

# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING FEBRUARY 26, 2019

### 1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 3:15 p.m. The following Commissioners were present: Kimberly Brandon, Victor Makras and Doreen Woo Ho. Commissioner Adams is on a business travel. Commissioner Gilman is on a sabbatical leave.

### 2. APPROVAL OF MINUTES – February 12, 2019

ACTION: Port Commissioner Woo Ho moved approval; Commissioner Makras seconded the motion. All of the Commissioners were in favor. The minutes of the February 12, 2019 meeting were adopted.

### 3. PLEDGE OF ALLEGIANCE

### 4. 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.

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

### 6. EXECUTIVE

#### A. Executive Director's Report – Director Elaine Forbes reported the following:

- Parcel K North

On February 12, 2019, following the Board of Supervisors' approval, the Port closed escrow on the sale of Parcel K North, the first transaction for vertical development under the Pier 70 Special Use district.

The Port received total consideration of \$24.35 million and transferred those net proceeds to Brookfield to begin to repay entitlement costs pursuant to the development and disposition agreement for the 28-acre site. Parcel K North will provide ongoing revenues under the Pier 70 Infrastructure Financing District and soon-to-be-formed Community Facilities District. The Port will also participate in the second and each subsequent sale of condominium units.

The buyer, TMG/Presidio Bay/Westbrook plans approximately 250 condo units to be built in two phases and anticipates starting construction next year. I want to congratulate the Port team who worked many long weekends on a record-speed sale -- very record-speed transaction for us.

Christine Maher and Grace Park were the key members along with Mike Martin, Rebecca Benassini and Brad Benson. This land sale improves the rent to the Port from Pier 70 down the road. While we may not be here to see it, I'm sending a little balloon to thank Christine Maher for when the CFO receives all of those revenues down the road. Also, congratulations to Michael Covarrubias and Amy Neches from TMG for completing their first successful transaction with the Port.

- SPUR Good Government Awardee: Diane Oshima

For the past 39 years, SPUR's Good Government Awards have recognized outstanding job performance for those serving the City and County of San Francisco.

This award acknowledges the city's top managers for their leadership, vision and ability to make a difference. This year's awardees include our very own Diane Oshima, our deputy director of planning and environment.

Her award is to celebrate her extraordinary efforts in leading the Port's adoption of the first waterfront plan in 1997 following the passage of Proposition H and for leading the effort to update the plan with its 160 consensus recommendations from a broad range of community stakeholders.

Diane demonstrates top qualities as a leader. She connects well with a broad and diverse public who sometimes have competing views on how the Port should be managed for the public benefit. She sometimes gets competing views. She was able to assemble a strong planning team to undertake the effort for a second time and for the first time. She possesses a rare quality of wanting truly to understand how Port and Port staff can improve. She doesn't take umbrage at constructive feedback.

This desire to improve our team and the Port is so obviously genuine that Diane has an effect of disarming opposing voices and making everyone understand that they are part of the solution. Diane would be the first

person to credit others for this result -- and I'm sure she will do so at the awards ceremony -- including her wonderful team of planners and volunteers who have led the waterfront planning group.

The truth is that Diane is the guiding spirit who has brought us together on this journey. Through her efforts, the Port is now able to finalize its waterfront plan update and provide a vision for the Port's future that we can implement. She has been able to create real collaboration because she's genuinely open to receiving and processing feedback of all kinds, not just on a superficial level but with genuine intention to understand, to listen and to respond without being overwhelmed by conflicting opinions.

The waterfront has evolved into an essential part of the city's identity. Twenty-four million people visit our waterfront every year. Many creative and dynamic people have contributed to its success. But Diane Oshima is clearly the principal author of the cooperation and public involvement that is necessary for such a world-class public waterfront.

Congratulations to you, Diane. We cannot wait to celebrate with you at the awards ceremony on March 6, 2019 at San Francisco City Hall from 5:30 to 8:00 p.m. Congratulations, Diane.

- Pier 70 Design Review

Our partners, Brookfield Development, the Port and the city are moving expeditiously with the development of a new neighborhood at Pier 70. It's terrific to see the progress on the ground. We now have a design proposal for Parcel E2, which is located on the northeast corner of Maryland and 22nd Street in the Pier 70 Special Use District. Design review for this building is assigned to the city's planning director, John Rahaim.

Nevertheless, I want the Port Commission and our waterfront community to be aware of the review process and the proposed schematic design. I would like to invite David Beaupre up, who is a senior planner at the Port, to briefly present this item

David Beaupre, Planning and Environment - As Director Forbes mentioned, Port staff and planning staff recommend the approval of the schematic design for the E2 parcel at Pier 70. This is the first new building within the Pier 70 in several decades. The program for the parcel is apartment residential building 70 feet tall, 326,000 square feet with 275 rental units. Brookfield submitted their schematic design to the city and the planning department in October 2018.

Port and the planning department staff team reviewed the submittal for completeness and deemed it complete on December 19, 2018. The three parties, Brookfield, the city planning department and the Port, met multiple

times to review jointly and independently the design for the schematic design.

Brookfield also presented the schematic design to the Central Waterfront Advisory Group, the Dogpatch Neighborhood Association and the Potrero Boosters. Subsequently, Brookfield and their architectural design team revised the schematic designs to address not only Port and planning comments but also community comments received through the Central Waterfront Advisory Group, Dogpatch Neighborhood Association and Potrero Boosters.

Subsequent to that resubmittal, planning department and Port staff recommend that the planning director approve the schematic design. A staff report with the review of the design is posted on the planning department's website for the public to review both the staff report and the designs and that the planning director has 20 days to either approve or disapprove the schematic design.

Highlighted in bright yellow is Parcel E2 within the Pier 70 District on the corner of Maryland and 22nd Street. The next series of slides show the building. This is looking down 22nd Street under the historic Building 15 frame at the western façade of the building along Maryland Street. Here is also the western façade but looking towards Slipways Park.

This is the façade looking further down Maryland Street. Here's a close-up view of that same western façade at the street level showing the retail and the way that the storefronts undulate for the future retail at the base level of the building, looking kind of south down Maryland Street.

This is the northern façade that faces onto Slipways Commons Park. In the background is the Building 12 where a lot of building undulation and a variety of materials including brick and steel.

This is a close-up view of this residential portion of the building in the upper levels and then kind of a catwalk bridge system connecting the east side of the building to the west side of the building with interior private courtyard area for the residences.

Lastly, a shot from the open space at the terminus of 22nd Street looking west along the south façade of the building where there are actually walk-up units accessed directly off of 22nd Street.

- In Memoriam – Public Defender Jeff Adachi

Finally, staff and I ask that the Port Commission close the meeting today in memory of the late public defender, Jeff Adachi. He was a fearless and tenacious defender of some of the most marginalized people in San Francisco. He was also a very kind and caring person. We miss him

terribly. Our hearts go out to his family and his friends and to the many staff in the public defender's office who will have to carry on his legacy.

Diane Oshima, Planning and Environment division - The only reason I'm here is because I wanted to thank you very much for the kind words. This only works if I can accept it on behalf of this entire organization and particularly the people who really came to all the public discussions and my team.

Commissioner Woo Ho and President Brandon, in particular, you set the stage by pushing us to broaden this engagement to its broadest extent, the thousand flowers -- I think there's actually 5,000 flowers of input and perspectives that have been woven together. I'd like to particularly call out the waterfront plan team because it was a long process. They deserve to be recognized. David Beaupre, who we already know so well, Brad Benson, Byron Rhett and Carol Bach. A special shout out to Anne Cook and Kari Kilstrom, who we pulled back into the Port to help on this effort. They've been so instrumental. Ro Becca Benassini and Dan Hodapp and Mark Paez in particular.

It's really a truly team effort with other staff as support players from every division. I think that the working group itself was strong with Rudy Nothenberg and Janice Li leading the head with really strong leadership from all three of the committees. Pia Hinkle, Linda Richardson, Alice Rogers -- they all deserve this whole governance. It's about how all of us work together. Thank you very much. It's a celebration for everyone.

Commissioner Woo Ho -- I just want to make a couple comments given that Diane has spoken. This award represents multiple things. One, I think of you and the Waterfront Land Use Plan, Diane, as like the conductor of the orchestra. Every single member of the orchestra is critical to make beautiful music but it takes a very strong conductor and that's the role that you played. Obviously, it was a huge team effort. I also think that receiving this award from SPUR, which is obviously a very highly respected organization, helps us to get the recognition in the city and elsewhere in the community from San Francisco of the great work that the Port has been doing not only with the Waterfront Land Use Plan but the fact that we are a role model for how we would like governance and the agency to operate and the content of what we're doing.

From that standpoint, Elaine, you also deserve some credit for leading the organization. We can all bask in that recognition on a broader level in addition to what, Diane, you're representing very specifically, which was a huge effort.

To recap, the Waterfront Land Use Plan exceeded all of our expectations as far as participation. It was amazing that we have many diverse voices. With your leadership, you were able to pull them together. The best thing

was what Rudy and Janice did to say that no recommendation was going to go forward without unanimous consent. That forced everybody to have a very strong dialogue and to come together to see everything as one, not as just what my individual opinion was necessarily on anything in particular.

I think it was a great effort, a great representation of the community and the unity, which sometimes, we don't see all the time in San Francisco. This was a success. We all should celebrate that.

B. Port Commissioners' Report

**7. CONSENT**

- A. Resolution Authorizing 66-Year Memoranda of Understanding with the San Francisco Public Utilities Commission for the Installation, Acceptance and Operation of Certain Utility Facilities that Serve Port Master Plan Projects without Paying Rent (Resolution No. 19-07)

ACTION: Commissioner Makras moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 19-07 was adopted.

