process. Those cost estimates for a full seismic rehabilitation and core and shell work on the pier, not including extensive tenant improvements, were in the range of \$90 million for Pier 19 and \$125-\$130 million for Pier 38. That was the ballpark of the total capital investment to retrofit and rehabilitate and entire pier.

Commissioner Makras - Thanks for the presentation. On your schedule, you said that the RFP is scheduled for March/April 2019 to come to the commission. Your previous answer sort of suggests you're not bringing them for all of the piers. What do you envision? Do you envision picking two piers at a time and pushing it out over a year? Five years? Give me an idea on how you see the requests hitting the street.

Rebecca Benassini - Speaking for myself as we haven't brought this to Executive Director Elaine Forbes yet. We're thinking of a pallet. Either we go, for that, we want one or two or three. We know we can handle that as a staff. That's something that we can handle from a capacity standpoint. If there's interest in doing more, then we are talking in our division then about how are we expanding staff capacity with consulting staff. That's how the Port would manage more. The other question is for our advisory groups and for our members of the public. How would they react to doing more piers than one or two at a time, which has been our typical practice in the past? I don't have a distinct answer for you yet other than we're considering both a small number as well as a larger number and how those could be phased in over time.

Commissioner Makras - You shared that maybe you'd take a pier and have a light industrial use as part of a shed. Walk me through an example of how that would work.

Rebecca Benassini - Like how we would contract for that?

Commissioner Makras - What do you see as light industrial? Does PDR apply? Does it not apply?

Rebecca Benassini - This hasn't been an analysis that we've done other than through the Waterfront Land Use Plan concept where we came up with this intermediate lease concept where it's a 30-year lease. It's active in the front, meaning restaurant, potentially office upstairs, higher revenue-generating uses in the front of the bulkhead. You put a seismic joint behind that bulkhead so that front area is seismically safe. The back of the pier is just getting more basic structural repairs. We haven't talked about how we would do that. We've talked about two ways that we might do it. One would be a Port-led way where we would decide to do that with a particular pier that's in pretty good shape. We'd do an RFP for the front of the pier to do a competitive solicitation for a retail type of use or something more high revenue-generating uses.

In the back, we'd do our typical leasing where we would just lease the back ourselves. The second model we've talked about is doing an RFP for the whole pier but noting that the limitation on that would be targeting towards a smaller kind of capital expenditure than I discussed earlier with Commissioner Gilman.

That would be just a lower capital investment. I think that's one thing that we would envision as the strategy for the piers that don't get into the RFP. If they aren't in the RFP bucket, then what are we doing with those? One option we're considering is that intermediate type of leasing.

Commissioner Makras - Does the Port have a position for PDR?

Rebecca Benassini - Meaning do we allow PDR in our locations? Certainly. The M2 zoning includes PDR uses. We do have tenants who are engaged in that activity.

Commissioner Makras - If one of the 52 respondents wanted to come up and do a pop-up, walk me through how the Port would handle that solicitation for a pop-up. They're creating the interest. They're out there.

Rebecca Benassini - We have been hearing that quite a lot. We're creating our own demand with this RFI.

Mike Martin, Real Estate and Development - As we came up to you two months ago with our interim leasing item, we talked about pop-ups as a way to activate these sheds in this interim period while we're figuring out what to do and mostly the bulkheads. We would look at this as a special event. In your parameter-rate schedule, we could have someone come in and basically do up to six months without doing full seismic upgrades to pop up these uses.

Part of the outreach plan that we talked to you about is getting out to the people that have come in through the RFI to see if they want to take those opportunities. We have a staff that works on those special events. We think the northern waterfront piers are great places for them. We think it's a great opportunity, as was suggested earlier.

Commissioner Adams - Rebecca, great presentation. You have a way of bringing people out. Today was the first I had ever heard of this tennis club down at Pier 29. I had never heard of that. It's kind of unique what they were talking about. Are we talking about like private partnerships to help us with these piers? Because I had a conversation with an executive from Carnival Cruise Line here about a month ago. He was talking about Pier 35 and that we need shore power. They're talking about wanting to increase the amount of cruise ships by 30 percent coming into the Port of San Francisco. My goal has always been to see over a million passengers a year but we need the money for shore power. We have all these other piers. Where do you see us going and where we need to go?

