

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING SEPTEMBER 10, 2019

1. CALL TO ORDER / ROLL CALL

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

2. APPROVAL OF MINUTES – August 13, 2019

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor; the August 13, 2019 meetings

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

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

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

At 2:02 p.m., the Commission withdrew to closed session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS.

- a. Discuss existing litigation matter pursuant to Section 54956.9(d)(1) of the California Government Code and Section 67.10(d)(1) of the City and County of San Francisco Administrative Code.
- Safe Embarcadero for All v. State of California, acting by and through its State Lands Commission; City and County of San Francisco; and Does 1 through 20 (Sacramento Superior Court, Case No. 34-2019-80003181; filed July 10, 2019)
 - Safe Embarcadero for All v. State of California, acting by and through its State Lands Commission; City and County of San Francisco; and Does 1 through 20 (Sacramento Superior Court, Case No. 34-2019-80003182; Third District Court of Appeal, Case No. C090135; filed July 22, 2019)

- b. Discussion and possible action on anticipated litigation matter pursuant to Section 54956.9(d)(4) of the California Government Code and Section 67.10(d)(2) of the San Francisco Administrative Code with City as plaintiff regarding the lease of a portion of the Pier 94 area to Bay Natives as tenants.

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from closed session and reconvened in open session.

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

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

6. PLEDGE OF ALLEGIANCE

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

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

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

9. EXECUTIVE

A. Executive Director's Report

- Update on Fire Station 35 at Pier 22½ Expansion Project

Elaine Forbes, Port's Executive Director - The expansion project at the fire station at Pier 22½ will be the Port's first floating facility. We're very excited about this important life-safety project. We have issued the first of two in a

series of building permits. Construction activity is set to start this month. The project should be completed in April 2021. The initial work will consist of demolition of the existing finger pier and the fireboat shed located behind the historic fire house. We are anticipating a groundbreaking ceremony with our partners, the fire department and public works department, tentatively scheduled for the first week of January. We're very excited to see that project break ground.

- Pier 94 Backlands Improvements Project – Winner of the Environmental Engineering Project of the Year Award from the San Francisco Section of the American Society of Civil Engineers (ASCE) and 2019 San Francisco Collaborative Partnering Award

Elaine Forbes, Executive Director - I'd like to congratulate Port staff on winning awards for the Pier 94 Backlands Improvement Project. They won two awards. Congratulations to our Port team. The first is the American Society of Civil Engineers award. They have been selected as the San Francisco section for this award. The project will have an awards ceremony on September 12th in the historic green room at the War Memorial building.

Also, we've won the Collaborative Partnering award. This is the second annual partnering award. The award will take place September 26, 2019. It's very exceptional that our project team has won two awards on this project. I'd like to congratulate Uday Prasad, Ken Chu, Kathryn Purcell, Carol Bach, Tim Leung, Evelyn Onderdonk and Yakov Okupnik. We're very proud both of the project and of these accomplishments.

- Coastal Cleanup Day – Saturday, September 21, 2019

Elaine Forbes – The coastal cleanup day is scheduled on Saturday, September 21st from 9:00 a.m. to noon. Please mark your calendars if you'd like to participate. This year, the Port is excited to join Mayor Breed, the public works department, the rec and park department and the rest of the city family for this statewide cleanup day.

We recruit lots and lots of volunteers around the state to help pick up trash and debris along the coastline. On Port property, there will be cleanup crews at Agua Vista, China Basin, Heron's Head Park, Islais Creek, Pier 94 and Warm Water Cove.

We are in a friendly competition with Oakland this year. we need to pick up more trash than they can get. If you'd like to know more about the Battle for the Bay, please go to the website. This function will be part of that battle. The game is on. Please mark your calendars.

Commissioner Brandon - Congratulations to the engineering team.

10. CONSENT

- A. Request approval for members of the San Francisco Port Commission to travel with Port staff to Norfolk, Virginia on October 13-16, 2019 to attend the American Association of Port Authorities Annual Convention. (Resolution No. 19-34)

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 19-34 was adopted.

11. MARITIME

- A. Request approval of the Operations Agreement with Pacific Cycle Inc. ("Pacific Cycle") granting Pacific Cycle authority to operate its two Vacaville, California facilities as a Foreign Trade Zone No. 3 Subzone for a term of five years, with three options to extend for five years each and outlining conditions for the operation of the usage-driven site. (Resolution No. 19-35)

Brendan O'Meara, Maritime Division - I want to provide some background on the foreign trade zone program and its history with the Port. The Foreign Trade Zone Act was signed into law in 1934 by President Franklin Roosevelt as a tool to stimulate international trade while mitigating against the negative effects of trade by providing incentives to U.S. firms to keep jobs and economic activity in the United States. A foreign trade zone, or FTZ, is a designated area that is considered to be outside of U.S. commerce, allowing for some benefits around duties and tariffs. The program is administered through the FTZ board by grantees like the Port of San Francisco.

It is important to note that, when the program started, foreign trade zones were brick-and-mortar locations at the port of entry. With the changes in international shipping such as containerization, the program shifted to an alternative-site framework, which allows grantees to expand their service area and for private entities to activate an FTZ at their own location, which no longer needed to be directly connected to a port of entry. The FTZ board and U.S. Customs are wholly responsible for compliance and oversight of the operators, which allows the grantee, such as the Port, to offer this public utility to all those that have been vetted by those two approved government agencies.

The Port of San Francisco was given grantee status for foreign trade zone number three in 1948. We were the third foreign trade zone in the program behind New York, which was foreign trade zone number one, and New Orleans, which is foreign trade zone number two. The Port's foreign trade zone originated on one of the Port's piers before they changed to the alternative site framework in the early 2000s. The Port's service area included San Francisco and San Mateo at that time.

In 2012, under this new framework, the Port requested and was granted an expansion of foreign trade zone number three service area to include five additional Bay Area counties. The Port currently has five active FTZ operators and users, all of which are within the expanded service area. Each operator pays the Port an annual fee to cover the Port's administrative costs. The Port has no oversight responsibility on the actual foreign trade zone operations.

Pacific Cycle is a global bicycle manufacturer and distributor. In January of this year, they reached out to Port staff requesting to activate their Vacaville, California distribution center as a foreign trade zone. Vacaville is within the Port's service area, which includes Solano County. They would have to go through the Port as the grantee to receive activation. Pacific Cycle is headquartered in Madison, Wisconsin and is the parent company to a number of well-known bicycle brands. They use their products and brands to promote an active lifestyle while participating in many programs that donate thousands of bikes annually to those who may not be able to afford them. Pacific Cycle imports much of their products and materials through the Port of Oakland and would use foreign trade zone status to benefit from the duty deferral and streamlined custom reporting processes associated with the foreign trade zone program.

Port staff held several meetings with Pacific Cycle and U.S. Customs at their Vacaville location. Both the Foreign Trade Zone Board and U.S. Customs have approved Pacific Cycle for activation pending an operator's agreement with the grantee, which needs commission approval. The Port's foreign trade zone number three falls within the scope of the Port strategic plan by sustaining economic vitality in the region and providing a public utility that supports the local maritime industry.

Pacific Cycle's distribution center is within the Port's service area. They have received approval from the two bodies of oversight, being the Foreign Trade Zone Board and U.S. Customs. Staff recommends approving this operator's agreement with Pacific Cycle, allowing them to activate their facility as a foreign trade zone.

Commissioner Gilman - Thank you for your report. It was really detailed. As someone who knew nothing about this opportunity, I just had one question, which is, could we, at some point have hundreds of these operators through this foreign trade zone particularly with what's happening with tariffs at the national level? Could this be a new source of helping folks do business here in the United States with the foreign trade zone?

Brendan O'Meara – Yes, it's built to be a public utility that's offered to anyone that is approved by U.S. Customs and the Foreign Trade Zone Board and has an actual business case for it to work. As the grantee, we can decide if we have a reasonable factor to not allow them to go and do business as a foreign trade zone. With recent things in the news and tariffs, we haven't seen more

inquiries because it can be a specific business case that really makes it pencil out because they have additional security costs and things like that.

Commissioner Woo Ho - Maybe I can explain. This is because somebody imports, and they intend to export immediately. It's for an import that is destined for a business or consumer in the United States. If it's going to be re-exported, they're trying to simplify the process. They don't have to pay a tariff or duty and then re-export again. It's simply eliminating that step.

Commissioner Gilman - I thought maybe it could be a great opportunity for us.

Commissioner Woo Ho - No. It's not going to address the tariff issue that we have right now.

Commissioner Adams - Commission Woo Ho is right. The last one that we had was Chevron.

Commissioner Gilman - Thank you. I support the motion.

Commissioner Woo Ho - The fees that you mention in your staff report, the \$5,000, \$2,000 and the annual fee, that is what is all paid to the Port. Is that correct? Does that cover our overhead and whatever else?

Brendan O'Meara - Yes.

Commissioner Woo Ho - I am supportive of this. We've obviously reviewed many of these in the past. It's not really that lucrative to us but it's a good thing to do for the operators and to promote trade.

Commissioner Adams - I'm supportive.

Commissioner Brandon - As am I. Thank you so much for this report.

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 19-35 was adopted.

12. REAL ESTATE & DEVELOPMENT

- A. Informational presentation on the Phase 1 Budget, Parks Plan, and Parks and Public Space Management Agreement for the Mission Rock Project at Seawall Lot 337, bounded by China Basin Channel, Third Street, Mission Rock Street and San Francisco Bay.

Rebecca Benassini from the real estate and development division - I feel so privileged to represent the Mission Rock team today. I'm joined by Raven Anderson, Phil Williamson, Crezia Tano-Lee, Michael Martin and Kevin Masuda and an array of folks from the Mission Rock partners team.

I anticipate that we'll likely hear from Jack Bair and potentially Carl Shannon. Fran Weld is outside with the newest member of the Mission Rock team, Wiley.