**8. PLANNING & ENVIRONMENT**

- A. Informational presentation on operation and programming at The EcoCenter at Heron's Head Park and proposed Memorandum of Understanding with San Francisco Recreation & Parks Department for use of Port property at the EcoCenter at Heron's Head Park

Carol Bach, Environmental Affairs Manager in the Port's planning and environment division - I am joined by colleagues from the San Francisco Recreation and Parks department, Sarah Madland, the rec and park director of policy and public affairs and Brenda Cartagena, the youth services and volunteers manager for Heron's Head Park. They'll be available after my presentation. They'll be here to answer any questions that you might have for them after my presentation.

The land that makes up Heron's Head Park is comprised of fill that the Port placed in the Bay in the 1970s with the intention to create another cargo terminal like Pier 94. In 1977 approximately, the Port decided that it didn't need another cargo terminal and it ceased construction.

Debates and disputes between the Port and BCDC subsequently arose, which were ultimately settled with the Port's agreement to design and seek funding for a wetland habitat restoration and upland park, which we did do.

In 1999, the site formerly referred to as Pier 98 reopened to the public as Heron's Head Park. Heron's Head Park is located at the southern terminus of

the Port's jurisdiction, just south of Pier 96 and north of the former Hunter's Point power plant site.

You can see in this aerial photo there's a lot of open space where the power plant used to be including that rectangular-shaped open space, which is now operated by a non-profit organization referred to as Hunter's Point now for community programming through PG&E. It's still owned by PG&E, but it's operated by a non-profit.

In approximately 2005, the Port was approached by a community-based organization Literacy for Environmental Justice, or LEJ, who subsequently became a Port tenant. They constructed the EcoCenter at Heron's Head Park.

Originally, it was referred to as a living classroom, the intention being that it would provide a space for community gathering and environmental education. LEJ constructed the EcoCenter on Port property with funding from the San Francisco Department of the Environment, the California State Coastal Conservancy and many other public and private donors as well as many volunteers who participated in construction of the EcoCenter.

The EcoCenter is a truly unique building. It is the first LEED-platinum-certified because in San Francisco and remains the smallest LEED-platinum building in San Francisco. It is also a zero-net-energy building, meaning that it generates enough energy from renewable sources to compensate for or meet its own energy demand.

It's considered an off-the-grid building. Its only connection to municipal infrastructure is the potable water supply. The water for drinking and for the sinks is from PUC but everything else operates entirely independent of city utilities.

It was also intended to be a demonstration project of green building techniques so that people in the community and throughout the region could see how green building might operate on a residential or small scale. It features 100 percent solar power, rainwater capture and reuse, a living roof on the part that is not covered with solar panels. It's made of entirely sustainable building materials surrounded by all native landscaping and includes onsite wastewater treatment system.

Water from the sinks and toilets is treated in this wastewater treatment system that is contained within the building using the same biological processes that the wetlands outdoors on the shoreline use to clean water in San Francisco Bay. At the end of that treatment system, the water that comes out meets water quality standards for recreational water contact, meaning you could swim in it. Although, you wouldn't, but you could.

Since the park opened, the Port has been providing environmental education and volunteer programs at Heron's Head Park. We were inspired by feedback

that we got from the community when we first designed and opened the park that for it to be an asset, it needed to be activated. We needed to engage the surrounding community in the care and stewardship of the park.

We have been doing that for the last 20 years. Through various mechanisms, we tried hiring Port staff, contracting with local community organizations, partnering with the City College of San Francisco, which used to operate a center for habitat restoration.

Beginning in 2010, we started offering the environmental education and volunteer programs through a partnership with Rec and Park and that has proven to be the most stable and functional of the mechanisms that we've tried. Rec and Park operates a couple of different programs at Heron's Head Park. One is the youth stewardship program. Under the youth stewardship program, Rec and Park hires AmeriCorps-type interns. They're young adults, typically recent college graduates who work for an annual stipend and work for a few years in some sort of service-to-the-community capacity.

These youth stewardship interns work with local schools and other organizations to provide education about the ecology and environment at Heron's Head Park, the functions and ecological values of wetlands and the affiliated native plant landscaping. That's been going on for almost 10 years. They work mostly with K-through-12 schools but also with all other kinds of groups that want to come out to Heron's Head Park to learn about the environment.

In 2012, Rec and Park also initiated the Greenagers Program, which is a program for young teenagers, ninth or 10th graders, who are interested in community service and the environment. The Greenagers program was structured to be an opportunity for youth from the southeast to serve the community in their own backyard.

Greenagers must live or go to school in District 10. They spend a lot of their time at Heron's Head Park and McLaren Park as well as having the opportunity to visit parks throughout the city and stretch their legs. For many of them, it's an opportunity to see parts of the city that they have not been to before.

The Greenagers have served as the site captains at Heron's Head Park for many years on California Coastal Cleanup Day, which is the third Saturday of every September and brings out hundreds of volunteers in San Francisco's eastern shoreline. They have been the eastside coordinators for Coastal Cleanup Day as well as the site captains at Heron's Head Park. It's a big event. It involves a lot of logistics, a lot of paperwork, a good exercise for teenagers.

At this time, Port and the San Francisco Recreation and Parks department are negotiating terms of a memorandum of understanding that would have Rec and Park take over the EcoCenter as the primary operators of the EcoCenter.

The terms would be based on the same fundamental concept as the lease that has been operated by Bay.org for the last five years and expires at the end of February. Under those terms, the Port takes care of the building and building systems and Heron's Head Park. The EcoCenter operator takes care of public programming, engagement and endeavoring to maximize the public benefit that the EcoCenter has to offer.

Rec and Park proposes to expand on its existing programs and leverage its long tenure and many partnerships in the community to enrich and better activate the EcoCenter, work complementary with the programs that they are already providing in Heron's Head Park.

They're proposing to staff the building, to keep it open five days a week free. All programs under the lease are offered to the community free of charge. Rec and Park proposes to keep the building open to the public five days a week including both weekend days.

They will be working with partners that they already have, including BMAGIC, or Bayview MAGIC, the Bayview Y, the A. Philip Randolph Institute, many local schools and many other community-based organizations that I don't know all of the partners that they work with.

We propose to continue negotiations with San Francisco Rec and Park to operate the EcoCenter. We hope to return to the commission at your next meeting on March 12th with a proposed final MOU and request your authorization to execution.

Commissioner Makras - I support the project, and I support staff finalizing the MOU and bringing it forward to us.

Commissioner Woo Ho - I have obviously seen the EcoCenter Heron's Head Park be a major part of our environmental program and definitely am supportive. I'm just wondering, in terms of just the support and maintenance of the building, do we know what that projected cost is?

Carol Bach - Yes. We have had that responsibility ever since we took ownership of the building in 2013 and that would continue. I don't know the exact figure off the top of my head but the building and the park together are funded under an annual capital budget of about \$100,000 a year.

Commissioner Woo Ho - I understand we've historically done that and I don't have an issue. I'm just wondering since this is a great environmental project for the City and San Francisco and in partnership with the rec and park, if there's any way to get some public/private sort of foundational support for either on the operating or on the actual building maintenance for grants or anything of some kind of just because I think it's a very worthy cause. I don't have an issue with it. It seems like if we could find some other ways to sustain it so that it isn't just a drain on our budget.

Carol Bach – Yes, that's a great question. I'm glad you asked. On the programming side, there are definitely grants available. I hope to work with rec and park to pursue some of those grant opportunities. There's funding available to do environmental education and support public engagement. Those are competitive opportunities but I think that we can make a good run at many of those. The former tenant, Bay.org, definitely got grants, local, regional and other grants to support their environmental education programs.

Funding to maintain the building itself is not so attractive to grant funders to just pay for the plumbing to work. I am working on trying to reduce some of the operating costs associated with the EcoCenter. I think that we're going to have to do that through operational efficiency rather than outside funding.

Commissioner Woo Ho - I think corporations these days are very sensitive to what you call ESG, environmental social responsibility. I'm just saying you may have some companies in San Francisco that would like to indicate that they're showing their support for something in the community. I would not close it off. I would continue to explore if there's ways for them to express their support because this is a great project.

Carol Bach - Certainly. Agreed

Commissioner Brandon - Carol, thank you very much for the report. Like Diane and the Waterfront Land Use Plan, you have spearheaded Heron's Head Park from the beginning. I just want to thank you for your efforts.

It seems like, with every operator, it gets better and better. I'm looking forward to working more with Rec and Park and the fact that it will be open more than it has ever been and accessible to much more of the various communities that use it is a good thing. I truly am looking forward to you coming back in March.

Carol Bach - Thank you. I appreciate that very much.

Sarah Madland from the recreation and park department - I'm the director of policy and public affairs. With me is Brenda Cartagena on our staff who manages, as Carol said, the Greenagers program and the youth stewardship program, both of which we will headquarter out of Heron's Head if this happens. Looking forward to talking in more detail at your next meeting but just wanted to thank you for this opportunity. We feel like it's a great culmination of the work we started years and years ago.

We have supported over 190,000 hours of volunteer service at the park and looking forward to expanding that to additional programming, folding in our existing partners, our recreation programming, the library and kind of any other community partner we can think of. This feels like a natural extension of our work. We're looking forward to working with you on it. Thank you.

Commissioner Brandon - Thank you. Have you guys set a budget for this yet?

Carol Bach - For the Port, it's going to be on the same terms as the expiring lease, which is basically that we don't charge any rent. The EcoCenter operator provides the public-benefit programs free of charge to the public.