As we start taking these piers one to two at a time, we can't do them all because we're a small port. I think it's important. It's a great opportunity. We have a renaissance going on in our port. The way we develop our port will be important, very thoughtful. I'm sure there are partners that want to partner up with us and businesses that would want to help us make this port even more fabulous than it is now.

What do you think it's going to take? We got to hear from the working group. We got to hear from the community. They gave us some direction. What do you think that we need to do? Is it one pier at a time? Two piers at a time? Or do we take certain piers first? Commissioner Gilman said that Pier 29 is so popular. How do we use that and then to springboard off other piers?

Rebecca Benassini - I have a couple of thoughts. You brought up so many issues in that one. One of the things I was keying onto is the different needs that we have in our capital plan. For example, you mentioned shore-side power. We can use the RFP to deliver benefits to us in two ways. One is either we get rent from the piers via a long-term lease. Another is we ask for construction of particular infrastructure that's required for us for some other purpose that we don't have capital in our plan to pay for that.

The RFP could deliver. We want to think really collaboratively. We've started this process with maritime and with planning and environment on what are the items that we've been wanting to deliver that potentially a master lessee could deliver as part of their broader capital that they're bringing to rehabilitate the pier. That's one thing I'm thinking.

You brought up one of the items that might be on that list of additional infrastructures that the Port might need. In terms of the delivery of multiple piers, I think we are just going to look at a staff-capacity standpoint. We want to be cognizant of which piers the RFI respondent selected but also be really aware that we provided pier conditions for Piers 19 and 38 in some amount of detail. We were not able to provide pier conditions of every single pier. We have to rely on our own knowledge that we happen to have about a particular pier. We have our engineers who go underneath the pier periodically. When we

come forward with recommendations for RFPs, we're going to consider what the RFI respondents really loved and really ranked as number one.

We have to also bring that kind of reality to each pier to say we know a lot about Piers 38 and 19. We can apply that information to other piers to figure out which our goals these RFPs have to be successful. That's how we feel, that whatever we put forward to you we want a high percentage of them to actually come to fruition. Pier 29 is very popular. I'm not saying today at all that it's going to be our number-one RFP. We just have to do that work in terms of figuring out what it can deliver in terms of benefits to the Port and whether or not it can be a successful endeavor. Hopefully, I hit on some of the items you were thinking of.

Commissioner Adams - Yes. We have Ellen Johnck, who is on the Historical Commission. I was hoping Ellen would have gotten up and spoke about that, being on the Historical Commission for the city of San Francisco because of the historical importance of these piers and stuff like that because some of these piers are over 100 years old. It goes back to the formation of the San Francisco waterfront and the longshoremen and the working class and the unions and stuff like that. As we're building this new revolution, as we move forward, I see a new history and a song that could be written about what the new waterfront is going to look like.

Commissioner Brandon - Rebecca, thank you so much for the report. This is an exciting opportunity with lots of interest. It's going to be great to see what we can actually do. Your team has a lot of work to do. I look forward to your report in February with the strategy because there's a lot of interest. We also have to figure out what we're doing with Piers 30-32.

Commissioner Adams - And where we're going to get the money.

- B. Informational presentation regarding the proposed terms of a new 30-year lease with Golden Gate Scenic Steamship Corporation located at Pier 43½ in Fisherman's Wharf.

Item 12B has been taken off the calendar.

### **13. MARITIME**

- A. Request approval of amendments to the following three agreements with San Francisco Bay Railroad, Inc. ("SFBR") relating to rail operations to extend the term of each agreement until December 31, 2033 (with one five (5) year mutual option) and to make other changes: (1) a first amendment to Amended and Restated Lease No. L-14397 ("Lease") of the Intermodal Container Transfer Facility located at 100 Cargo Way to adjust rent including Port's participation in a sale; (2) an amended and restated equipment Lease No. 14502 of two locomotives including the Port's new grant-funded locomotive for monthly lease payments; and (3) an amendment and restatement of Rail Agreement No.



14503 to require SFBR to perform a baseline repair project at its cost  
(Resolution No. 18-65)

Brendan O'Meara, maritime division – I'm requesting approval of amendments to three agreements, all relating to the Port's rail operations. The Port's rail operations, which take place in the southern waterfront have been operated by San Francisco Bay Railroad for over 20 years.