The informational item before you is the phase one budget and the parks plan for Mission Rock. This is an informational presentation. We anticipate coming back on September 24th for action on these two items. This project has been more than 10 years in the making. Back in 2009, Senate Bill 815 allowed the Port to explore this mixed-use neighborhood by relaxing and having a new approach to trust restrictions on the property. We're now here 10 years on with the first Port Commission action item in two weeks, which would allow implementation of phase one, a really important milestone for the project.

I want to note that we signed the transaction documents back in August 2018. Those transaction documents include the development and disposition agreement. The phase one budget and the parks plan is part of the transaction documents. Last year, we've been working on a number of implementation items including basis of design for the entire site, a number of mapping, permitting, utilities, street design types of activities. Now, those are going through the board and through the other city agencies. For the Port Commission, the budget and the parks plan are two key implementation items.

As background the Mission Rock site is 28 acres. At full buildout over the four phases, we anticipate about 2.7 to 2.8 gross square feet of development. This includes about 1,200 housing units, 40 percent of which will be below market rate, affordable, a little bit more than a million, up to a million four of office, 240,000 square feet of retail and 240,000 square feet of rehab space in Pier 48. That's the overall project design.

The proposed phase one is shown outlined in pink on the right-hand side. The delivery of phase one would include 560 rental units shown kitty corner parcels A and parcel F, the two yellow, shaded parcels, about 550,000 square feet of office, 65,000 square feet of retail. The phase one will deliver the 30 percent local hire and 20 percent LBE commitment. I can't stress enough how much the 5.5 acre park is a major benefit to this project. This is more than two-thirds of the open space and parks at the site all delivered on the backs of these four parcels all in phase one.

Looking back at approvals, the primary changes that have occurred from what was anticipated at phasing at approvals is that parcel was swapped in in place of parcel K to create a of more unified corner at that site. It also delivers more housing units. The geotechnical solution -- what was anticipated for this fill site to solve and mitigate any anticipated settlement was pile-supported streets. The now-preferred and approved through the city with conditions geotech solution is lightweight cellular concrete.

How much do these eight city blocks and 5.5 acres of parks cost? The horizontal development cost projected for phase one and would be approved through the budget process in the next meeting is \$145 million. That's the

phase one horizontal cost. The entitlement cost of \$29 million has already been reviewed. All of those receipts and invoices are accounted for. That's a known cost. The total for phase one is almost \$175 million. Adding in developer return, it's up to \$265 million.

Phase one balances -- because of the sources that are identified, the first of which is the \$42.2 million in net land revenues -- we call them development rights payments. Those refer to the four parcels prepaid 75-year leases. That number is derived and based upon the appraisals of those sites. The bonds that are shown here are the key public financing sources. This is issuing community facilities district bonds based upon the entitled land, then based upon the completed building. The final row in that chart is the ongoing tax payments that aren't dedicated to debt-service payments. We have a balanced phase-one budget.

The costs that you see in phase one are derived from a competitive bid process the developer went through with local general contractors. The Port has a third-party cost estimator who reviewed those cost estimates and found them to be reasonable. It is notable that these costs have increased \$49 million since approvals last year. Digging into that increase, two key items have been designed with much more detail. Those include China Basin Park, streets and utilities, which both resulted in about \$17 million, almost \$18 million in hard-cost increases.

The soft-cost increase is a combination of a couple of factors. At approvals, we had soft costs estimated based on a ratio of hard and soft costs, which is a typical budgeting procedure. Soft costs have come in higher for a couple of reasons. One is that we have actual costs now from contractors who provided their bids to design some of this work. The second key factor is that phase one has shouldered a lot of site-wide design work. The basis of design for all the infrastructure has been done site wide.

The tentative map for the whole site has been done site wide as has the utility systems. So the soft costs for phase one are higher than they were at approvals. We think they will be higher as a ratio than subsequent phases because of this site-wide design work that has already advanced.

I spoke earlier about the 5.5 acres of parks, eight city blocks. Focusing in on this infrastructure, we have a couple of different aspects I want to bring to your attention. First is the unique street network. We have what we called shared public ways. These are streets that are designed to slow down traffic and have more bike and ped friendliness going particularly to China Basin Park.

Also I want to mention two district-scale sustainability measures that are taken at this site located in parcel A, there will be a district energy system that will serve the entire site and will reduce energy needs through a heat exchange system similar to what is used at the Exploratorium.

We also have a black-water treatment plant located in parcel B that will deliver recycled water site wide. That's two pieces of site-wide infrastructure that will be located in phase one. We have the lightweight cellular concrete, which I mentioned earlier shown up here.

This is the geotech solution. This is a Lake Merritt project that was done recently. This solution is used in cases to reduce settlement because you're replacing heavier soil with the lightweight cellular concrete to ensure that those streets, over time, aren't settling and having any types of problems in the fill circumstance and have the 5.5 acres of parks and open space.

This shows outside of the tabular form how the uses and the sources measure up. You can really tell from the slide that we're relying quite a lot on public financing more so than we were at approvals for two key reasons. The first is that we are projecting higher tax increment on the four buildings in part because of the significant cost increases we've seen for construction. We anticipate we're going to have higher assessed values. That's bad because that drives down land value. But it's good because we will have more taxes from those buildings to use to support the public financing sources. We also are getting closer to issuing a bond.

We're now months away from issuing a bond. We can zero in more closely on what we think the interest rate will be. They are lower than we anticipated at project approvals because, at project approvals, we had sort of an average bond interest rate. Now that we're getting closer with the Office of Public Finance, we can project that that interest rate will actually be lower. Overall returns to the Port, interestingly from project approvals, have gone down slightly from \$198 million at approvals to \$190 million. This is on a net-present-value basis across all four phases. You might recall that much of our revenue comes from a variety of sources. Some of it is from leases. Some of it is from tax proceeds that aren't needed for the project.

Across the four phases, we project this \$8 million decrease in net-present-value terms primarily driven by the second part of the bar chart. This part of the bar chart, the \$58 million versus the \$40 million is derived from our expected lower land value. When we have a lower land value because of this high-construction-cost environment, we loan that land value to the project. We get repaid from public financing sources in the future for that loan. We anticipated that loan at project approvals to be repaid at \$58 million. Because of decreased land value, we think it will be \$40 million. All of these projections were provided with assistance from our third-party economic consultant.

In conclusion, the phase one budget balances. We are looking at the four DDA criteria that are noted in the staff report. Based upon that review and our work with the third-party economic consultant, we've concluded it does balance. We want to note that this balance relies on the budget approvals including a couple of different items. First, the mixed-use aspect of this neighborhood is really important because the office can transfer value to the residential. We have a

subsidy anticipated to be between \$135 to \$181 million. Our office projects are dragging our residential projects along with them to occur at the same time, which is a really unique feature of the project, that they will go together.

The developer has proposed and we've agreed contingent on your approval that \$1.7 million of the entitlement costs will be allocated to a future phase at a 0 percent return. This is a measure to make sure the budget balances. Subject to a future approval for phase two, three or four, the Port Commission would allow us to repay them the \$1.7 million of the entitlement costs with that cost accruing a 0 percent return starting last year. This is a good benefit to the Port.

The last item is that the CFD taxes I mentioned earlier. Based upon the projected higher tax increment, the developer has proposed and we think it's very beneficial to increase those CFD taxes by about 40 percent on commercial and 15 percent on residential. We plan to form the district later this year. We still have flexibility to increase those, which is good because, in the last year, we think the tax increment projection was conservative at approvals. We can now increase that projection based upon what we actually think the buildings will be assessed at.

This is the phase one summary in terms of the delivery that we anticipate once we get into implementation. It's important for us all to be aware as we take these next implementation steps that we are a true partner in this public-private partnership, that this is the development project. Many of the items I have mentioned to you are projections. We do have some risks around these projections. The first are the timing of the bond sales. Luckily, that's in the city's control. We form the district. Then, we're able to issue the bonds. Assuming the market is still receptive like they have been today to San Francisco bonds, we anticipate we can get those sold. The interest rate of time of sale will be known at that point in time. That risk is a risk for the next six months until this is effectuated.

On the cost control side, costs can always be different than we think they are going to be, as we well know. We have two ways of controlling costs. The first is that the developer will enter a guaranteed maximum price contract after we get approvals for the budget. That will help control the cost. The second is that you might recall that phase one has this cost protection in the way of an alternative return. If the developer exceeds the approved budget by the Port Commission, they'll receive a much lower return on every dollar beyond that approved budget. That is a big incentive for them to control their costs.

Crezia Tano-Lee, manager with the real estate and development division - Port staff have been working to develop the parks plan for almost six months. I should acknowledge that this park has been well in the making for close to a decade. This network of open space will serve as a regional waterfront destination for our portfolio. Its location is a key intersection where a historic district meets our Blue Greenway. China Basin Park in particular will serve as a

physical gateway to a series of new parks in the southern waterfront and a symbolic evolution of the Port's role as stewards of waterfront open space.

In summary, the parks plan sets forth how the eight acres of open space will be managed to provide broad public access and deliver robust public activation. The key spaces include five-and-a-half acres at China Basin Park, approximately an acre at Mission Rock Square. The remaining one-and-a-half acres encompass Channel Street, Channel Lane, Channel Wharf and Pier 48 Apron.

As Rebecca touched on this, we have executed several documents that led us to the parks plan, two of which are the development agreement and the BCDC permit. The development agreement requires that the parks plan be approved prior to or in conjunction with the phase one budget. Both will be before you for approval on September 24th. The management and concession agreement and the phase one parks design will be presented to the commission later in the fall. This slide provides an overview of the parks-and-open-space goals.

In summary, we aim to deliver vibrant, well-managed and beautiful parks that are welcoming to all. We aim to manage revenue and expenses to ensure that the park is self-sufficient. We aim to outline a governance structure that fosters responsiveness to stakeholders. Lastly, we aim to generate and maintain real estate value at the Port.

In order to achieve these goals, Port staff recommends contracting with a single management entity for the management and operations of the park. This is advantageous for a variety of reasons, which include focused on-site management of the parks, immediate neighborhood engagement, leveraged private investment for public programming and intense public maintenance of the parks and allows for collaborative management while ultimately retaining Port control.