Commissioner Brandon - As far as the programming budget goes, how is that handled?

Carol Bach - Rec and Park is picking that up, and I'll let them answer that.

Sarah Madland - Because this is a mid-year transition, until July, we'll be dealing with existing resources essentially including Brenda and her staff. Come the new budget year, we have put in a request to fund two more full-time AmeriCorps interns that will help support work there and, in addition, an additional outreach staff member that we hope to have on board as soon as we have budget for those. Those are in our budget proposal that was just submitted to the mayor's office.

Commissioner Woo Ho - To follow up just on Commissioner Brandon's comment, when you come back for the final resolution, could you give us what the actual budget on the building side that we need to maintain over the next few years because, obviously, there is going to be some maintenance. There's going to be replacement. It sounds like it is a self-sustaining building but there will be some cost. I'd like to throw out one idea. Find somebody who would like their name on a center and say that they would like to support this and for X time, not forever but for X time.

Carol Bach - I will certainly come back to you on March 12<sup>th</sup> with a budget breakdown. It might be a little longer to get that name on the building.

Commissioner Woo Ho - Well, we can do that but don't give up.

Carol Bach - I won't. Thank you.

## **9. REAL ESTATE & DEVELOPMENT**

### **A. Informational presentation on the RFP strategy and criteria for the Embarcadero Historic District Pier Facilities.**

Rebecca Benassini, Assistant Deputy Director of Waterfront Development – I'm joined by my co-staff-report-writers Michael Martin and Diane Oshima. I also want to acknowledge all of the other Port divisions, in particular planning and environment, engineering and our real estate and development colleagues who've helped me with this item going forward. I'll acknowledge you when I come back next time because I'm sure you're going to help me with this item.

We have an informational presentation for you today on a request to further study a request for proposals for historic pier solicitations. I'm going to give you a bit of background, foundational documents, foundational public processes we've gone through to get to this point. I'm going to go through the criteria staff have been looking at in order to develop the recommendations before you and then get right into the recommendations which are an initial RFP for Piers 19, 19½, 23, 29 and options to add 29½ and 31 to that RFP.

We also are recommending continued study of Piers 26, 38, 28 and 40. We also want to hear clear direction and your thoughts on the solicitation strategy and our next steps that we would take in order to develop this further and then come back to with an action item.

There are a couple of key background points that I want us to have in our mind as we consider this item. The Embarcadero Historic District is one of the primary reasons that we're here. It's important to remember that Port, BCDC, our stakeholder group back in the early 2000s, came to the point of recognizing and wanting to establish the contribution that these finger piers make to the authenticity and the specialness of the waterfront.

At that time, the group together and, in fact, in the special area plan, the Port was required to review nominating the district. We fulfilled that obligation in 2006 when the Embarcadero Historic District was added to the National Register. It's distinctive. It's unique. It's beloved. It is also very costly. Its maintenance and full upgrade bringing it to its full potential is beyond the Port's resources on its own, which is why we're here talking about solicitations.

Six of the facilities along the Embarcadero have been fully rehabilitated to allow greater occupancy and that's over the last 20 years. That's how many facilities we've been able to bring online to get more people into the sites. Most of the other facilities, more than a dozen or so, require significant capital upgrades and rehabilitation.

In addition to the existence of this wonderful district, the reason we're at the point here today of providing recommendations relative to solicitation is because of the impending update to the waterfront plan. We've talked about that a little bit earlier in the meeting. Diane and her excellent team led that process with our working group staffed by citizens who volunteered their time and came up with 161 policy recommendations. I call the staffed because they felt like staff they were here so much.

Among those policy recommendations that have been endorsed by the Port Commission are a couple which implicate and prioritize what we're going to do with the district. The first is that historic rehabilitation of the piers is a major priority. The other is that we are charged with opening more piers for public use and enjoyment of these public assets. Another part of the recommendations I want us to think about and focus on is that the working group and the policies

endorsed by the Port Commission gave the Port more tools to bring those priorities to a reality.

Some of the tools include defining public trust objectives. We were able to do this with our colleagues at State Lands in a very collegial way with them. We developed these public trust objectives that apply just to the Embarcadero historic piers because they are viewed as such a special and unique part of the waterfront.

Those objectives are historic preservation, seismic life safety, public access, generate Port revenue for improvements to other Port facilities, recognizing that we can't do all of these at once. We want to generate revenue to keep maintaining our other assets and including public-oriented uses, meaning any uses that bring people into the facilities for some activity, for some event, for some educational program, to buy something, to eat something.

The other tool we have is that, through that working group process, the public and staff came to an educational understanding that these projects must be financially feasible. That means all the trust objectives we want to meet has to be revenue generating on the other side.

The uses that were analyzed as high revenue generators through that process were retail, restaurant, office and high-tech PDR uses. I just want to have that as a key foundational item that we were able to discuss with the public over the more than two-year process.

The request for interest came out of the Waterfront Land Use Plan update discussions. We were challenged by the public to do more to get people inside the piers and find out what other operators may be out there that can bring something different to the waterfront. That was our challenge. I put it like go find another Exploratorium. See if they're out there. We issued the request for interest. We spent quite a lot of time making sure it went out far and wide.

We were gratified to receive 52 responses, very diverse group of responses, small, large, very pointed. I want to operate this type of a restaurant. Or much bigger, I have an art and culture idea, and I want to work with you further on that.

What we did find is that there wasn't an obvious entity like the Exploratorium that came forward. It doesn't mean they won't come forward through an RFP. But through this process, we learned that, most likely, a public-oriented operator will be potentially smaller than a full pier, will require to be in a mix of uses with high revenue-generating uses in order to become an implementable project.

The last background point I want to focus on is there is a distinct call to action to move this along in a prudent manner but also in a diligent and expeditious manner and that is because time is running out. Time is not on our side. There

are current risks to the historic district in some places for flooding. You can see, of course, the picture you're all very familiar with near the Agricultural Building which occurs during king tide events and during storms. There's current risk of earthquake. There's current risk from deterioration. As we continue to allow the piers to not be significantly invested upon, it's going to cost more as we go through time. That's the call to action to act prudently and expeditiously. There's also a good opportunity to ride the wave together with other projects that have a lot of momentum.

One is we have our seawall program going forward. This would be an opportunity to leverage private resources for different portions of the waterfront either directly in front of the piers we're talking about or to leverage those resources for other parts of the seawall program. We also have the opportunity to deliver what the public has asked for. In the waterfront plan, we heard save the piers. Bring more people onto the piers. We want to deliver on those public benefits that were clearly articulated and do that as quickly as we can now that we've heard what people want. Let's give them what they want.

This is how we came to the solicitation recommendation for a public-private partner. In thinking about this recommendation to you, we got our team together. We talked about what would be a success in undertaking what we all know is going to be a large endeavor? How will we define success? I want to take you to a couple bullet points of what we think would be success.

First is a really open process. Through the RFI process and during the Waterfront Land Use Plan process, we feel like we have been very cognizant of how people feel about this place and how they want to be involved. We want to continue having a very open process through an RFP process. What you see here is just a picture from one of the RFI events and also the results that were in your staff report from the online survey of members of the public regarding what area of the waterfront they'd like to see go forward with an RFP and what types of uses. We would envision using similar tools to engage the public going forward.

The second key is, of course, an implementable project. A successful RFP process must result in something that can be implemented. The third is delivering as much of the trust benefits that we set out earlier, which is the frame for the whole historic district, as we possibly can. The last one is more is not better in all things in life. But in this case, more is better.

To the extent we can deliver more resources and bringing more back to life, the better. That's more of a success for us. The lens we took in setting forth what we thought would be a success, that was great. Now, we have to get down to the nitty gritty of which piers do we think can best meet that definition of success. And what type of an RFP can meet that definition of success? I want to take you through the lenses we looked at these piers through. The first was looking through locational considerations. We took into account how RFI

respondents liked which piers for which types of uses, how the public responded in the online survey relative to what types of uses in which piers.

We tried to look at the existing context of each pier. What's nearby? What might be a potential complementary activity area? Where are there areas with little activity? Or where are there areas with areas we've already invested in or our tenants have invested in that could be enhanced by another pier with some activity next door? We looked at integration with the seawall program. We think there's a great opportunity to integrate but we wanted to do a red-flag warning. Are there any places that might be difficult to bring in a private partner just as the seawall is being evaluated by our team?

What we found from that is there were not red flags other than with the Ag Building, which is being carefully studied right now because of the difficult structural area of that location. We did find that the Ag Building, while it might be a very good RFP contender, should probably be delayed by some period of time, perhaps a year, while the seawall program continues study. We can deliver more information for an RFP. That was that one red flag that popped up through this lens.

The other lens we looked at was, what is the existing facility condition? What's the capital backlog? When we looked at these rankings of facilities by their various costs that we believe it would take to bring them up to code and to seismically retrofit them, we determined that the preference for the RFP should be for facilities with lower costs because we are wanting to make sure that we have a successful outcome with as many public benefits as we can possibly deliver in the project.

We delved into financial feasibility, very important for an implementable project. We have two data points. One is from a 2017 study, which we embarked upon with our consultant team for the Waterfront Land Use Plan update. That financial feasibility analysis looked at 19 and 38 as two exemplar piers which represent two different substructure condition types. At that time, a mix of uses on 19 and a largely high-revenue-generating use mix on 38 both were able to achieve financial feasibility.

We've updated that analysis with the help of the model that the consultant created for us with some new information for 2019 including construction cost escalation, increased rents for typical high-revenue-generating uses like office, lower historic tax credit status. With tax reform, historic tax credits are worth a little bit less. We also included some level of cost contribution to the seawall program.