San Francisco Bay Railroad, or SFBR, took a defunct maritime asset and reignited operations, creating a revenue source as well as providing a service to the Port as a short line rail operator. SFBR has consistently been a tenant in good standing and practiced strong community engagement while operating a key maritime asset.

Port rail operations are separated into three separate agreements between the Port and the operator. First, the intermodal container transfer facility lease referred to as the ICTF lease -- this is the master lease for the railyard premises that incorporates the payment function the Port through our per-rail-car fee, also known as a wharfage payment.

Next, the rail agreement is a license giving the operator the right to operate on Port track inside and outside the railyard premises. The operator is responsible for all track inspection and maintenance.

The third agreement, the locomotive lease, leases two Port-owned locomotives to the operator for use in their operations. The ICTF lease was amended in early 2017 and has five years remaining on its term, while both the rail agreement and the locomotive lease expire at the end of this year.

In February 2017, the Port Commission approved an amendment to the ICTF lease extending the term for five years. At this time, the Port and SFBR partnered on a project to add two additional tracks inside the ICTF railyard in order for SFBR to handle the increased volume of upcoming projects including the new Warriors Chase arena.

The other business terms updated in this amendment include raising the railcar fee by 25 percent, implementing a minimum annual guarantee of \$250,000 and adding an annual increase of 3 percent to both the railcar fee and the minimum annual guarantee.

At the time of this amendment, both parties agreed to not extend the rail agreement or locomotive lease, with both having two more years of term. This was decided due to the time sensitivity of getting the new tracks online to accommodate the upcoming projects. The Port was, at that time, negotiating grant funding for a new low-emission locomotive. Both parties acknowledge that all three agreements would be renegotiated for a coterminous extension sometime in the future.

That has brought us to today and the proposed amendments to the three rail agreements. The amendments have updated business terms. All three agreements will have a 15-year term and are coterminous on December 31, 2033. They'll have a five-year mutual option for extension. The ICTF lease will require SFBR to perform a baseline track improvement project with a cost up to \$500,000, upgrading Port track to a baseline standard to begin the term.

The railcar fee will be subject to an increase of 20 percent for all railcars in a given year above 3,000. This allows the Port to participate in any years with above-average volumes. Port's participation in net-sale proceeds will be increased from the current 10 percent to 15 percent.

The rail agreement will continue all inspection and maintenance responsibilities at the cost of the operator. The operator will provide monthly track-inspection reports to the Port. As in the current agreement, the operator can request rent credits for capital improvements or repairs above \$20,000 in a given year.

The Port has approval rights on whether or not to grant these rent credits. Any rent credits would be credited from revenues above 50 percent of the minimum annual guarantee. The locomotive lease will include the addition of the Port's new grant-funded low-emission locomotive.

SFBR will pay the Port an increased payment of \$36,000 annually for this locomotive. Their current payment is one dollar for the active locomotives. SFBR will be responsible for all operational grant requirements for the new locomotive and continue responsibility for all maintenance.

This 15-year term for all three agreements aligns with the 15 years of expected operational use stated in the grant agreement for the new locomotive. Since SFBR has taken over operations, the Port has had consistent revenue from rail. As shown on this graph, there has been steady growth over the last few years. This growth is due to their current core business of shipping contaminated soils from large-scale construction projects to out-of-state landfills.

Port rail operations take an annual 20,000 trucks off of Bay Area freeways and bridges. This positive trend and the minimum annual guarantee ensures that, through this agreement, the Port will have guaranteed revenue from rail operations for a minimum of 15 years.

San Francisco Bay Railroad, as a tenant and rail operator, fits many of the key criteria discussed in the Port's current southern waterfront eco-industrial strategy. They promote more efficient transportation within San Francisco and the greater Bay Area by taking those 20,000 annual truck trips off of local roadways.

SFBR continues to push best practices in green technologies. Looking back to when they converted the Port locomotives to biodiesel and, with this new

agreement, partnering with the Port to operator a state-of-the-art tier-four low-emission locomotive. They continue their support of green technologies by utilizing a herd of goats for their weed abatement program. They have also recently completed a landscaping plan, which improves the pedestrian experience down Cargo Way.