While the mechanics of the park and how they are managed are customized, the park will be fully integrated into the larger network of San Francisco parks. The management entity will have a variety of responsibilities that will be memorialized through a management and concession agreement.

They will vary from day-to-day responsibilities such as coordination of maintenance and security crews to the execution of programming and special events. Annual responsibilities will include delivering key documents such as the operating budget and the performance report, both of which will be subject to board approval.

The parks plan also identifies periodic responsibilities that include hosting community meetings and coordinating with Port staff. In addition to those key responsibilities noted, the management entity will lead all concessions on the premises. They will lead and manage the following concession opportunities: two restaurants, four retail kiosks and one kayak rental kiosk collectively

estimated to be 7,000 square feet in space. As you know, programming and activation is a key community benefit provided through this parks plan. It's envisioned that this programming will primarily occur at China Basin Park and Mission Rock Square. This slide shows examples of what small, medium and large events might include such as salsa in the park, yoga in the park or a children's reading program.

Medium events may include movie nights or live concerts. Large events may include community market or seasonal activations. On pages 21 to 22 of your staff report, a detailed matrix outlines the maximum number of events that can occur within the park. It should be noted that medium to large events cannot exceed more than 100 event days in each of the spaces. Of those, 24 can be ticketed and 18 can be private. Additionally, the total number of paid ticketed events and private events cannot exceed the number of free public events in the same fiscal year.

This slide provides a summary of the operating budget at full buildout. We project that we will have a \$5 million operating budget. As you can see, CFD fees are a key revenue source for expenses like operations, maintenance and utilities. Public realm sponsorships are a key revenue source for programming and other expenses.

All revenue generated on the parks will be subject to the following allocation: first, to budgeted operating expenses of the parks; second, to operating reserves; third, to capital repair reserves; and fourth, to the extent that the capital reserves are sufficiently funded, excess revenue may be allocated to the Port general harbor fund. The operating budget will be updated annually and adjusted to meet the needs of the park.

Rebecca Benassini – Next, our work plan is to provide information about this budget and this parks plan at all of our September advisory group meetings that will be occurring with CWAG, NEWAG and SWAC. We'll come back for approvals on September 24th on the phase one budget and the parks plan. The district-scale black water treatment plan and the district energy system is proposed to be run by a nonprofit entity that would run those two systems.

In order to support the formation of that nonprofit and with support from SFPUC, we will also be presenting a resolution of support for nonprofit status for this entity. This will help them get lower-cost financing to build those facilities within the buildings. They would then be able to charge better rates to the utility customers, being the apartment dwellers as well as the office tenants. Those will be provided on September 24th.

Subsequent to that and future items that will come before, we'll be working on park design review, which is a public review anticipated for early October, then schematic design review through advisory committees. We'd come back to the Port Commission for approval in December. Prior to that, we'll be working, Crezia in particular, on the parks and open-space agreement. That would be

the contract between the Port and the non-profit management entity to manage our parks and open space at Mission Rock. We anticipate coming back for that item in October.

Bruce Agid - I'm speaking in support of the items associated with the Mission Rock development. I'm a native San Franciscan, a 10-year resident of Mission Bay. I'm the board and transportation rep of the South Beach/Rincon/Mission Bay Neighborhood Association. Over the past seven years, I've had the opportunity to work along with my neighbors and other community leaders to be involved in the planning process for the Mission Rock development. Together, we provided input on this project, which helped shape the project we see today. It strikes a delicate balance on the number of parks, waterfront access, desperately needed housing, 40 percent of which is affordable, neighborhood-serving retail, restaurants and office space.

This project brought together an amazing and diverse group of experts to find the optimal mixed land uses while providing some flexibility to ensure success in delivery of the project. As important as the elements of this project, the developers are key: the San Francisco Giants organization and Tishman Speyer. They are good neighbors and truly listen. The open space is a perfect example. We, as a community, provided input to the components of the open space and to ensure it was included in the first phase of the development. The Giants listened and found a way to make it happen. A few months ago, we were again invited to provide additional input.

Mission Bay is a developing community. Housing is being built. But as we know, it's the activated open space, retail, services, activities and restaurants which create community. We see this with Stagecoach Greens miniature golf, the SPARK Social SF area and a walk along our commercial corridor on Fourth Street. With this said, at times, it is already crowded and at capacity. When Mission Bay and Mission Rock are fully built out, we'll have approximately 8,000 residences. The 6.5 acres of activated open space provided in Mission Rock development will truly fill a need, helping to create and enhance the development of a vibrant community. We see this throughout the city, and that's what's needed here. Movie nights, markets, sports activities, food tasting, space for children's classes and many other activities. With this said, today we have a parking lot and a community desert along this section of the waterfront. Please provide the necessary approvals allowing the Mission Rock development to move forward.

Romulus Asenloo, director contract monitoring division - First of all I want to thank the Port Commission and their staff for their continued and strong support of the LBE community and participation. I, too, like many of you here, have been working with the Giants and the Port since 2008 on this program. I want to make sure that you all know that the Mission Rock team and in particular Phil and Boris and Bosco and his team have been particularly dedicated on getting all of our LBEs as much as possible onto this project. We're still in the early stages but I also wanted to let you know that they have

shown a full commitment on trying to get more participation especially as we move from the planning stages to more of the actual vertical and build out. I just wanted to thank you again. We will be working continuously with the Mission Rock team.

Ken Nim - I'm the CityBuild director representing Office of Economic and Workforce Development. I want to thank you and your support of the workforce program. I want to give you a quick update with the work that we've been working with the Giants and the Mission Rock team. There's been a lot of exciting developments that we're working on not just to help with the current CityBuild academy that trains economically disadvantaged San Francisco residents in pre-apprentice for preparing them for construction work. We are also using this opportunity to supplement what's currently going to expand our program. As Mayor Breed have said, we don't want to leave anyone behind. Through our partnership, through our efforts, we're looking at new ways to develop even more training so that way workers coming out of our program are ready for the work that's happening in Mission Rock not just for this development but also all the expansion that's going to be happening at the Port. I wanted to come and say thanks for your support. I want to acknowledge not just the support of the program but also for myself and my growth. I appreciate all the leadership that you have been providing.

Jack Bair - I generally subscribe to the view, when you're ahead, you stay seated. I will say that this has been an almost 13-year odyssey that we've been on. We've survived a severe economic downturn. We won an election. We plodded through a very complex and seemingly never-ending approval process. Now, we're on the verge of finally getting started with this project. It's an appropriate time to express our appreciation to our friends and partners at the Port and there's so many people. I can't thank all of them. But I would want to call out: you, Commission Brandon, from the beginning, you and Commissioner Ann Lazarus chaired the subcommittee that launched this whole project back in 2007; the leadership of Director Forbes and, beforehand, Monique Moyer as Port director; and Mike and Becca and Phil and all the staff members that worked for a decade in many cases or more on this project. A partnership of this complexity really requires very sophisticated, smart, dedicated people on both sides. We had this on this transaction. It shows in many, many different ways. It will manifest in what we build and the community that we have at Mission Rock. I really wanted to say thank you to everyone and including our neighbors.

I saw Bruce speak. I know Alice is here and a special thought to Corinne Woods, who worked hard on this project and whose goal was to make this neighborhood the best it can be. She was very insistent about the park being in phase one and she won that battle. I want to just express my appreciation to everybody involved.

Commissioner Woo Ho - I've been here not for the entire journey but since 2011. It has been a long journey. We've had many, many discussions, as Phil

Williamson can probably attest, at the commission and at staff and with the executive directors in the past as well as the current one. It's taken us a lot of effort with the Giants and Jack Bair and now Tishman Speyer as well to get here. I want to commend everyone. This is very detailed. There have been some changes along the way but we've figured out how to deal with those changes. This is a very exciting project. We can't wait for a brand-new neighborhood and to complement what the Giants are doing. I asked Jack the question the other day, "Why is the Giants doing this?" He was able to give a very clear, clairvoyant vision of why this really is all part of what the Giants' value proposition in San Francisco is all about. It is not being viewed as a stand-alone real estate development project but really as part of the whole San Francisco Giants experience to build a neighborhood around the park.

I think that's commendable as we look at the entire neighborhood of Mission Bay as well as the ballpark. It fills a gap besides having it and the fact that we will continue in the later phases hopefully to be able to still provide the parking and whatever we need. There's some transit, I guess, interim policies of how we will handle that. It's better to see the entire concept and vision and not look at it just strictly at the project itself. Obviously, the affordable housing is well needed in the city right now. It's something that is highlighted very much. We are very supportive to see that the housing is going to be addressed in phase one. We should thank Corinne for her vision on the parks.

We had a lot of input also from our Waterfront Land Use Plan to say that the parks are a really important part of the development in any phase of our development to have it up front and the public benefit is there. We've hit all cylinders in terms of what is needed but it's taken a long time to get here. I appreciate that.

Rebecca, on the developer return, do you know what the number was originally before we had this increase in cost and everything else? Do we have any idea of what the original amount of developer return is? I hope the Port also gets its return because we've been waiting for a long time.

Rebecca Benassini - I'm hoping Raven will save me with the actual number. I can tell you that the return metrics continue to be what they were before, which is the higher of the 18 percent annual return or the 1.5 multiple on their peak equity invested in a phase. They are currently projected to get a \$90 million return and that's based upon the estimate of the peak equity.

At project approvals, their return was estimated to be about \$40 million. The reason it's gone up is the higher costs and the anticipated pace of paying them back. We think they'll be outstanding on their money a little bit longer as the bonds come in from the land bonds and then the completed building bonds. I think there's also a third round of bonds as the buildings go up in value a couple years after they're completed.

Commissioner Woo Ho - What's the Port's return on this going to be?

Rebecca Benassini - The Port's return for the whole project will be \$190 million down from \$198 million. The reason for that reduction is that the land value in phase one and the projected land value based on the difference between construction costs and the value of the building has gone down. As there's less land value going into the deal, the Port gets that land value back on the back end. We're getting what is equal to that land value and which has gone down over time.