That planning level screening study indicates that the Pier 19 and similar piers are still positive with a mix of uses included. Pier 38 and similar piers are shown to be negative through that screening study with high-revenue-generating uses.

The final thing we looked at was, what are we generating from these piers right now? We want to recognize that they contribute to our operating budget, of course. We want to be clear that, as we go forward, we don't want to be made worse off than we are today, if it all possible, through this process.

I was going to say this is the reveal but you all have the staff report. You knew what was coming. Our recommendation for the phase-one piers includes a single RFP for the piers that basically scored the highest among by looking through the lenses that I just mentioned. Those piers were 19, 19½, 23, 29, 29½ and 31. We're suggesting that 29½ and 31 be shown as optional piers. The reason for that is that the Alcatraz Embarkation site which was approved last year and it will be under construction for a few years.

We want to make sure that project is complete before we introduce a new potential construction project right next door. That's the reason for holding those as optional piers. I also want to note that this area of the waterfront has the highest number of historic length of contiguous historic resources.

In thinking about what these piers could deliver, it would be very incredible to imagine the transformation of this part of the waterfront. In thinking about the criteria of how we would select a potential partner, these are the five bullet points that, among staff, were the most important.

Any respondent would have to have a commitment to engagement, experience with engagement and a plan of how to engage the community if selected. They'd need to have an early activation strategy for Pier 29. We think Pier 29 has a really excellent opportunity to be an early activation site and a permanent public-oriented type of pier use at that facility just because of its unique construction circumstances attached to the parking lot next to the cruise terminal.

The criteria would have to include abundant and diverse spaces for the public, for visitors and for maritime and water-dependent uses. We'd want to have a team with experience working over water in a seismically active area. We'd want to have a financially feasible project with market rent to the Port.

We also recommend that Piers 26, 28, 38 and 40 be studied a bit more. The planning-level estimate is that they weren't financially feasible. But I want to stress that that's a planning-level estimate without trying to do quite a lot more to figure out whether or not they could get over the hump of financial feasibility. With the level of analysis we did, we're unwilling to say they're not feasible at this point. We need to do more study. The other piers we discussed in phase one were more clearly feasible. We felt comfortable going forward with those piers.

In thinking about what we're going to talk about with the solicitation, it's important to have the context of all of these other processes going on. I've laid

out the waterfront plan update and the seawall program next to a pier solicitations program.

I want to make note that the first half of 2019 for the waterfront plan, we're anticipating releasing draft amendments to the plan in May of 2019, beginning with CEQA. We'd then do CEQA analysis the second half of the year with the anticipated completion of CEQA and adoption of the plan updates in 2020.

The pier solicitation project would lag that. We'd be looking at public vetting this first half of the year with RFP recommendations first half of the year. If directed, we'd issue the RFP and select a partner. In 2020, we'd be negotiating. I want to make a note that then that project would do its own CEQA analysis. There'd be time beyond 2020, of course. But we're still doing the work to get to a lease.

This matches nicely with the seawall program. They'll be considering alternatives later in the year and recommending alternatives in 2020. At that point in time, we could key in with a development partner to make sure the type of participation they would have in the seawall program would fit in with the alternatives that the seawall project team is coming in with. I would love to hear your thoughts on this process.

We've worked very hard to make sure the process is integrating the recommendations from the Waterfront Land Use Plan about how to issue a solicitation. Today, we are speaking in an informational context. If you direct us, we'll then take RFP criteria I laid out earlier and refine them with our affected advisory group. We'd also do other outreach to interested neighborhood organizations with the idea to come back to the Port Commission in April with an action item to issue the RFP.

I want to pause now and hear what everyone in the audience has to say. I'm available for questions along with my other team members.

Alice Rogers - I served on the working group on the land use committee. I want to commend the report. I think it's very well done. The process getting here was arduous but we appreciated all of the resources that you devoted to do it in a inform, educated way. I personally have every faith and conviction that the waterfront land use recommendations will carry forward and will inform your selections and the ultimate projects. But there is this awkward little legislative gap that we have here where we're going forward with the RFP before we've actually finalized and codified the plan. I haven't experienced any sense that there isn't anything but 1,000 percent support for bringing all of these waterfront land use recommendations over the finish line but it has come to my attention that there are some that are a little concerned about this lapse of timing. Anything that the commission can do to ensure the waterfront working group that you are dedicated to seeing these recommendations come to full flower would really be much appreciated.

Martin Lee - I work for a design firm called HASSELL. We're an architecture and urban design company. HASSELL submitted a response to the recent request for expressions of interest. It's great to see the work that the Port has produced so far and thank you for sharing that with us today. It's good to see that there's a proposed bundling of the piers in lieu of issuing the RFQs in ones and twos. The HASSELL submission actually proposed a master plan for the entire Embarcadero to include for all of the piers and the seawall lots on the land side of the Embarcadero. We were proposing that it was better to bundle the piers as a single solicitation, clustering all the piers in the varying degrees of robustness, so not just the piers that require very little work, developing them first and leaving others till later, putting them good and bad together. We are proposing a holistic master plan with strong community benefits with a phase V procurement method, allowing the public benefits to be realized upfront early in the piece. The intention was for a visionary master plan as a great opportunity for us to create a world-class waterfront district. As part of the process today, we would request that you may consider this single-solicitation approach.

Debbie Miller – My husband, Paul Miller and I replied to the Port's RFI and sent our proposal in. We wanted to quickly introduce ourselves. I'm not sure if this is the right day to do that but this proposal would be our third location in San Francisco. Right now, we have the Royal Cuckoo organ lounge that has a Hammond B3 organ for jazz music. We have the Royal Cuckoo market, which has like a Wurlitzer electric piano in it. This location would be called the Royal Cuckoo Museum Bar and Pipe Organ Lounge. It would have three components involved, the craft cocktail bar, obviously, that we do at our other locations, and then we would also partner with museums, historic societies to create a San Francisco waterfront history aesthetic relating to the Port and have satellite shows for museums. The third component would be the pipe organ lounge. Like our Hammond organ lounge that now exists, we would have live music seven nights a week. Why the Port? I guess our love of San Francisco and living here for so long and wanting to be involved in the development is very exciting. We're happy to be here today.

Johanna Hoffman, a designer from another design firm here, MKThink - We also submitted a proposal during the RFI process that was more about taking advantage of the interim years before development on these piers starts to take place. We believe that there's an important opportunity, much as you've been talking about, throughout this hearing of involving the community of San Francisco in what these piers can and should be and doing it both through public comment, engagement, opinion and also in the ways that these piers could be vitalized before development in a more long-term way starts to take place. We request that you take into consideration the potential for using pop-ups and/or temporary installations to really start to explore not just what people want out of these places but how they could be activated and serve as a community resource again in the interim years before long-term development starts to take place.

Commissioner Woo Ho - This is a major day for us in terms of considering and there's a lot in terms of consideration of what we have in front of us. Thank you, Rebecca and staff, for trying to funnel down what we got out of the RFI process into a process that we could follow. I think that the only comments from the commission, at least from my standpoint, are that the RFP process needs to be open. The process needs to be broad and it does not preclude that there are specific proposals that we could entertain because we don't know what all the responses could be. A specific proposal may fill in a gap that nobody else is interested in. I don't think we want to restrict ourselves to just one big developer, you have to do it at all. Though, I think the bundling of the piers does make some sense.

I think that we have to see what comes back. As mentioned earlier, there's also probably a place for interim uses because we know that all this development takes many years. Having interim uses and some interim sort of revenue is not a bad idea. We are here to set guidelines. We're not here to be in favor of anything specific at this point. We need to see what comes out of an RFP. The RFI gave us the sense of what is possible out there. There wasn't one trend in particular. It was all over. We now need to see, as people look at this and consider it more seriously. Obviously, the financial feasibility is going to dictate what is going to be proposed because, at the end of the day, the Port has to be able to sustain itself.

We do understand the public benefits are very important. Whoever comes in to propose will have to balance off the need for public benefits along with the ability for us to be able to generate some revenue and save the piers at the same time. It's a tall order. I don't have the answer. The people who are going to be bidding will have the answer. As mentioned, it does look like the CEQA process for the Waterfront Land Use Plan and this process is a little bit out of sync.

My only comment would be that the Waterfront Land Use Plan was an extremely important document and guideline. I don't know that I would say at this point that it restricts us to only do certain things. It's a guideline. It's what we think is good. I still think we have to take a pragmatic approach when we look at the RFP. It's good for us to know what those recommendations are and that we don't sort of stray and violate violently. I also don't think we should view it as a straitjacket. I think that's how we have to view it. We have to be pragmatic. We're going to have to juggle multiples. We can never get the timeline totally right. But we cannot keep waiting and waiting and waiting. I think we are losing time. We do have to move forward. When you come back with the RFP guidelines, you need to take some of the more specific things that we would like to see in it in consideration.

Commissioner Makras - I agree with everything you said, commissioner. I, too, agree we should have interim uses as we go. Now, in your presentation, you stated that we would select a partner, as in one partner.

Rebecca Benassini - Yes.

Commissioner Makras - Are you envisioning that one person has to bid on the four piers, and there's going to be one partner? Or will we allow a person to bid on one, and we can mix and match?

Rebecca Benassini - Our intention is to award one, anticipating it would be a consortium bidding on the RFP. Just for management reasons and for the potential downsides of matchmaking multiple partners, I think that was our inclination. Our experience in the past is that it's better to have a single team. We have found also in the past that some team members will drop off and other team members will take their place. We thought that was a better model than potentially having to weigh a respondent that comes in for all the piers with a very cohesive plan against potentially one really wonderful idea for one pier that relies on revenue from another pier and a partner where they aren't matched up by themselves. Our inclination was to not allow multiple pier responses and to match them up ourselves that we thought we were weighed towards one response.