SFBR employs over 40 local San Franciscans, many of which are District 10 residents. They are actively engaged in the community and Port community advisory groups. Both the southern waterfront advisory committee and the maritime commerce advisory committee have issued letters of strong support for this extension and continued rail operations in the southern waterfront.

The San Francisco Chamber of Commerce has also issued a letter of support for this extension. In conclusion, here's a picture of our beautiful new low-emission locomotive, which we hope to arrive in San Francisco in the next few weeks.

Ellen Johnck, co-chair of the Maritime Commerce Advisory Committee - I'm really excited to be here today to talk about all things maritime and historic as well. But I'm focusing on expressly maritime right now. The Maritime Commerce Advisory Committee is made up of Port maritime tenants and community members who have a keen and compelling interest in a thriving maritime Port and waterfront.

We want to remind the commission that the future health of the maritime activities at the Port is inextricably linked to freight rail service, a sustainable, healthy rail service. We wrote a letter to you to express our strong support for the green locomotive that you purchased that is absolutely fantastic. I remember working on that with the support of the Bay Area Air Quality Management District. We are certainly supportive of the 15-year lease extension and the related agreements.

One of the things that Brendan mentioned, which I am particularly favorable towards, is that the railroad and David Gavrich has demonstrated a stellar commitment to the environment, to environmental sustainability with the equipment and the goats and the landscaping that has happened down there. His commitment to the whole community and the neighborhood has been absolutely stellar.

This is the kind of tenants we need, particularly the investment that he has made in the operation of the railroad. We definitely have to shout that out. It's important for the Port to fall on their sword for freight rail because what's a Port without a railroad and particularly to keep up our connection to the national rail grid?

There was a Port commissioner on the Peninsula Joint Rail Board at one time. There was a commissioner that was looking at the region and advocating and promoting freight rail. We don't have a Port commissioner on that board

anymore. I think it's an appointee of the board of supervisors. This is something that MCAC has thought more about that we need to have more advocacy and promotion of why we need a joint rail and passenger service. I think Caltrain is committed to that but we have to keep up advocacy for freight rail. Thank you for your support.

Commissioner Makras - I will support the motion on the table. I just wanted to see the economics of the low-emission locomotive. We purchased that, right? The city purchased that?

Brendan O'Meara - Correct. We purchased it. It was \$1.8 million. The Bay Area Air Quality Management District gave us a grant, which will reimburse us \$1.3 million.

Commissioner Makras - What's the useful life of a locomotive?

Brendan O'Meara - It's over 20 years.

Commissioner Gilman - Thank you for the presentation and the public enthusiasm. I'll be supporting this item.

Commissioner Adams - I just wanted to say that our commitment, this commission, is the same as David, the commitment to the workers and to the community. It was finding the right business terms and we went back and forth but the commitment was always there. Clearly, David has been one of those Giants and other people that have been here for a long time. We know what that commitment is.

For me personally, you don't need to speak. Just your presence here today tells this commission where you're at. Action speaks louder than words. We understand. I, myself, am a union man. I'm the president of the ILWU. I understand. I'm a worker. Just what you say and what you hear, you support David. You support your jobs. This commission supports good jobs. We support the community. We support David. Just know we support you.

Commissioner Brandon - Brendan, thank you so much for this report. David, thank you so much for being a part of the Port and the community. I have had the opportunity to work with you over the years. You are one of our greatest tenants in that you really care about the Port. You really care about the community. You hire from the community. You're just committed. I want to thank you for continuing to be a tenant of the Port. We look forward to continuing the work with you.

**ACTION:** Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution 18-65 was adopted.

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

Elaine Forbes - I have recorded an item to have the city family return on the item of citywide resiliency in six months to a year. We'll put that on the forward calendar. Is there any other new business?

Commissioner Brandon - I want to again thank you and the staff for a great year. It's been a challenging year, but it's been a great year. Thank you so much. Happy holidays to everyone.

#### **15. ADJOURNMENT**

Commissioner Brandon - Can we have a motion to adjourn the meeting in memory of Bernie McDonald and Mayor Edwin Lee?

ACTON: Commissioner Gilman moved approval to adjourn the meeting in memory of Bernie McDonald and Mayor Edwin Lee; Commissioner Makras seconded the motion. All of the Commissioners were in favor.

Port Commission President Kimberly Brandon adjourned the meeting at 5:20 p.m.