Commissioner Woo Ho - Isn't that as a result of the fact that more residential upfront and office building would probably increase that land value in the second phase or third phase?

Rebecca Benassini - Right. The more office at this point in time in this part of the economic cycle, office is much more valuable than residential. Phase one is very balanced. There's more residential than we anticipated at approvals. The F building is larger than the K building. It's providing about 100 units additional to what we anticipated at phase one at approvals. More residential means less land value as well as just the dynamic we're seeing through the appraisals of these sites is that construction costs have gone up so much that the residual land value that results from comparing cost and revenues has gone down.

Commissioner Woo Ho - Right. I want to make a comment to support what you said at the very end of the other presentation in terms of is this going to be a very actively programmed open space. So it won't just be developed, and then the public comes and enjoys it. That's really exciting for the neighborhood to have and we're going to be looking forward to seeing how that sets a new model for the city in terms of being an actively programmed space. And it's going to continue to be under Port jurisdiction under this joint-venture agreement. That's also very exciting to go forward.

Commissioner Gilman - Thank you. As the newest member of this commission, I'm really excited that I get to be here to help bring this project home and as someone who's followed it since 2015. I want to echo Commissioner Woo Ho's comments. I'm really excited to see this project get off the ground and moving. I want to commend the team again because, in 2015, there were very few developers who were willing to do 30 percent affordable. The Giants really helped set that bar for many of the standards that we have today. I'm really excited to see the residential and the park frontloaded in phase one. I'm really supportive about that.

I want to make sure that we put safeguards in around the use and activation of the park. I agree with Commissioner Woo Ho. I'm very supportive of the activation both public events and paid events. But I want to ensure that folks moving into the residential portion don't have buyer's remorse and that we, five, six, 10 years from now have folks come in to us concerned about the activation. I hope that we'll do due diligence for the new neighbors coming in to let them know that the existing neighborhood is incredibly supportive of this

activation and this use just so that everyone goes in with their eyes wide open. It's exciting to have this much of the park activated with a variety of things. I'm very supportive of it.

Commissioner Adams - Rebecca, one thing about a good presentation is how many people say uhs. Not one time did you have any uhs in your presentation. It was very fluid. You knew what you were talking about. A lot of time, people will use the word uh a lot. Jack, you beat me to the punch talking about Corinne. She was the conscience of this commission. She was the lightning bolt. This has been a work that's taken a long time because it's so complex and all the patience and the teamwork that has went into this. You've heard me say this many times. The Giants have shown the city what a good corporate citizen can be in engaging the community. You have brought the community along with you. You can feel the investment that you're putting back.

I want to go back to what Commission Woo Ho said about your commitment. It shows by what you're doing, like affordable housing and things like that. I know it's been going back and forth. I really like it. The different mayors that have seen this, whether it was Gavin, the late Ed Lee, now, London Breed. She gets to bring this thing home. But it's been a transition. It's about people. I really like the fact that in San Francisco, we never use the word I and me. We always use the word we and us. We work through it and then the back and forth.

I'm totally just moved by this project and want to see it get done for future generations. Living in the city, the average age is 27 years old. The younger generation and generations to come are going to benefit from this. In the last 16 years that I've lived here, I've seen this city's transformation. It keeps transforming. It went from like the Flintstones to the Jetsons. It keeps evolving, living in this city. I think that the Giants and what you're doing here is setting a different culture that other cities across the country want to talk about because everybody always talks about that we have the best looking stadium in the country. I think the social, the cultural things that we've done.

Jack, I've always seen you out in a lot of things. You are here a lot of times for things other than the Giants whether it's with the homeless or other issues. That's when you know somebody is really corporate citizens, that people really care because a lot of time, as commissioners, we see people that come and they're only here about their own issue. You never see them again but you come because you're a San Franciscan that loves this city. You want to see it improve. I want to personally thank you and your organization because it speaks to the best of what San Francisco is about. I'm happy about what it is going to be.

Commissioner Brandon - Rebecca and Crezia, thank you so much for this presentation, a lot of information that you guys summarized very well. I am so excited about this project that I wish we could vote today. I echo everything my fellow commissioners have said. It has been a long road. But to where we are today, I think it was worth the wait. I am so looking forward to putting the shovel

in the ground. I want to thank the Giants and Mission Rock team for working so well with our fellow city agencies, with Romulus at CMD, with workforce development and creating opportunities for everyone, not just this project but for all of San Francisco. This is an exciting project. We look forward to the next meeting when we're actually able to vote on this item and move it forward and get a shovel in the ground.

- B. Request (1) Adoption of the Final Mitigated Negative Declaration and the Mitigation Monitoring and Reporting Program and adoption of findings pursuant to the California Environmental Quality Act, Public Resources Code Sec. 21000 et seq., for the mixed-use development proposed for Seawall Lots 323/324 and portions of unimproved Vallejo and Davis Street right-of-ways located on the west side of The Embarcadero at Vallejo Street and north of Broadway (the "Site") (2015-016326ENV); (2) Adoption of Findings that the Development proposed by TZK Broadway LLC, a California limited liability company (the "Developer" or "TZK"), for the Site provides numerous benefits to the Public Trust; (3) Approval of (A) a Lease Disposition and Development Agreement with TZK, (B) form of Lease with TZK for a term of 50 years with one 16-year extension option for the mixed-use development that includes a 192-room hotel, a dinner-theater space, and 14,000-square-foot public open space on the Site (the "Development" or "Project"); and (C) Schematic Drawings for the Development. (Resolution No. 19-36)

Ricky Tijani, development project manager with the real estate and development division of the Port - In terms of background, the existing agreement between the Port and the developer that we call the ENA, the strategic objectives of the Port that will be achieved by the approval of this project, the public benefits, transaction documents and then some of the financial terms and the next steps.

Today's presentation is going to be at a higher level that includes the level of details we presented on August 13. However, we are prepared to provide more details if you want. Towards the end of my presentation, I will invite TZK representative, Jay Wallace, to present the project schematic drawing for you. Thereafter, I will return to conclude the presentation.

The request for you today is indicated on this slide. It covers the adoption of CEQA findings including mitigation, monitoring and reporting program, or MMRP, to authorize staff to seek to require board of supervisors' approval and action to move this project forward.

The site is located at the corner of Broadway and the Embarcadero between Vallejo and Broadway. It consists of two Port parcels, Seawall 323 and 324 and the two adjacent paper streets. It has easy access to all modes of transportation. The size is approximately 59,000 square feet. Current use is a self-parking operation. Permitted uses include hotel and entertainment. It has a height limit of 40 feet. It's in the northeast waterfront historic district. It's near the financial district. It's the gateway to northeast Chinatown.

Teatro ZinZanni is a former Port tenant in good standing. They operated a very popular dinner theater on portions of Pier 27 and 29 from 2009-2011. To accommodate the 34 America's Cup, Port and Teatro mutually terminated Teatro's lease and identified a portion of Seawall Lot 324 for a potential location site. But that arrangement was subject to their meeting some preconditions including providing a design that would be compatible with the northeast historic district. Then, the party will enter into the lease if they meet those preconditions. Teatro proceeded to present their proposal, which were temporary structures that was later deemed not to be compatible with that historic district.

They went out to find a development partner with the capacity and the wherewithal to help them propose a larger project or proposal that would be compatible with the historic district. You then directed us to go to the board of supervisor to seek approval of a waiver from the city competitive solicitation process. Thereafter, in 2015, the board exempted Teatro from the city competitive solicitation process for a number of reason including the city's policy to retain music and entertainment venue whenever there's an opportunity to do so.

Thereafter, you authorized an ENA which allow us to start negotiating with them. The ENA was supposed to cover a one-year period. At that time, TZK thought it would be able to complete it in [time limit] within a year. However, given the nature of the site, its location within a unique urban context, the Embarcadero promenade, the northeast historic district and the gateway location, the project description from a planning point of view was a little bit challenging, it took a while to complete.

We have to deal with where will the tent go and all the other community members being on board. However, after a long period of time, the developer have completed many things. They have completed all the required ENA tasks including community outreach, CEQA review, except to get your approval for the lease and the approval of the lease from the board. The ENA has been extended to allow TZK to complete this ENA task. It will expire on November 4. The ENA may need a small extension if the board of supervisor has not approved the lease by November 4.

Next is the proposed development. In 2015, soon after you approved the ENA, they came up with a proposal that was projected to cost \$124 million. It was a four-story building with a ground-level basement. In 2018, TZK admitted Presidio Holding LLC to the partnership to increase the development capacity. With Presidio on board, TZK has incorporated feedback to receive further idea to improve the feasibility of the project. It resulted in this current proposal. They proposed a four-story building. The overall gross building floor area has been reduced to 147,000 square feet. They've eliminated the basement level. The total hotel rooms is now 192. The project cost has gone up to \$142 million.

Why is the Port considering the development proposal? It is to achieve some of the Port's strategic objective, which includes equity, stability and sustainability. The key two transaction documents that you will be approving is the lease disposition agreement and the lease (LDDA). The LDDA is the agreement that is going to supersede the ENA and is going to be for a period of one year and is going to list all the conditions of what the developer need to complete before the Port will allow the lease to be executed and recorded.

During the LDDA period, they will be paying us for our staff time and attorneys' time and consultant time. They will pay all transaction costs to help them move the project forward. They will use the period to find financing for the project. If they need more time to close escrow and they may not get everything done on time, we are providing for four three-month extension for them to close escrow.

The lease will be recorded when they've met all the conditions for them to start construction, and their financing is in place. They have building permit. The lease is going to be for initial period of 50 years with a 16-year extension. The lease includes the various rents they need to pay to the Port. We covered all of this extensively at the prior commission meeting of August 13, 2019.

Next is the key public benefit of doing this development, which is an extension of the strategic objective. One of those is bringing Teatro back to the waterfront and is in keeping with the key policy of retaining cultural events in the city. There will be a public open space, a 14,000-square-foot open space, which will be privately financed. We're not putting any money into it. It will be operated by the developer. The LBE requirement, our local hiring program, which the developer has agreed to abide by. There will be new jobs as well as increased revenue to the Port.