Commissioner Makras – If you take that through, why aren't you recommending a master plan for everything if all of that is true and we have to live with that?

Rebecca Benassini - That's a very good question. I think that what put us off of that was the planning level financial feasibility study. If I threw everything into the Excel sheet, I couldn't get a positive number. At the level of information we have today about 26, 28, 38 and 40, in order to get a feasible project, the piers that we put together are the ones that we think will get us over that hump and can be a really exciting project that delivers a lot, as Commissioner Woo Ho was saying, the balance is public benefits, costs for rehab, revenue to the Port.

When we put those piers together that are in the RFP recommended for phase one, we can get a good measure of all of those things. When we put in some of the piers that perform a little bit more poorly, something has to give. We don't have that nice three-legged stool where we have operating revenue. We get the historic rehab, and we have some public benefits and public opportunities. In addition to the normal stuff that everyone is accustomed to coming around the pier on aprons, we want to provide more than just public access on the outside.

Commissioner Makras - So then, if you follow that through, you're taking the tough ones. You're just kicking the can down the street and it's still non-economical. Why would tee ourselves up for failure on round three, as an example?

Rebecca Benassini - I'm unwilling to say that is what will happen at this point given where we are. If we have a phase-one set of RFPs going forward and have some success, then we potentially will have more revenue. We can bring

other tools to bear for these more financially difficult piers. I hear your point. It's something that we thought a lot about too because we didn't want to be in that position. But we're at the point where we couldn't make it work all together with what we know today about the piers.

We might do more intensive studies and discover that it's less expensive than we originally thought. But we would like to ask that we have a couple more months to study the piers and figure out if there are other tools we can bring that might make sense to go forward with that we haven't considered today.

Commissioner Makras - Do you believe your team is open-minded to going with the four and allowing the marketplace to open up the others and whether they add the two piers or four piers or six? We learned a lot from the RFI that I don't think we covered. I don't think we would have concluded the same thing that came out of that process. Why would we not allow that to benefit the Port in real life with an RFP versus an RFI?

Rebecca Benassini - I haven't been through too many RFP processes at the Port. The thing that I have been struck by is what we set out in the criteria. If we say we want a master plan, we should say it in the criteria and believe it can happen. Otherwise, respondents are going to guess what we want and even though we say it's optional, they might try to advantage themselves by submitting something forward that we don't understand actually works.

I have some openness to it but my concern is whether or not we can have an RFP process that isn't rife for coming up with an awesome idea for the northern waterfront and another wonderful idea for the whole waterfront. We don't believe the whole waterfront with the information we have today. I'm concerned about sending mixed messages in the RFP where we're open for this or this. I get concerned about how the selection would work. I'm open minded except for how the selection process could be a very clean and open process.

Commissioner Woo Ho - I would just remind us that we've learned a lot of pain with Pier 38. I don't think we want to go through that experience again.

Elaine Forbes - To add a little flavor to what Rebecca is saying, she wants to recommend a process where the selection panel can bring you apples to apples comparison among the bidders. That's really important, so the selection panel can score them and make a recommendation like to like and who is the preferred respondent?

Commissioner Makras - You're saying our bandwidth can't cover all of the piers to make a decision today when it comes to the RFP for all of the bidders. Why was the waterfront working group able to evaluate the whole waterfront and bring it to us as a whole and we can't?

Rebecca Benassini - We endeavored to do that with the financial analysis I brought forward earlier. We really did try to do that. With the 2017 analysis, we

looked at what we considered to be our worst-condition pier in the district, 38, and our best-condition pier at 19. What we tried to do is to say both of these can work with the recommendations we've put forward. That is what we tried to do with the Waterfront Land Use Plan process. In the last two years, things have gotten worse i.e. we lost some of the value of the historic tax credits. Cost escalation has exceeded rent escalation for many rent types. We're anticipating that this project should, in some way, shape or form, contribute to the seawall. We wanted to do that and that's what we intended to do with the Waterfront Land Use Plan. But as we know, in the one-and-a-half years since that analysis was done, it just tipped Pier 38 into the more troublesome financial feasibility bucket.

Commissioner Makras - But why wouldn't you just pull that out like the Agricultural Building then? If we have a weak link, why wouldn't we just pull those out?

Mike Martin, Real Estate and Development - I don't think it's a matter of the feasibility of those southern piers keeping them out of this. I want to hearken back to the slides that Rebecca showed about what is a recipe for success. It is a challenging transaction to look at a single pier. The more piers you load on, I think the more challenges you have of tying it all together and studying it and getting it approved. Also, you have counterparty risks. To put all of the piers under one counterparty I think results in a potential where, if that counterparty can't deliver, we're stuck without the piers being rehabilitated the way we want them to. Our goal in clustering the northern piers is taking the most feasible ones. We're not ignoring the rest. We're saying we want to come back to you with different potential transaction structures that may make them more feasible than they look today.

Commissioner Brandon - Rebecca, thank you so much for this presentation and your entire staff who have contributed to this. It's a lot of work and a lot of piers and a lot of opportunity and options. I think this process is an interesting one because we put out an RFI for our entire waterfront piers that we think need upgrades. Once we got those solicitations back and once we have interest in so many piers, how do we prioritize what we want to do with it? If we take our four best piers and bundle them, we are setting ourselves up for failure because why would anyone do the other ones? Why wouldn't we add 19 and 38 or bundle the southern and the northern to make sure we get whatever it is we're looking for? I do think that this is not something that has to happen urgently within the next month or two. Maybe we need to study this just a little more and understand what we really want from this process because I don't think we're being fair to all those who responded to the RFI.

It's not clear of any certain direction that we really want to go now. We've put a considerable amount of money into 19, 23, 29, 31 over the years. We haven't put that same investment into 26, 28, 38, 40. I'm not sure what we're doing with 48 and why it's not included here.

Why wouldn't we throw 38 in there? We've put a lot of money into 48 over the past 10, 20 years. It's really understanding more of where each of the facilities are as far as the need for investment versus how we should put this all together. Why would we take our best piers, bundle them, put them out and then expect some kind of great thing to happen with the ones that aren't as well maintained.

Rebecca Benassini - On Pier 48, we did include Pier 48 in the staff report and noted that it's under option with the Mission Rock team. It was included in the RFI in order at their consent in order to provide it to the world as an opportunity as they're looking for a long-term partner on that site as well as a potential tenant. Right now, it's under the 10-year lease for parking and special events. We have the option of opening up that lease if the right development came along at any time if we can demonstrate financial feasibility. The prelude to doing that is we have to demonstrate a financially feasible project.

Commissioner Brandon - If we don't put it out, we couldn't do that. If we don't find out if there's any interest, we wouldn't know if there's any feasibility.

Rebecca Benassini - Through the RFI, we did hear there were a couple of respondents who were interested in 48, primarily co-working spaces. Just one other note perhaps on the reason to bundle the northern waterfront is what Mike was alluding to that we all know how complicated these transactions will be. If a partner has two things, first a similar geography, a contiguous geography, they can do a lot of work with that neighborhood and understanding their concerns as they're doing their broader communications. They can work in that particular area. The construction conditions are going to be very similar for these piers. It would be much more complicated. It would just require quite a lot more due diligence to understand all the different construction types among all the piers.

We're always worried about tipping something into the complexity that pushes it over the shelf of likely to be successful. Those are the two reasons and the third one is the seawall program, that they can have a great understanding of the vulnerability of the seawall in front of those piers and can then have a greater shot at providing a really robust solution.

Mike Martin - I was just going to say that seawall notion, that there's going to be developing information and also projects embarked upon that could change the framework around these southern piers and how we would approach them. There are also other things that the working group effort that you led also pointed out, which is that a full seismic upgrade is not always the right fit for a facility, that there could be approaches that upgrade the Bulkhead Building for public-oriented uses but allow a less intensive upgrade in the back. That's part of what we wanted to study because we feel like 19, 23 and 29 are good candidates for a full seismic upgrade or something close to it to allow public access and public occupancy.

Those other piers, because of their condition, we wanted to think harder about what we could really say to the potential bidders about what the right mix of expenditure and use would be. Your questions are right along the lines with why we wanted to do more study. We want to be able to explain to you and the public why this makes sense. It really comes back to what Rebecca talked about in terms of having some success. It won't be a one-size-fits-all strategy. Each of these piers is its own structure. We've learned quite a bit about the history of them and how they were built. They're not all the same. We want to have a thoughtful approach that gives us the best chance for success in the most locations.

Commissioner Woo Ho - How much time would it take us to understand more? You said you wanted to study the lesser piers. I hear all the arguments in favor of the bundling of the first four piers and I understand that. There's a sense of discomfort of are we ever going to be able to do the other piers because we will have put all our eggs in one basket. How much time do we need to understand the other piers?

Rebecca Benassini - We know a lot about them but we need to update the cost estimates. We've done them on an escalation basis. We'd all feel more comfortable if we had an engineering firm review the costs again. That would take a couple months at most in order to get that work underway. They'd be reviewing costs that are already done. I think that would go a long way towards us feeling more comfortable that we could have a successful project either for a long-term full upgrade or a partial upgrade of the facilities.