We're equally exploring, leveraging the tax increment from this project to help fund some of the other Port's need including seawall as well as putting money into historic preservation capital needs.

Jay Wallace - I'm here with Annie Jamison from Teatro ZinZanni. We wanted to say thank you to staff, to the commission, to the community, our supporters throughout the city. It's been a great opportunity to present a really positive outcome for the city. We hope that it meets all of your expectations and ours. I'm thrilled to be here with Annie because she started with ZinZanni since 1998.

Annie Jamison - I started with ZinZanni in 1998 and was involved when the mayor of San Francisco came to meet the mayor of Seattle and came to see the show. They had a little conversation about, hey, if it ever closes in Seattle, it ought to come down to San Francisco. That's what happened. It started a great partnership between the two cities. I am so pleased that we're able to continue that tradition and move it forward.

Jay Wallace - Our project design architect, Mark Hornberger, Hornberger and Worstell, is not able to be with us today. But you've heard from him in the past.

The project hasn't changed one bit since you heard from us four years ago. We've refined the interior of the building but the park is the same. The location and size of the theater is the same. Forty-foot height limit is the same, the red brick veneer along the exterior, the glass gazebo for the tent, the park in the back. It really has just been a project that has been moving through the process. We are now here at what we hope to be lease approval we can move on to the board of supervisors. The project has been very stable since virtually day one. The only thing that did change, as Ricky mentioned, was the elimination of a 16-foot basement that was deemed to be unnecessary.

Ricky Tijani - This is the rendering of the proposed park, view from Vallejo Street towards the Embarcadero. This what the building will look like when it is completed. This is a throwback what the interior will look like under the tent.

Next steps on this is we're requesting the approval of the items before you. We're projecting to seek board of supervisors' approval in September or October. We hope to be able to close escrow by October next year if everything go according to plan.

Linda Richardson – I am here actually wearing three hats, for disclosure: one as a San Francisco resident, a taxpayer; secondly, as someone that has extensive background on land use development, especially waterfront development. Third hat I'm wearing is that, for the last two-and-a-half years, I have joined 34 other people in San Francisco advising this commission and your staff, trying to put together a wonderful land-use master plan that will guide this agency for the next 30, 40, 50 years and beyond. That document, that process, there is no one like that in the entire country. I'm here to support TZK Broadway development and weigh this project with the overall master user land objectives. Your staff mentioned equity, stability, and sustainability. It's all in there. The assets to the Embarcadero increasing the activities there is what we spoke about a lot. This project is a public/private venture, which also is one of the things that we know that you all will be embarking on as in the San Francisco Giants. It's the only way that you can really begin to implement all those wonderful projects in the pipeline. This project meets that. This project has a lot of open space component. You have all these elements of economic development. The development of the seawall is one of the core functions in economic vitality to making you all the enterprise agency that you are striving to even become more and more.

All these projects is aligned with the mission and the objective of you all. There's value added in terms of the job creation. One of the signature elements of this also is the Teatro ZinZanni. This institution has been in San Francisco for decades. I want to shout out to Mr. Jay Wallace who I know there is no one in San Francisco that can match his community engagement. I happen to witness that having wearing another hat that's helping the city develop Treasure Island and Yerba Buena Island. You've got all the elements here. Please approve the LDDA.

Leonard Basocco - I'm a field rep for the Carpenters Union Local 22 down the street. I represent a lot of members here in town. We are here to reiterate that this is a great project. It's great for the city, great for the community and great for our members who are ready to work on it. I urge you to move this forward.

Commissioner Gilman - Today is a great day of, again, moving a project forward that I had the honor to watch as a North Beach resident before I sat on this commission. I want to commend Port staff and the project sponsor, TZK Broadway, for everything you've done. This is going to be a tremendous benefit to our neighborhood with the open space, a hotel that I will say, beyond the construction trades, a hotel that early on signed on with labor and Local 2. I want to commend the developers for that as well. I'm excited to see ZinZanni come home. It's a promise that the Port made to you. I'm excited to see you back in San Francisco. I'm very supportive to move this forward.

The only question I have is if there's any way to close escrow sooner and start construction before October of 2020.

Ricky Tijani - There are two ways to answer this question. I could let Jay answer the question. But from my professional experience, they have not started the construction drawings yet. It takes a while to go through the city DBI approval process plus financing needs to be arranged and in place. They've been aggressive. They think they could get this done within a year.

Commissioner Gilman - Anything you can do to move it forward would be great. If there's anything this commission could do to help get through the city process, please come back to us because we'd all like to see a groundbreaking for this project sooner rather than later. Speaking for myself, I would like to see it sooner rather than later.

Ricky Tijani - We'll make a note of that.

Commissioner Woo Ho - I want to thank Ricky and everybody on the staff that has worked on this project. We have reviewed this project with a fine-tooth comb, as Ricky knows. We've asked many questions in both closed session as well as open session. We're very excited to see Teatro come back and to see that this project has revenue-sustaining sources from the hotel. It's also exciting to have a hotel on the waterfront. That's a major new development for us and that it is actually supported by everybody in the community as well as the Port and the city. That's a major breakthrough.

I also wanted to follow up a little bit on the question that Commissioner Gilman asked on the timeline. I'm assuming, if the board of supervisors approves this in November and you project a close of escrow in October of 2020, it would be great if it could be accelerated. How long is the construction period projected? when would we actually see the project completed and the lease actually in operation?

Ricky Tijani - The construction period is projected to be roughly a year and a half to two years depending on weather conditions and other stuff they may run into but that is currently the timeframe.

Commissioner Woo Ho - So hopefully by the end of 2022?

Ricky Tijani - Yes.

Commissioner Woo Ho - Hopefully, we can see it sooner. We'd all be excited. As someone who is involved with some of the cultural organizations in the city, it's really sorely needed to have another kind of cultural activity here. We'd be really supportive to see that. It's not only for the city but also for our visitors that come to the waterfront. That's a great benefit to have.

Since we just talked about Mission Rock and also spoke about the open space there, I'd like to ask the question because it was mentioned we're going to have obviously a 14,000-square-foot park, in terms of what the planning could be. Maybe at a future meeting, if you could come back and explain to us how that park will be activated. Since Teatro ZinZanni is the major tenant in the building, is it going to be tied to them in terms of some of the things that they could perhaps provide as a public benefit, which would also obviously act as a little bit of marketing for the site as well because, if people see that, maybe they would go see the show. Maybe that's a future information session for us but it would be nice to see how we would use the park and how it would be activated, who would manage the activation, etc. We would appreciate more details on that but to get to where we are today has already been a huge effort. This is just an add-on for the future for us to understand.

Commissioner Adams - Linda, what an introduction that was. I thought I was in Buckingham Palace. That was such an eloquent introduction. It's good to see a San Francisco icon coming back to San Francisco. All the letters from the community that the commissioners were able to see and the support. Organized labor, thank you for being in the house and all the jobs that it's going to provide. You were here last month. You're here constantly. Jay, I've known you for a long time. I don't know what kind of presentation you made but you started on page one. Then, you went to page 10. It was really quick. I want to thank you for your patience and for being very consistent. I look forward to voting on this and supporting this. This is going to add to the beauty of our San Francisco waterfront being down there by the cruise terminal. I don't think there's a waterfront that I've seen in the world better than what we have in San Francisco. It's even getting better. Thank you for your vision and please pass that on to everybody. Thanks to Port staff. Ricky, thanks for all your hard work. You knocked this one out of the park.

Commissioner Brandon - Ricky, Rebecca and Mike, thank you so much for your patience and your perseverance. Thank you for walking us through this project with a fine-tooth comb and making sure that we understood exactly what we were getting. Because you did that, we are so excited to have this

project come to fruition. As my fellow commissioners said, we're going to get a hotel, the first on the waterfront, that the Port owns. To have Teatro ZinZanni coming back to San Francisco is just amazing. We are so looking forward to it. Like my fellow commissioners mentioned, I hope that we can put the shovel in the ground sooner than October of next year. We will lend our support in whatever way we can to make that happen. We're definitely looking forward to this project.

ACTION: Commissioner Gilman moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 19-36 was adopted.

13. FINANCE & ADMINISTRATION

- A. Request authorization to award contracts to (1) Clean Harbors Environmental Services, Inc., (2) Environmental Logistics, Inc., (3) NRC Environmental Services, Inc., and (4) Silverado Contractors, for as-needed hazardous waste disposal, marine vessel salvage, and related professional services, each contract in an amount not to exceed \$300,000. (Resolution No. 19-37)

Albie Udom - I'm a senior contracts analyst for the Port. I'm here today for this presentation joined by George Bibbins from our maintenance division and Dominic Moreno from our maritime division. They will eventually be managing the contracts after they have been executed.

The item before you is an action item to recommend the award of as-needed hazardous waste disposal and marine vessel salvage contracts to four firms: Clean Harbors Environmental Services, Silverado Contractors, Environmental Logistics and NRC Environmental Services. Each contract will have a not-to-exceed value of \$300,000 with an initial term of four years and an option at the Port's sole discretion to extend the term by up to one additional year. These contracts, if approved, will advance a number of the Port's strategic goals by implementing policies to achieve zero waste in Port's operations by 2020 and employing best environmental practice in Port operations and by ensuring that Port's improvement result in advances in the environment and quality of life for San Francisco residents and visitors.

Like all as-needed contracts, the scope of work for this contract is not fully defined in advance. Rather, this contract will serve as master agreements through which Port staff will issue contract service orders on a project-by-project basis. Port staff have already identified areas and projects that this contract can be used for such as recovery, containment and proper disposal of hazardous waste materials following industry-wide commonly used hierarchy of disposal methods, assisting the Port with all regulatory compliance issues in connection with hazardous waste disposal, recycling oil and sludge from collection sites, permitting and authorizations for overwater fuel and oil transfers and recovering, removing derelict, sunken and otherwise abandoned marine vessels.

The majority of the work that these contracts will be used for is hazardous waste disposal services. Because the service are highly specialized and because there is a low availability of LBEs that can do this work, CMD set the subcontracting requirement goal for this at 5 percent of the contract value.

On September 11, 2018, you authorized us to issue a request for qualifications, or RFQ, to solicit qualified firms to provide these services to the Port. On February 26, 2019, we issued the RFQ with a proposal due date of April 5th. On that due date, we received three responsive proposals. In a bid to try and increase the interest and participation in RFQ and resulting contract, we, in agreement with CMD, decided to reject the three proposals and to reissue the RFQ.

On May 30th, we reissued the RFQ with a due date of July 12th. Prior to reissuing the RFQ, we conducted extensive outreach activities to generate interest in the RFQ. Notably, we performed Google searches for firms within San Francisco and the four nearest Bay Area counties searching for firms that can provide these kind of services.

We emailed and called these firms at various stages of the advertising period, even before the RFQ was reissued. We held a preproposal conference, which was attended by representatives from over 10 firms. We also asked staff at the city's office of contract administration to promote the RFQ at any of the events. On the due date of July 12th, we received four proposals which represent 18 unique firms. All four proposals were deemed responsive.

The RFQ allowed for the award of up to four contracts. Since four responsive proposals were received and each of the four proposals have some unique skills and met all the licensing requirements for providing these services, we, in consultation and agreement with CMD, decided to recommend contract award to all four proposals. On July 30th, we issued a notice of intent to award contracts to the four proposals. We did not receive any protests.

The next two slides provide some information about the four selected firms and their unique skills and competencies. Representatives from some of the firms are actually here with us today and will be happy to answer any questions you may have. Although the LBE subcontractor requirement for this contract is 5 percent, each of the four firms have committed to subcontract nearly 7 percent of the work to LBEs. In fact, 60 percent of the subcontractors on the four firms are LBEs.

Clean Harbor Environmental Services is a new firm to the Port but has experience providing these kind of services to other city departments such as the airport and public health. Clean Harbors actually managed the cleanup process at the San Francisco International Airport after the Asiana plane crash.

Environmental Logistics have been providing waste disposal services to the Port since 2009. Their specialization is waste characterization, packaging, transportation and disposal of hazardous and nonhazardous waste materials.

NRC Environmental Services is also a new firm to the Port but has had experience working with the United States Department of Transport, the United States Coast Guard and the Environmental Protection Agency. NRC Environmental specializes in providing marine services for emergency services including decontamination, salvage, removal and disposal of vessels and barges.

Silverado Contractors is also a new firm to the Port but have had experience working with other public agencies such as the airport, CalTrans and San Mateo County. Silverado Contractors was actually involved in the demolition and removal of old sections of the Bay Bridge. Their specialization is demolition services and marine vessel salvage.

If you award these contracts today, we will work to issue the notices to proceed by October 10th. The contracts will be scheduled for completion on October 10, 2023. In conclusion, we respectfully request that you award the Port's as-needed hazardous disposal of marine vessel salvage services contracts to Clean Harbors Environmental, Environmental Logistics, NRC Environmental and Silverado Contractors. Each contract will be valued at \$300,000 with a four-year term and an option for one-year extension.

Commissioner Woo Ho - Thank you. That was a very thorough report and appreciate the detail you provided in terms of the outreach, which would have been one of the topics of discussion on the LBE side. I can imagine that this is a very specialized work. Hopefully by giving these firms an opportunity, we can see increased opportunities for LBEs in the future. I presume that you all have done your homework to choose the right firms in each of their areas of specialty. I'm supportive of the item.

Commissioner Gilman - I have no questions. I'm supportive of the item.

Commissioner Adams - I'm very supportive. I'm also glad to see there are some new firms that got chosen. We want to provide an opportunity for other people, not just the same old group of people.

Commissioner Brandon - Albie, thank you so much for this report. Thank you, everyone, for doing such extensive outreach and finding new firms. We're all

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 19-37 was adopted.

14. PLANNING & ENVIRONMENT

A. Informational presentation on the Draft Waterfront Plan review process and solicitation of public comments.

Diane Oshima, deputy director for planning and environment division – I'm happy to be here today to provide a report on where we are with the draft waterfront plan, which was published in June. We wanted to give you some report back on the feedback and the outreach efforts and to provide this public hearing opportunity as well for further public comments to come forth.

We have sought to solicit comments by the end of September so that we can take stock of whether the draft plan is hitting the points that people expected after the long process led by the waterfront plan working group and to make any further refinements and course corrections if necessary before we start the environmental review process. To that end, the staff report lists more details. This is the summary of the meetings that have occurred over the last couple of months continuing through the end of the month as far as scheduled. We're still open and available certainly to other organizations if they have any interest or questions or meeting requests. We want to make that clear.

It's been a great opportunity to get out to the community and hear so many different perspectives. We have reached out on many fronts not only in terms of meetings but through the Port's social media, through the digital magazine which has been really helpful. The funnest one was the public boat tour back in July. We had over 200 people join that tour. They got a sense to understand what this waterfront actually entails and how diverse it is from the water, which is a rare thing. It was so fantastic to see the diversity of people both in terms of age and backgrounds and different neighborhoods that they were coming from. We also have the draft plan online. We have public comments and surveys online to make it easier for people to review it and solicit if they're not able to come to the meetings.

The survey is still open. This is just a snapshot of the results that we were tallying on the online survey as of last week, which was organized by the nine goals that the plan is presented in along with all of the supporting policies that are presented in the plan and all of the five geographic subareas of the waterfront that the plan addresses and the objectives that we are promoting for those waterfront subareas.

As the bar chart indicates, we have a pretty high level of agree, strongly agree or agree responses that have been registered. That's very heartening to the Port staff certainly I know for all of the work that the working group put out. I have in the staff report some snapshots of highlights of some of the comments that came because the survey allows for people to give detailed comments as well.

I thought that it would be good to just highlight for you that, on the maritime front, there continues to be very strong support of the Port's diverse maritime portfolio and our respect for the diversity of berthing requirements that the Port needs to maintain to support those industries particularly for the deep-water berths.

There's strong support for water recreation and the Bay Water Trail as a water-dependent activity that's a new form of public access to the San Francisco waterfront in addition to public access from land.

On the diverse-uses goal, certainly a reiteration of the interest in making sure that there's as many different publicly oriented activities as possible and also to include in new developments and leases opportunities for low and no-cost activities as well in the interest of really making the waterfront as accessible to everybody regardless of economic background.

The two projects that you've had before you today are good examples of what we're trying to achieve here. We did get some finer-grained comments as well on some of the technical issues of some of the policies, one of them being as relates to the Embarcadero Historic District objectives.

I would note that all of the public outreach that's been done on the waterfront plan to answer questions or to solicit comments have been done in a coordinated way with the community outreach that we've also been doing on the Port's resilience program and the RFP preparations for the Embarcadero pier projects and for Pier 30/32 and Seawall Lot 330 as well.

Where we've been able to have some interactive discussions that show how the policies relate to actual project initiatives that we're trying to advance, it's helped the public to understand why the waterfront plan is there and what the policies actually mean.

To that end, regarding the Embarcadero Historic District, we did get a comment about perhaps clarifying the policy language to make it clear that the high-revenue-generating uses that are allowed for in the Embarcadero pier rehabilitation policies is for the purposes of generating the financial capacity to be able to seismically upgrade, to preserve the historic resource, to deliver the trust, maritime, public-access and public-oriented uses and not just an office-development opportunity, that it's really an integrated package.

I think that there are improvements that we can make on the language there to make that clearer. We did get some comments just yesterday from Jon Golinger, who is a member of the waterfront plan working group, with some concerns around the general office policy provision. We will be following up with him to try and answer his questions and certainly happy to answer any questions that you might have today.

Similarly, as relates to our seawall lots, the Giants' Mission Rock project being the best example of where we have relied on state legislation to enable the kinds of neighborhood development that you've just heard about today, there are provisions in the waterfront plan policies for state legislation of some of the north of Market seawall lots.

We had some comments there asking for more refinements in the policies there to make it clear that, if the Port were to pursue state legislation to lift the public trust restrictions on any of those future seawall lots, that that would happen only after the Port Commission had identified a development opportunity for that given site and talked about what it is that you would like to achieve before there was a state legislative proposal. That's an easy clarification for us to make in the plan.

As relates to parks and open space, I think the park activation is something that we continue to hear as an interest from many members of the public and a lot of comments really in strong support of recognizing the importance of the natural waterfront and how the natural shoreline is also a big part of the Port's open space plan as well.

Finally, we got a lot of comments on transportation. There's a lot of support, in particular, for the sustainability, the resilience and the transportation goals and policies which are new additions to the draft plan. The comments that we got on the transportation policies are a reflection of how much the transportation challenges are that we are constantly facing here whether it is on a bicycle and pedestrian safety perspective, whether it is on reduction of vehicles to reduce greenhouse gas emissions or to maintain industrial goods movement to support our maritime industries. We've got comments that have been logged on all of those fronts.

Finally, on the environmental sustainability and resilience goals and policies, again, very strong support. All of the leg work that you and Elaine and the Port have done on the seawall and the resilience team on the sea-level-rise planning, has paid off benefits because people are understanding the importance of effective environmental sustainability practices and strategies and the regulatory programs that we deploy to put us in better position for planning for the resilience so a lot of comments and positive feedback on that front as well.

Alongside the draft plan, we also have other work involved with BCDC and the San Francisco Planning Department so that we're working in sync with their planning documents to align the Port, the city and the BCDC planning and land-use policies for the San Francisco waterfront.

For the planning department, we are taking a look at the city's general plan. We'll be working with the staff to develop conforming amendments as necessary so that there aren't conflicts between the waterfront plan and the city's general plan. For the planning code, those are regulatory procedures that

are affect our design-review process for Port development projects on Port property. We would like to amend that planning code so that we have a design-review process that extends through the entire seven-and-a-half waterfront that picks up some areas that are not currently included in the design-review procedures in the southern waterfront. All of that work is being done in sync while we're also preparing to initiate the CEQA environmental review process, which we hope to be able to do by the end of this year after we've completed this comment period on the draft plan.