Commissioner Makras - But we're making assumptions on what the use is going to be. That's why, in the RFP process, the developer that wants to team up with us is going to determine a preferred use for a pier. That's going to drive the retrofit] to the project, not what we think. We're not going to develop them. We're just partnering up. That's why you want the RFP to be responsive and more inclusive because they're going to decide what preferred use they have for which preferred pier. At the end of the game, they're going to try to do it as inexpensive as they could and make the whole project --

Commissioner Woo Ho - But there will be a range, depending upon the use. You can always have an engineering firm tell you. We know that from the whole arena exercise on Pies 30-32. It depends on the use in terms of what the substructure and upgrades. It sounds like we need to go into whatever we want to do, it is a long term. It's a major process for us here. If it's only going to take a couple months for us to understand everything fully, then why wouldn't we just have all the information and then decide? Because it's the guidelines to the RFP that we're looking at.

Elaine Forbes - Yes. I wanted to add a couple of comments. First of all, though staff is arguing for the recommendation we've made today, we are very open to the comments of the commissioners. This is really about the future of our historic district. We're coming here to get information and guidance on the

strategy both from the commission and the public. We took a lot of time to come to the strategy ourselves. It is not an easy answer that we've come up with. I do think that understanding all of the piers is a good idea before deciding to go with staff's initial recommendation or to modify the recommendation. We will do so. We can get more information on the southern piers. Mike mentioned about other tools. What we're talking about right now is full seismic restoration, full restoration of the facilities. Those northern piers are adjacent to piers that have been fully restored. There are other tools in the kit where we can get public-serving uses without full seismic restoration, these piers happen to be financially feasible with that model. We also need to look at different levers that we can pull for the historic district that will provide us more public enjoyment benefits, revenue to the Port and this is an important question. We have not had the feeling that we can save every single pier with a full seismic upgrade and restoration because of the financial challenges and our track record. We are trying to save as many as possible in the most robust way possible.

We're very eager to go back and get more information about those southern piers. When we come back to you again, we'd like the full complement of the commission and have the public opportunity to think through what we're recommending, so we can continue to have dialogue and conversation.

Commissioner Woo Ho - One of my concerns is that we have failed a couple of times in development because the developer came in thinking there was going to be X dollars. Then, it became X plus and they weren't able to go forward. While it is up to the developer to decide when they're bidding, it's always been more than what they estimated. We need to get a little bit closer to having something that's realistic so that they know what they're bidding on. Even though it's still going to change. We know that there's always going to be some wiggle room. We have failed because the substructure cost has always been greater and the developer has walked away.

Elaine Forbes - Absolutely and that's what you're seeing in staff's recommendation is a caution of putting forward the piers that we see as financially viable, knowing this history of where substructure costs and pier investment costs always come in higher than first estimated.

Commissioner Woo Ho - I'm making a recommendation. Do you agree?

Commissioner Brandon - I do. I think that we need to have the information on all of the piers that we've put in the RFI.

Rebecca Benassini - Thank you, commissioners.

Commissioner Brandon - Thank you. I really appreciate the report.

B. Informational presentation on the strategy options for Piers 30-32 and Seawall Lot 330.

Mike Martin - It was really interesting to think about the order that the last item and this item would go in because both of them sort of inform each other. I find myself thankful to have listened to the last discussion and to how it affects this discussion. We're moving to the southern part of the Embarcadero District to Seawall Lot 330 and Piers 30-32. The title slide says it all about why these properties are viewed as a unique and potentially valuable development possibility for the Port.

As you can see, Piers 30-32 is a large pier complex over the water. It's actually the only pier complex in the northern waterfront that is not part of the historic district because the historic portions of the pier have burned down. It is about 13 acres. Across the Embarcadero, it's the M-shaped site across the way is Seawall Lot 330. It is a 2.3-acre site that's used for surface parking. The blank slate of this is an interesting contrast to the historic piers. It presents one of the few opportunities in the northern waterfront for what you might call more modern architecture than the historic piers.

As I mentioned, it also moves the benefit of historic preservation, which was a galvanizing aspect of our waterfront plan update discussions with the working group to gain the benefits of those other historic structures going forward. It's a little bit different calculus in that regard. The goal of today's presentation is to build off prior staff reports to look at both sites and also look at past transactions that have attempted to develop both sites unsuccessfully, hearkening back to the discussion we just had.

We'll start with Piers 30-32, go through some site information and those three prior transactions since the early 2000s that have tried to develop at that site. We'll run through the options for Piers 30-32, do a similar review of Seawall Lot 330 and then run through the options at Seawall Lot 330 and end with staff's recommendations and seeking your comment and direction.

Piers 30-32 in a close-up shows the maritime deep-water berth at the end that's naturally scouring, which is obviously a great benefit, reducing the dredging operating costs as compared to other berths that can accommodate large vessels. This also shows the beginning of the day of parking at the facility, which is the major interim use there.

Piers 30-32 is used for commuter parking, layberthing for vessels and also special events subject to the structural limitations. In fiscal year 2017-'18, the Port earned \$1.47 million from the site so it's a great benefit to our operating budget. The height limit is 40 feet and is subject to Prop E. If it's changed, it must be by the voters.

Permitting - because it's over water, it has a large group of regulatory entities that would be interested in any project starting with our usual partners at the Bay Conservation Development Commission and the State Lands Commission but adding in the Regional Water Quality Control Board and the Army Corps of Engineers.

Most of the footprint can't support truck traffic. Estimated substructure costs vary. Commissioner Woo Ho had it right on. The costs vary according to what you're planning to build on top.

Our capital plan shows a very planning-level estimate of a certain amount of space. These are the costs we usually see for substructure improvements and a conditional seismic improvement. Together, that's around \$126 million.

When the Warriors canceled their project, their estimate of costs had grown to \$165 million, which was basically building an entirely new pier over the current pier to support the large development on top. Those large dollar amounts can vary, but we assume they are rising just like other construction costs in the city.

Sea-level rise - this is a potential flood site by the end of the century if you're looking at 66 inches of sea-level rise, which is what we're seeing our other developments raise themselves to plus a potential storm event like we're having right now, you could see flooding in this area.

Seawall condition – there's 622 foot length of the seawall adjacent to Piers 30-32. A rough estimate of the cost of improving that stretch of seawall is \$79 million. Clearly, any project there, whether or not it improves the seawall, has to figure out a way to deal with the potential liquefaction risk. There are additional costs beyond what was being dealt with in the prior proposals that would need to be addressed somehow through some partnership with the Port.

This slide goes into a little more detail on the weight restrictions. The red area usually denotes the bad part of the pier. This time, it denotes the good part of the pier. This is the truck and fire lane. That's been hardened to allow for truck access, especially to reach the very end of the pier where the maritime berthing is. The remainder of the pier is under severe weight limits. The valley area and the very end of the pier is up to 250 pounds per square foot while the remainder of the parking area is 100 pounds per square foot. Large trucks are not allowed in those areas.

This is a sea-level rise inundation map that gives graphical color to what I was talking about with the 77 inches. This area including Seawall Lot 330 is in danger for end-of-century sea-level rise and storm projections. Clearly, our adaptation strategy needs to address this going forward. The project itself would need to do the same if there was one.

I'd like to review prior projects starting in the early 2000s, 2000 to 2006 with the Bryant Street Pier project. This project included a cruise terminal as well as a mixed-use development with office space and retail. It projected an \$82 million substructure and seismic cost. The financing plan included a \$30 million contribution from the sale of a half-acre of Seawall Lot 330. There was no infrastructure financing district tax increment involved in that transaction. The

\$30 million subsidy was meant to make the project pencil. There was no sea-level rise adaptation at the time either.

Even with that slimmed-down project profile compared to what we'd be looking at now, the project was not pursued by Bovis Lend Lease. Just eventually, once it was entitled, they realized it was not feasible based on the structure. The watermark site was sold. Those dollars were actually used for the Pier 27 cruise terminal. There was some cross-subsidy from Seawall Lot 330 but the remainder of the site remained in Port hands and is used for commuter parking.

The next project was the 34th America's Cup. Originally, as you might recall, the original host agreement included a permanent development opportunity after the event. There would be the interim improvements to Piers 30-32 for the sailing team bases. After the event, those improvements would then be improved upon to create a permanent development. It was a large and very complicated transaction that included \$89 million substructure and seismic cost estimates so not that much more than the Bryant Street Pier's project. It included a no-rent lease of Piers 30-32 in respect of those substructure improvements, transfer of Seawall Lot 330 at no cost to offset further substructure investments and to collect tax increment over the piers and Seawall Lot 330. It also included other optional development sites that could be taken down and used to burn off further substructure investments. It was a proposal that would have greatly expanded the footprint, not just this area but it had a broader scope.

Ultimately, while the Port Commission did approve that transaction, before it reached the board of supervisors for approval, the project sponsor decided not to go with it. Instead, they went with a races-only approach for the sailing regattas. There was no permanent development.

Commissioner Makras – Just so I'm clear, it was a no-rent situation, you said?

Mike Martin - I think that's the summary. I think there were technically rent credits. We'd assign parameter rent over time but over the life of that lease, they would not have paid rent.

Commissioner Makras - Okay. Thank you.

Mike Martin - Similar structure for the Warriors multi-purpose arena, which was originally proposed for this site a couple years later in 2013, so no rent for 30-32 or payment for the transfer of Seawall Lot 330, an IFD tax increment district estimated at \$60 million, construction of a new pier three feet higher. That would adapt to sea-level rise in a way the prior projects didn't consider. However, the Warriors decided amidst the entitlement process to purchase land in Mission Bay. Their arena is under construction there.