For President Brandon who was here when we did the last waterfront plan and did a major amendment to BCDC's plan so that both agencies' plans were consistent with each other, we have to go back and do that again. In this case, with the new transportation resilience and environmental sustainability policies and new upgraded rules for how to try and manage historic pier projects that deliver public trust benefits, we have a number of plan amendments to BCDC's San Francisco waterfront special area plan that we're working with the staff and will be formally initiating with the BCDC commission next week on September 19th.

This slide gives a quick highlight of some of the key items that are described in further detail in the staff report. But this 50 percent rule policy is an old policy that BCDC had on the books that basically frustrated the efforts to try and allow for seismic retrofit or substantial repairs to pile-supported facilities that predated BCDC. All of our historic piers predated BCDC. Under the 50 percent rule, that rule would have required a pier to be shrunken to half of the footprint of the pier. The remaining half of that footprint would have either been removed to create bay fill and expand the size of the bay or to be converted to public access or a combination of bay fill or public access.

For the historic piers, that was just at, 20 years ago, deemed to be not possible given what we were trying to do on the historic front. From Pier 35 down to China Basin, we were able to strike a deal with BCDC where we could create the Brannan Street Wharf and the cruise terminal plaza and remove some piers but allow the rest of the historic piers in the Embarcadero Historic District to be held in place and for us to be able to do the kinds of projects like this project or Pier 1 where we can do seismic retrofits and rehabilitate them.

That's what we're trying to do on the Embarcadero RFP projects coming forward. The 50 percent rule though is still in place for Fisherman's Wharf. The restaurants up in Fisherman's Wharf on the pile-supported piers are still subject to this policy and frustrate the efforts for any seismic or major upgrades.

That's one of the key issues that we're going to be going forward with trying to get those special area plan amendments taken care of. Pier 23, just as a note, there is an existing policy that calls for half of Pier 23 to be removed. For reasons that I won't really go into all the details, we don't want that to happen. Instead of the public benefit that was determined by removing the back half of Pier 23, we're proposing that we make a commitment for creating a civic plaza

at the Ferry Building where the farmers market takes place given that it is such a gathering place anyway.

With all the ferry terminal improvements, we think that is a better public investment for public benefits. Finally, we are looking for updating policies to recognize sustainability and resilience and the need to look at our waterfront comprehensively, holistically.

Right now, BCDC's plans break the waterfront into what they call geographic vicinities, different chunks along the waterfront where the general rule is they try and preserve public access or public benefits of projects that happen in each of these chunks within the chunk. We're looking at a comprehensive lens where some of the improvements may be most needed in an area outside of a given geographic vicinity. As we go through our resilience program planning, seawall planning, we're starting to see that we need to be very holistic in the way that we're looking at improving the waterfront and making sure that the equity opportunities, environmental justice issues that we need to respond to are also considered in taking that holistic look.

Those are the key issues. There are lots of other details in there too that we will be working with BCDC on to develop draft amendments to their plan. They will have a public process. We will bring back reports on our progress on that front for the Port Commission and public to weigh in on as well.

For next steps, we want to hear out what are the comments that we get through the end of this month. Port staff will be taking a review of all of that to figure out what refinements, if necessary, are going to be needed for the plan.

Where we make any proposed edits to the goals or the policy language in the plan, we will prepare that in a tracked-change redline version so that the commission members as well as the public will be able to review that.

At the same time, we have gotten some comments about the length of the plan and how it's very long and if there are ways in which we can edit it down and reduce some of the background information. We're working on that front too. We won't be doing redline changes on background information so much but any policy-related content, we would do that.

We'll report back on our progress with the planning department and the BCDC on the special area plan amendments, wrap those into what will ultimately be covered by the CEQA environmental review process.

Randall Scott - I'm the executive director for the Fisherman's Wharf Community Benefit District. First of all, I'd like to applaud Diane and her team for the Herculean effort of the document they produced. Amazing. The primary reason why I'm here today is to lobby on behalf of the Fisherman's Wharf area, particularly the restaurants and the port side for the elimination of the 50 percent rule that BCDC proposes. As you can imagine, reducing Pier 45 by half

for the seismic upgrades would be a detractor to the area. I plan on going to the BCDC hearing next week as well but the holistic approach that the planning department and the Port has taken towards the entire waterfront is the modern way of looking at development as well as space activation, which is one of the things that we're trying to do at the wharf and in the public space.

Alice Rogers - I'm here wearing two hats. Linda had three. As the president of the South Beach/Rincon/Mission Bay Neighborhood Association, we had the pleasure of having Diane and staff present the waterfront plan update last night to our community. They focused on the goals and the values of the plan and then doing that in conjunction with the run up to the RFPs, the first of which are going to be in our subarea, brought the plan home to the community so that they could understand what all of those hundreds of recommendations actually meant on the ground to them.

It was incredibly valuable for the community. The three years that you all invested in really paid off because the community was kind of cowed about how these projects can go ahead because they have to balance so many different interests. For the first time, they really registered what you have to juggle and what the staff has to juggle. Having the goals and the values as the drivers rather than specific uses is valuable in moving us forward.

As the chair of the land-use subcommittee, I appreciate the clarifications that Diane has suggested. They're very important to me in terms of maintaining the integrity of what we heard at the hearings, that office use really needs to be clearly called out as an accessory use as a financial driver to make possible all of the vitality and the public-oriented uses and public benefits, that they're not a stand-alone use. They also can add vitality so that's not to just diss them.

To clarify further on the seawall lots and lifting the public trust, there was a strong sentiment, which actually surprised me, that nobody wanted to do a blanket lifting of the public trust, not that there are that many seawall lots left. But they really wanted it to be site specific, as Diane said, to warrant the lifting of the trust for some community benefit or good.

Zach Frenette - I'm here on behalf of the Fisherman's Wharf Restaurant Association. The Fisherman's Wharf Restaurant Association also supports the removal of the 50 percent rule in the Fisherman's Wharf area as it is not financially feasible. Due to the removed fill and new public access which has been created through the promenade renovation at Pier 43 as well as the Jefferson Street Project, in partnership with the Port and the Community Benefit District, we feel that there's ample justification for the lifting of this rule. Thank you for your time. I appreciate all of your work.

Commissioner Woo Ho - Thank you Diane and everybody for this waterfront land use plan effort, which has gone on forever. I think it's been very remarkable and impressive. You continue to lead us through it very well and along with all the staff and Executive Director Forbes. Alice really hit me with

what you said because this is exactly what I had hoped that would come out of the plan because what I saw originally was something that was very tied to land use and not to goals and values. If that is registering now in the community that it's important to connect the dots here in terms of goals and values and not just be very specific and technical with land use. I think we have achieved a major objective with this plan. I hope that more of the community will understand that because it really ties together that we have a vision for the entire waterfront and how everything comes together with all the strategic plan goals that we have in for the Port as well as how the waterfront hangs together physically, which is what this waterfront land use plan is really addressing in terms of those goals.

It's nice to hear that the message is resonating very well. I want to commend everybody in being able to do that. On the various responses that you got and I know you talked a little bit about them in terms of the strongly disagree, finance came up as one. I wondered if you could add a little more information of what was the strong disagreement on the finance side.

Diane Oshima – The verbal comments were all voluntary. The survey was set up so that you could just check strongly agree or disagree without necessarily leaving an explanation behind. I went through those comments on the financial side. It's not like there was anything that was really damning. For some people, they're not as interested in following all of the financial structure and responsibilities that the Port has and I can't really provide a clearer answer to that because it's not like they left their messages behind.

Commissioner Woo Ho - But it's an opportunity in terms of our further outreach, not just with your Waterfront Land Use Plan but in general with our community advisory group, the people that understand. As Alice mentioned, we juggle a lot of balls. How we balance that, that's at least a message that we need to continue to work on. People do understand that we have to pay for these things that everybody wants. There's got to be a balance of how we generate the revenue to pay for all the public benefits, which we want to do as much as possible.

On the transportation side, I listened to your comments and a little surprised that I didn't hear a lot about the traffic congestion. It was more about, yes, we understand transit first. We understand bicycles, pedestrians and public safety. I'm surprised that you did not focus on what are other alternatives to solve some of the congestion. As you know, we are very interested at the Port to solve water transportation. That's something that I've been very supportive of and advocate. I wondered if there's more in that regard that we're going to work on.

Diane Oshima - There were some comments on water transportation. I recall a comment that was made about understanding how the Port and WETA can be working further together on growing water transportation services from the water. We spent a lot of time in the planning process to try and educate people

about MTA's role, all of these transportation agencies that operate or use the Port's property but for which we do not have direct control and some of that was taken to heart.

On the water transportation side, that is some place where we actually do have more impact. We had comments calling for more of that but a lot of it was give me safer bike lanes and pedestrian zones. Where could we get more public transit service just to be able to help to relieve some of those congestion concerns? There's been a lot of chatter around the transportation network companies as well. It's become a more complex issue.

Commissioner Woo Ho - The other category that scored a little bit higher on either strongly disagree or other is maritime. Is there any more color you could add to what you think are the comments in that regard?

Diane Oshima - There are some people who don't think that maritime is a strong use for the San Francisco waterfront. We don't know who these people are and how much time they might have spent through the planning process but we've run into situations where people weren't aware that there were maritime uses at the Port. That may be a reflection.

Commissioner Woo Ho - In the staff report in terms of information from the survey, you know what their connection with the Port is in terms of how often they are down here. I think the tally was like 78 percent or more are here at least once a month or more. The audience that responded to the survey were people that were definitely connected to the waterfront in terms of physically they're down here. Some of them were even obviously on a daily basis and that was very positive.

We didn't get people that were living out in the Sunset, per se. You got less of that. These are people that actually come down to the waterfront. That's an important metric that we need to continue in future surveys to understand where the people are coming from and building that connection because that's an image that we have been projecting for a while saying it's just not about the immediate neighborhood. It's about the whole city connecting to the waterfront and to see who is coming down to the waterfront and where they're coming from. You mentioned the length of this and I don't know that we've ever seen the whole length ourselves yet. I want to encourage you to please develop an executive summary, that is much easier for not just us as the commission members but for people in general who want to go through it very quickly, understand the key takeaways of what the change is.

We all received a very detailed letter from one of our very concerned constituents, Mr. Golinger. He referenced a lot of things going back to 1990. This is 30 years later. The city has changed dramatically in many ways, the character of the city, who the people and the residents are. You can debate whether it's better or worse but change. Part of our response is to balance that change and we have to do that responsibly. I don't think we can just go back

and say this is like the Constitution. We're bound by the Constitution. This is a living document. It's a dynamic document to guide us. That's the reason we do update it every few years to make sure it's fitting the new circumstances. As a gentleman mentioned earlier, it's a modern development. It's about space development. I would add fiscal responsibility which is very much part of what this commission is looking for because we have to be able to afford keeping this waterfront diverse and vibrant. We have things like the seawall, which we have to figure out how we're going to actually pay for that, which hopefully we'll solve that issue. We haven't solved it yet.

I commend all of you for doing this. It's a very important document. I like how it's tied into our strategic plan. We need to be able to help people see that this is going to be a living document. It is going to be dynamic. It isn't going to go back and say what was said 30 years ago. It is what we are doing today.

Commissioner Gilman - Diane and members of the waterfront advisory group, I really want to commend you on this process. I think this process could be a model for other city departments on how to do public outreach and how to get public buy in. It's one of the finest examples of that I've seen to date as a resident of San Francisco for over two decades. I want to commend the staff on that.

Diane Oshima - Thank you.

Commissioner Gilman - I agree with your comments today. I hope that we can clarify especially the comments that you pulled out. It's really for the public to understand that we have a financial obligation to the Port and particularly around office and to clarify that office sometimes, not always, in the appropriate places, can be a means to generate revenue to have that maritime use or to have that public access use. I don't think the public understands that. Anything we can do with the plan itself in the executive summary to make that clear, I would really appreciate. With regards to the lifting of the 50 percent rule, there could be because I don't know the footprints of the remaining seawall lots well enough. There could be an opportunity where housing or a mixture of affordable housing could be an appropriate use. When we have those opportunities, instead of shying away from them because of the hoops we need to go through, we should look at them and embrace them. Anything we can do to call that out would also be beneficial. I want to share the comments and echo that I support what Commissioner Woo Ho said. This is 2019 and the city has changed.

With our values basing every decision and the values we've outlined particularly around equity, sustainability and stability as a couple to call out that Linda Richardson mentioned in her other remarks is really important. We need to have it as a living, breathing document. This city has changed a lot. Then, you can debate for better or worse. We all want to see an active, thriving seven-and-a-half miles of waterfront. We don't want to see piers warded off

because we can't fix them, and the public can't go out and look at them. We all share a common goal. I commend you for all the work on this plan.

Diane Oshima - Thank you.

Commissioner Adams: - Diane, you're one of the hardest working people I know. You're like James Brown. He was the hardest working man in show business. The hours and the commitment that you have put in showing up to all the meetings is just incredible. You and your team's passion and commitment just goes above and beyond. I just want to personally thank you.

Alice, you were spot on about your comments. I will tell you something about being a commissioner on this commission. I'm never shy about saying what I have to feel. When people are talking about what's happened in 1999, it's like driving a car. You've got a rearview mirror that looks like this. Are you looking at that? Or are you looking at the windshield in front of you? This commission is looking at the windshield in front of us, not something that happened in 1999. I'm sorry but that person might be in a time machine. Hopefully, he can find out where we're at today because we're moving forward.

Both of my commissioners said we don't know if the city is better or worse. You look around. There's some good, and there's some bad. San Francisco is so progressive and it has moved and is constantly moving. You can't stop change. Change is inevitable. I think it's better. Do we have some problems? Yes, we do. We've got issues with homelessness, some things with dirty streets, etc. If you look around and you see how the vibe of this city has changed, why do 30 million tourists a year come to our city? We're the second-biggest attraction in California behind Disneyland. People can't wait to come to San Francisco. There's something to say about the city. How we lead here in San Francisco, the whole nation kind of follows the way San Francisco does.

If I have a choice between living in San Francisco, even with its problems, and L.A., I'd choose San Francisco hands down ten to one. Diane, please keep doing what you're doing. Keep looking forward. Those that are living in 1999, let them live in 1999. This is 2019. In a couple months, we're going into 2020. This Port Commission is rolling on into the future.

Commissioner Brandon - Diane, thank you once again for leading this effort. You have done a phenomenal job. I also want to thank Alice and the entire committee for all the time that you have dedicated to this effort over the last three years because you guys have done a lot of work. You've come up with some really good recommendations. With the BCDC amendments, it seems like this is another phase of the work that is just beginning. Have you had any preliminary conversations with BCDC about these?

Diane Oshima - We have actually had a series of meetings with the BCDC and State Lands staffs. They were present at many of the meetings of the working group. Having State Lands, BCDC and the Port each with our public trust

responsibilities, trying to get them coordinated and aligned so that we're not stepping on each other's toes, and we're able to march in the same direction, that's what our objectives are. We've met with BCDC staff. State Lands and BCDC staff have met together. All of that is really fundamental to us coming together with policies that make sense together.

Commissioner Brandon - How do they feel about eliminating the 50 percent rule?

Diane Oshima - They have been very open to it because of what we've done between Pier 35 and China Basin. The 50 percent rule was trying to balance giving the Port at that time some flexibility on land use and then the Port giving BCDC some extra bay fill and public access, public benefit. What we did between Pier 35 and China Basin is to create these parks that are graciously spaced and working with the development projects and the historic preservation within the historic district is a good track record.

We're trying to bring a lot of those same principles into the Fisherman's Wharf area because BCDC has no interest in trying to undermine the restaurants, Scoma's or Alioto's. With all the public investments that have gone in for the Pier 43 promenade, to remove a blighted parking lot that was there previously and all of the partnering that's been done with the CBD and the city on Jefferson Street improvements for those public realm improvements, that's what we're trying to get some recognition for as the offset for getting rid of the 50 percent rule.

Commissioner Brandon - The 50 percent rule, is that just for Fisherman's Wharf or is that Portwide?

Diane Oshima – It's Portwide but the majority of the remaining resources are in the Fisherman's Wharf area because this applies to pile-supported piers versus solid fill, which is what we have in the southern waterfront. Our most urgent concern especially now as we're starting to go into all of the seawall and resilience planning, we need to have all the tools in the toolkit for making the infrastructure improvements that we need.

With BCDC being the thought leader on many of the resilience planning initiatives, it shouldn't be hard to connect the dots as to why we can come up with a better strategy for delivering public benefits and not having this old policy in place.

Commissioner Brandon - So the September 19th meeting is to cover all of these topics? Are there any action items or is this just for informational discussion?

Diane Oshima – It's an initiation process. We have submitted an application. We've submitted our list of these issues as well as some others. That's being presented to the commission next week so that the commission can say, yes,

go forth. Then, there's a series of steps and public hearings and public comment periods that go along with that. We expect that the work to talk through the issues and then to develop the proposed amendments to the special area plan will be into the first half of next year. there will be a public review period that's associated with that.

Commissioner Adams - Next time this item is brought back to the Commission, I would love for you to go first because mostly everybody left and there was so much knowledge and information here. I wish the community heard this. There were a lot of pertinent information and there's hardly anybody here. There are certain things you know that's going to come up. You're going to pass it but this is important. When we have something like this, the public and the community need to hear all this information. Even Alice stayed because she knows how important to hear this stuff. I ask in the future that you would consider putting her up first because this is just too much information.

15. NEW BUSINESS

Elaine Forbes - I have recorded to add park activation in the open space for the TZK hotel and dinner theater project for an informational item in the future.

Commissioner Woo Ho - I would like to add an item to the forward calendar. I'm a governance kind of person. We seem to be always in a continuous improvement mode here at the Port in terms of our policies, process and procedures. It's been a while, and it would be good for us to review several things. We've talked a little bit at one of the hearings in terms of our revised ethics and rule of conduct. That's a big topic but staff can start to approach that. One of the areas of governance that I would like to come back and have your comments on and you may want to talk to some of the individual commissioners as well as consult the officers is to look at the term of the officers and to come back with a proposal that we can have an informational session. Perhaps then, we can move to an action item. President Brandon, does that sound reasonable to you?

Commissioner Brandon - So you're asking to look at the term limits for the commission officers?

Commissioner Woo Ho – Yes, term limits for the commission officers. It's always good to review some of these administrative processes and procedures to see whether they still fit and what we think would be good going forward just as we made all these revisions to the Waterfront Land Use Plan.

Last May we had the presentation and discussion with the city attorney that it would be good to see some sort of rules of conduct or whatever it is that we're doing as far as it applies to the commission as well as staff. It would reinforce a little bit of what we just talked about in the Waterfront Land Use Plan as far as how do our goals and values influence the way we conduct business. That would be another piece of the puzzle that we might be able to fill in. It's not meant to be what are the rules and the

compliance. It's meant to be more about the values and goals of how we should conduct business and there is some process involved.

Elaine Forbes – I do. To reiterate, we'll come back on the terms of the officers with an item for your review and then follow up after that regarding a rules of conduct concept. We'll do some research with the city attorney's office and with other city commissions and bodies and come back to you with some thoughts on that and follow up.

Commissioner Woo Ho – Yes, we want to be open and transparent in our governance for this commission.

Commissioner Brandon - We're going to have the term limit discussion and there was something regarding the commission secretary having to be at every meeting.

Elaine Forbes - Yes. That's always bothered me the way it's written because it actually requires that Amy be here for every single meeting and that's impractical. We need to amend that to give more flexibility.

Commissioner Brandon - Can you bring that back in at the next meeting for discussion and possible action.

Elaine Forbes - Absolutely. I can do that.

16. ADJOURNMENT

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

Port Commission President Commissioner Brandon adjourned the meeting at 5:30 p.m.