The frame of Piers 30-32 is that it's as big as our master plan development sites in the southern waterfront, like Mission Rock and Pier 70. In a lot of ways, it's seen as this opportunity. Because of the substructure costs and the relationship of those costs to revenues, there's a broad distinction you can make where our projections show that Mission Rock and Pier 70, after the infrastructure is paid off, will make money from those developments over time.

This one, based on the structures we've seen in these negotiations, it seems unlikely the Port would gain money and likely have to subsidize the development at Piers 30-32. That's going to play into one of our recommendations later on.

First, I'm going to run through the options. Then, I'll talk about Seawall Lot 330 and then talk about the recommendations. Option one for Piers 30-32 is business as usual. We keep leasing the piers without a seismic upgrade, which includes parking, special events and maritime berthing. I noted earlier the revenues we're generating from this site. I'm also noting that there's an increased special-event interest in this site, especially as the prospect of developing Lot A removes one big surface lot from the downtown area.

We've mentioned in the staff report Cirque du Soleil Enterprises came to us just interested in seeing, is there an opportunity to do something at 30-32. that would be business as usual, capitalizing on those opportunities.

Option two, solicit proposals for a mixed-use development opportunity so a competitive solicitation. We can craft something based on the lessons learned that would target a development that with the help of the commission and the public, we could target it at things that would benefit the city.

Option three, consider sole source proposals. People have expressed interest in the site in the past. If the competitive process isn't where we want to go, is that the way we want to consider development at the site?

Item four just notes that the piers are obviously a large bit of fill. Under current regulatory requirements, other projects on Port property may require compensated fill removal. If we're filling in part of the bay with another project or improving a pier or building the seawall out in a way that fills in the bay, we may have to remove something else to compensate for that.

This would be a place we could do that potentially without hitting Port revenues or other goals. However, since this requirement isn't established, this to me feels like a subset of option one of staying with business as usual and seeing if that becomes a benefit later on.

Just a quick one to touch on for options two and three of what I just talked about. Option two was competitive bidding. We wanted to hearken back to the recommendations of the waterfront plan working group that the commission endorsed and the process that was laid out there.

The Port Commission meeting and public comment regarding the offering and how to approach it, kind of like we just had for the historic piers, going to do outreach at the Port advisory group to talk about the selection criteria, coming back to the Port Commission with those selection criteria, seeking authorization to issue a competitive solicitation.

Four. the staff evaluation of proposals, which would be done by convening a committee to score the proposals. The recommendation says that committee would include a member of the Port advisory group for the area, a stakeholder from a regional stakeholder group and technical expertise of the specific technical area of the solicitation. Once the evaluation is complete, we come back to the Port Commission for the informational hearing with top scorers and then the selection after that.

Similarly for sole source, the waterfront plan update recommendations included a structure or a process that's built around the fact that the Board of Supervisors manages the city's policy for competitive bidding and would have to approve any waiver of that competitive bidding policy for a sole source proposal.

The recommendations would require a written proposal for transparency and clarity of what's being proposed, vetting with the Port advisory group, those comments being brought back to the Port Commission for its comments and the collective set of comments being provided to the Board of Supervisors for its consideration as to whether to waive competitive bidding for that sole source.

Turning to Seawall Lot 330 -- so the camera is now moved about 300 yards to the west from our original picture of Piers 30-32. In the background is the Embarcadero and those piers. In the foreground is the surface parking lot that is currently managed at the site. It's about 2.3 acres, as I mentioned. In 2017-2018, it earned approximately \$832,000 for the Port. Not a small amount but a very nice performer for us as parking resources in the area have closed down.

The zoning permits residential uses. Other uses require conditional use authorization. The height limits step up from the Embarcadero from 65 feet to 105 feet. The yield refers to a potential residential development. It could potentially yield 315 units plus an additional 40,000 feet of ground floor space for retail and other uses. Notably, SB 815 allows the Port to lease the site for non-trust purposes for up to 75 years and not the usual 66.

AB 418 also allows the Port to sell the site if we are able to impress the trust on other lands with 2.33 acres or more with value to the trust. That allows us potentially to add value in terms of a fee sale as opposed to our usual ground lease if we can identify that other property to swap into the trust.

Sea-level rise - there's potential future flood risk as sea levels rise and storm events intensify over the course of the century. For visualization purposes, this

is one rendition of what a code-compliant building envelope might look like at the site. The Embarcadero is at the bottom. The height limit is 105 feet with the building bulk limits as you see here, so allowing view corridors for the watermark as well as passageways. It's not one unbroken block along the Embarcadero.

This is a schematic diagram of the uses around the site. To the south, you have mixed use non-residential at Delancey Street on the Embarcadero. You have the Bayside Village at the top left residential. You have mixed-use residential to the top left. That would be the south and west and then, to the north, office and residential uses. You can see that there's a lot of different approaches to this site that could mesh in with the neighborhood, which has a mix of uses already.

Options for Seawall Lot 330 – Option 1, solicit proposals for a market rate development of the highest and best use for the site. Option 2 centers around the fact that experience has seen that public lands that are transferred, leased or sold to develop housing typically, in the political process, are required to do additional affordable housing because there's a sense that the control of those sites requires it to do more for more people.

Naturally, that comes in conflict with the Port's legal requirements to get fair market value for its property for benefitting the trust. Option two would be to work with city agencies like the Mayor's Office of Housing and Community Development and the Mayor's Office and the Office of Economic and Workforce Development to see if there are other funding sources that could allow us to subsidize below-market-rate housing and make this a more attractive development for approvals but also be able to satisfy our fiduciary requirement.

This is a companion to a solicitation. After we had those subsidies, we'd want to solicit a developer. Housing takes a different path than just a regular highest and best use. Option three would be continuing interim leasing of the site currently used for parking.

The commission asked for this informational item to talk about what can be done at this site in terms of development going forward. It was in conjunction with your consideration of the RFI. We patterned the staff recommendation around what it would take to move forward with the development proposal or to seek a development proposal.

The recommendation is, if the Port Commission desires to explore more intensive development, we'd recommend pursuing the development of competitive solicitation criteria and, through the process we described, taking in advisory group input as well, to bring that back for the commission's review and approval.

The considerations that we wanted to bring back to you as part of the solicitation criteria included the maritime value of that deep-water berth, understanding, is there value to that as a secondary cruise berth? Are there other opportunities there that we'd want to build into a solicitation?

Seawall program recommendations, to the extent those come back, and give more clarity to what the costs are or the strategies are for that area, including the depth to competent soil and rock and how they would build around that and the public advisory group improvement.

Recommendation two is a process recommendation. Because of what we saw in terms of each of the prior projects basically doing a no-cost sale of Seawall Lot 330 as a way to subsidize the project, we thought it would be beneficial for the competitive solicitation to consider the financial proposals for each site individually so that we all can be more intentional about what the subsidy is and understanding more about how the two sites interact with each other.

We wouldn't recommend splitting them necessarily if you wanted to solicit. We think we should consider them separately but we also think there could be a complementary set of uses that we wouldn't necessarily want to discourage in terms of synergies that people see of using one site for one thing that supports the other. We want you to consider both sites separately but we're not saying necessarily that they have to be totally different processes.

Melvin Mackay - I'm the president of ILWU Local 10, Longshore Division here in San Francisco. I oppose this wall. Number one, this property is a deep channel, as he stated. We can use the maritime property for maritime. What we're doing now is we're singeing out ourselves of all maritime land use here in San Francisco. In 2008, we started with Pier 80. In 2014, we built the cruise terminal. We went from 32 vessel calls to 89 vessel calls. If you put up a wall, that will restrict and that's one thing I'm opposed to. We've had conversations time after time about the maritime use here in San Francisco. San Francisco was built on maritime. If we put properties up here, there will be no more import/export in San Francisco. This is the way we started out, turn of the century. When I was 10 years old, I used to catch the ferry from Oakland to San Francisco. I remember when the bridge toll was 25 cents bottom, 25 cents top. Our market is maritime and that's where we have to leave it. We're going to market ourselves out of anything we want to do on import and export. It'll be gone. This is the same thing that we've done over in Bayonne. Everything is gone. There are houses, high rises. They have to go to New Jersey to get their goods because they export everything out. The seawall here will do us no good. This is the last deep water berth we've got. What happens if we have an act of war? Where would this military vessel go? We just had one out there three or four weeks ago. The reason they berth there is because of the deep water. What will we do to help our own commodity? I oppose it. The next time something like this comes around, it would be nice to come and converse with the Longshore Division. We can either help or hinder.

Ellen Johnck, co-chair of the Maritime Commerce Advisory Committee – I'm following up as a segue to the ILWU #. One of the things the commerce committee feels very strongly about is to recognize the value of the deep-water berth at Piers 30-32. One of our points at the discussion of the work group when we were looking at the RFI was that the criteria for any proposal going forward, there should be enough flexibility to dock a boat, whether it be a small boat or a large boat. But getting back to Piers 30-32, that's a deep draft. Mike brought up the fact that there's scouring there and the dredging is not so needed. We think that, if you do go forward with whatever kind of proposal, that the value of the maritime berthing be included in that. The commerce committee fought hard at the discussion of the Golden Warriors proposal to retain a portion of the pier for maritime use. They ended up choosing another site, which was fortunate. That is my major point. The last commerce committee, we saw the increase in cruise calls, which is just fabulous. The thought that we may need another cruise terminal, well there you go.

Commissioner Makras - I'd like to hear what Commissioner Woo Ho and you have to say. You were here when the other three projects didn't come through. I'd like to hear your views,

Commissioner Woo Ho - I've asked several times about the possibility of what is the outcome or the future of Piers 30-32 because I do hope that we can find a way to use this. Instead of succumbing to the fact that we just have to tear it down and even tearing it down is also multimillion dollars. We know that.

We lost the Warriors. In some ways, maybe that was a blessing in disguise in the sense that whoever comes in to develop this will not have to have the same substructure costs because it was obviously a huge weight in terms to support an arena of that level. Different uses will require different substructure costs.

I do support the recommendation to go out again because we are hearing some noise in the community that there is interest, different types of opportunities maybe to look at Piers 30-32 again. The recommendations that you've made in terms of competitive bidding which could potentially lead to sole source if there was only one bidder. Is that correct? I'm just trying to get clarification.

Mike Martin - Those represented as two different options in case the noise you're hearing actually rose to the level of a sole source. We would do a competitive process. If we only got one response, we'd score it. We'd bring it to you. I don't think it's moving to a sole source. We have actually invited the world to bid. Those are two different worlds but we could result in that outcome.

Commissioner Woo Ho – That was one clarification that I wanted to have. You said that SWL 330 would be included in the RFP but they would be analyzed separately because you're not looking for two RFPs. I'm trying to understand what you were trying to convey.

Mike Martin - The crux of what we were trying to convey is we should consider the two sites separately because Seawall Lot 330 has a positive land value. If you take into account substructure costs, 30-32 has a negative land value. We wanted to see those two pictures clearly in terms of the proposal for Seawall Lot 330 and not just assuming that value goes to this project. We never really see what it is. We thought that there was a value to doing one process first in terms of capacity of dealing with processes. Secondly, if someone came in and had this expansive idea where the two uses complemented each other, we didn't want to force them into two processes.

Commissioner Woo Ho - In the past, they've always been tied together because 330 was the economic engine to help support 30-32. I was trying to understand the difference if you're going to leave it up to the responder to say this is how we view these two sites? What if you ended up with somebody only interested in 330? Well, it would not be likely but if someone said I'll do 30-32 without 330, I mean is that a possible outcome?

Mike Martin - I don't think it's a possible outcome for somebody to do Piers 30-32 based on the revenues that 30-32 can generate. Now, someone may come and say they have a project that's sort of non-economic but they want to do it. They have this investment, this great idea, this big museum of some kind or this big arts extravaganza that they think they can get investments for and do fundraising. If there's a transaction model that doesn't require direct subsidization, we just think that's a longshot.

I think our recommendation when we came to you in August was we think you should consider the two sites separately but at the same time, if the goal is to develop the two sites, it seems like you'd consider them separately in a single process to allow for a set of options that could include taking 330 and saying, "That proposal makes sense to us, but the other part doesn't," or that there's a complementary set of uses that does make sense to you as a package. Ultimately, what we're saying is we don't want to just blend them into one site. We want to be able to look at them granularly but we still want to have the opportunity for someone to come in with something for both sites.

Commissioner Woo Ho – Perhaps indicate that there's flexibility. People will probably bid on SWL 330 as it's a valuable site. I'm just trying to understand its relationship with 30-32 but if we're going to leave it open and flexible in terms of how they respond to it, it's very unlikely that somebody would do 30-32 by itself without 330.

Elaine Forbes - Or some other form of subsidy. In the past, we've linked the sites together from a planning perspective because we thought they were complementary uses and also from a financial perspective. What we've found at least in the last two proposals is that the value of Seawall Lot 330 on its own could not underwrite the negative land value at Piers 30-32. That's a financial fundamental that Mike has been describing. Piers 30-32 could be developed with some other form of subsidy that's not Seawall Lot 330, whether it be a

fundraising model, whether it be Port and city value, tax increment from the site, an additional subsidy, etc. But what Mike is really trying to say is we want you to understand the full financial picture of developing Piers 30-32 and the cost to the Port of doing so.

Commissioner Woo Ho - On this one, I would support going forward because we need to find out what we want to do with this pier. I don't think that business as usual, from my opinion, is really the answer until we exhaust a competitive bidding process to find out what other solutions are there. That would be my position.

Commissioner Brandon - Mike, thank you for this report. I really appreciate the report. I really appreciate the comments from Ellen and from Melvin. I know that, whatever we do there, we have to keep that deep-water berth. We have to figure out how we're going to subsidize that. If we were to put this out to bid and we had to do seismic upgrade and we had to do sea-level rise, what exactly would we be investing into this? Would we keep the pier? Have we thought about that at all?

Elaine Forbes - We have but not in a fully analyzed state as the various options were presented to you today. We have thought about intermediate leasing where we maximize public entertainment venues or other things that bring the public onsite like we used to bring KaBoom to the piers. We have thought about reducing part of the pier because the less of the 13 acres of negative land value you have, the better the project pencils theoretically. We've thought about ways in which we could retain some of the pier and get out to the deep-water berth. We don't really see a revenue model that pays us back from the value of the deep-water berth. But now that we have so many ship calls, we are looking at where a secondary cruise berth might go.

We have thought about a lot of various options. We are responsible for the pier. You're right in that if we were to demolish part or all of the pier, that's a cost burden we bear. We are also responsible for securing the seawall and making sure that area of the waterfront is strong to earthquake and sea-level rise. I do think that the deep-water berth is the key value to the Port in the site. That's both from maritime operations we could have and also from a city perspective for emergency response. You can see how the site could be extraordinarily valuable in that circumstance. However, the cost of rebuilding the pier is what always overtakes the conversation.

Commissioner Woo Ho - How could it be added into the water transportation system, not just for cruise but for other uses?

Elaine Forbes – We could develop more intermediate interim Port options. Dan Hodapp did a report many years ago now that looked at various trust-consistent uses of the pier. There were just big negative numbers associated with that. We could dust that off and look again and work with our maritime group to see what might be possible if you'd like us to explore that option. Or

we could prepare a solicitation and see what the market has to say to us and then think of our own options, whatever the commission prefers.

Commissioner Woo Ho - My position would be for you to come back and bring us a solicitation proposal with the guidelines that you would include including the use of the deep-water berth.

Commissioner Brandon - Sounds good but I was thinking of, if we were not doing the solicitation process now and we had to invest in this pier with all that we're doing along the seawall with the seismic upgrade and the sea-level rise, what amount of money would we have to invest in that?

Elaine Forbes - We can get that information from the seawall program. They're in the throes of completing the multi-hazard risk assessment. We'll have much more information about the cost per linear foot of that area of the waterfront.

Mike Martin - I would like to take a step back to the capital plan assessments, which are by no means precise. But what they did call out for the pier, there's three numbers we've thrown out for the pier. There's a \$79 million very rough estimate for the seawall. There's the substructure, which is not seismic. It's just the problems with the substructure not holding up weight. That's about \$55 million. Then, a conditional seismic to do real public occupancy uses is another \$71 million.

If you look at the amount of money we're making from parking on the pier and all the other interim uses, it's about \$1.5 million. You could imagine some investment not approaching necessarily \$55 million but some investment that would improve part of that and retain all those revenues and perhaps allow us to grow them. That would buy some time. It wouldn't be the full seismic. It wouldn't be all the sea-level rise improvements. But because this is such a revenue source, it's something we've kicked around as, what is that non-development path that gets us to a better-used berth, that gets us to more special events and activating that area.

If that's the direction you give us, that's where our thinking would go on how do you leverage the good revenues we're making now to a thoughtful plan that maximizes the maritime value and continues those revenues coming in.

Commissioner Makras – This falls into our previous commission item. We would benefit by understanding what the cost of the substructure and the seismic and upgrading those numbers before we move forward on a solicitation.

Commissioner Woo Ho - The numbers that you're presenting us today, how firm or how current are they?

Mike Martin - They're current. They're not firm. They're from our most recent capital assessment but that's a planning document that says here's our unmet need but there's no design.

Commissioner Woo Ho - This is a totally outdated number. It's probably four or five years old. To remove Pier 30-32 was at least \$45 million and that number is probably much higher today.

Mike Martin - I remember that number being devised back during America's Cup and it was an extrapolation from the removal of a much smaller pier. I think that argues in favor of your argument. That's my recollection.

Commissioner Brandon - Can't we do both? Can't we work on the solicitation but also you come back with us and give us the numbers at the next meeting?

Mike Martin - I don't think we'll have it by the next meeting. What I'm hearing and what I'm synthesizing is we should talk to our maritime group and think about how you want to position the berth. We should talk to our engineering group to get a better sense of what these costs are. Then talk to the advisory groups and talk about the solicitation criteria we might use and then bring that package back to you for another information item to see if it's getting to where you think it should go.

Commissioner Brandon - Commissioners, does that sound okay?

Commissioner Woo Ho – Yes but don't take six months.

Elaine Forbes - We might take six months because of the engineering analysis but we will do the best we can to get that done quickly.

Mike Martin - We don't want to hold this up but there is some thinking you're asking us to do that might take some time.

Commissioner Makras - I'd like to have a sense of the numbers. What I've heard as the new commissioner on the block is that the cost is very expensive to retrofit this pier. I've heard that it may not even be economically feasible. I'm hearing \$45 million for a tear down. We should get our arms around the numbers first. Then, we can look at the real correlation between this and Lot 330. That's a better way of analyzing it.

I believe the last number I've heard for Lot 330 is roughly \$35 million of value, It's substantially greater. If it is substantially greater, then the project is more feasible. Let's get the real numbers. Let's see the relationship of it and then, we can decide how to go forward.

Commissioner Brandon - That was part of your plan, right?

Mike Martin - Fair enough.

**10. NEW BUSINESS**

**11. ADJOURNMENT**

ACTION: Commissioner Makras moved approval to adjourn the meeting in memory of Public Defender Jeff Adachi. Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

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