

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING FEBRUARY 9, 2016

1. CALL TO ORDER / ROLL CALL

Port Commission President Willie Adams called the meeting to order at 2:02 p.m. The following Commissioners were present: Willie Adams, Kimberly Brandon, Leslie Katz and Doreen Woo Ho.

2. APPROVAL OF MINUTES – January 12, 2016

ACTION: Commissioner Woo Ho moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. The minutes of the January 12, 2016 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

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

At 2:03 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (Discussion and Action Item):

- a. Discuss existing litigation matter and possible approval of proposed settlement pursuant to Sections (a) and (d)(1) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d):

- Kevin McGuire vs. City and County of San Francisco, The Port of San Francisco; San Francisco Superior Court (Case No. CGC-14-538925, filed April 25, 2014)

Proposed settlement of litigation between the Port and plaintiff Kevin McGuire (collectively, the “Parties”). Plaintiff’s claims against the Port include allegations of disability discrimination, failure to engage in the interactive process, and failure to provide reasonable accommodations, in violation of the Fair Employment

and Housing Act. The material terms of the proposed settlement include (i) the Port's payment of \$85,000 to plaintiff, (ii) plaintiff's dismissal with prejudice of his complaint, and a full release of all claims against the Port, and (iii) other terms and conditions contained in the proposed Settlement Agreement, General Release and Covenant Not to Sue on file with the Port Commission Secretary.

- (2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative: (Discussion Items)
 - a. Property: Piers 31–33, located at Francisco and Bay Streets and The Embarcadero
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: National Park Service: Christine Lehnertz, Superintendent, Golden Gate National Recreation Area
 - b. Property: Pier 38, located at Delancey Street and The Embarcadero
Person Negotiating: Port: Elaine Forbes, Deputy Director, Finance and Administration
*Negotiating Parties: TMG Pier 38 Partners, LLC: Michael Covarrubias

5. RECONVENE IN OPEN SESSION

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon disclosed that in closed session, the Commission voted unanimously to approve the Settlement Agreement with Kevin McGuire described in Agenda Item 4.A. (1)(a) and moved approval not to disclose any other information discussed in closed session; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS – The Port Commission Secretary 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,

paggers 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

- Super Bowl 50 / Super Bowl City

Monique Moyer - First and foremost, thank you for coming inside on what is a truly amazingly glorious day. So for all of you that did, thank you so much for doing that and secondly, Happy Lunar New Year.

I have a couple things to report on today, and I'd like to start with something that we didn't list on the agenda, and that's just to give the Commissioners and the public a little bit of insight of how Super Bowl 50, particularly Super Bowl City went for the Port. As everybody knows, it was an extremely well attended event on the two weekends right here. An estimate of 100,000+ people was here over this past weekend.

In the Port's Pier One offices, there was a beehive of activity where the Port basically dispatched the majority of its operations from to support the Super Bowl 50 Super Bowl City effort as well as where the Command Center for Security was set up. It went on for eight consecutive days. The Departmental Operations Center (DOC) was set up and also the City's Emergency Operations Center was set up.

Of course, the Port participated and staffed both of those centers for the full period which ran most days from 10:00 AM to 10:00 PM and on the weekend from 10:00 AM to 2:00 AM, so very long days indeed. Leading up to the event, as you can imagine, there was a lot of work to be done.

There were so many attributes of the event, public and private, that took place on Port property, including celebrations for the relighting of the Bay Lights. Even though the Bay Lights aren't on Port property, many of the celebrations were held on Port property. Of course, the fireworks displays brought numerous people to the waterfront, just as they do for Fourth of July and often for Fleet Week.

In particular, I want to recognize Joyce Chan and Elsa Lamb of the Port's Real Estate team with Rona Sandler of the City Attorney's team for an incredible amount of work they did with the guidance of Susan Reynolds and other members of the Port in creating and getting to a great situation for anything and everything that needed to occur on Port property. Whether it was Port-a-Potties or cellars on wheels so everyone's cell phones could work, places for visiting security personnel to perform or to park -- almost anything that affected Super Bowl City on the east side of Super Bowl City affected the Port.

I want to commend the team on that. And then leading into the Department of Operations and the Emergency Operations Centers, it took 18 different Port staff to staff that over the eight consecutive days. I want to mention them by name in alphabetical order, Shannon Alford, Demetri Amaro, Rich Berman, Alex Chong, Tedman Eng, Tim Felton, Alan Gin, Aaron Golbus, Tim Leung, Peter Luong, Patricia Marquez-Ramirez, Wendy Proctor, Joe Reilly, Sidonie Sansom, Karen Taylor, Denise Turner, Diana Vanderburg and Anita Yao.

These are specially trained Port staff who are prepared to respond to an incident or a preplanned event. They participated for hours and hours on end, not just during work hours but a lot of work nights and obviously their weekends.

I'd like to give you an example of what they had to do, As you can imagine, transportation relating to Super Bowl City was a big issue, particularly being able to get passengers in and out of the Ferry Building. Our partners with Blue & Gold and Golden Gate Ferry, and Alameda Ferry, Vallejo Ferry which is part of WETA, and the Water Emergency Transit Association (WETA) were incredibly instrumental in trying to move an amazing amount of people, as was BART.

On Friday night and again on Saturday night, the events ran late and the last ferries left with still a number of people who needed to get back to Vallejo where their cars were at the ferry stations. The crowds were such that roads had to be unexpectedly closed. For a long time, the ferries were trying to get a bus bridge to the Ferry Building to take people back to their cars in Vallejo. Unfortunately, the bus got stranded at the Transbay Terminal located at Beale and Folsom Streets. Two of our staff, particularly Demetri Amaro and Joe Reilly took it upon themselves to gear up, put on colored vests and walk these groups of people all the way over to the Transbay Terminal, for probably a mile, beginning at 9:30 PM several times. With some ingenuity, they found a way.

They also managed to find transportation for a disabled couple. Transportation was very difficult to find. I wanted to express the ingenuity that it took but also the willingness to be ambassadors, not just on behalf of the Port but on behalf of the whole city and not to just worry about the

activity that took place on the Port, but to get off of the Port property and to make sure that all of the attendees were safely accounted for.

That happened over and over. This is probably the most dramatic story but Demetri and Joe and everyone else, I want to commend you for your creativity and your dedication and for making all of us at the Port incredibly proud and the best host the Super Bowl have ever seen. Thank you for that.

In addition, staff were needed on a regular basis to do set up. We needed four of our skilled iron workers, five of our laborers, three of our truck drivers and three of our electricians, so we used about 15 staff regularly just to get set up and then we came through and cleaned up the Embarcadero together with other cleanup efforts which involved another 12 staff, nine laborers and three truck drivers on a regular basis. Our very own Ken Tashian worked in the field both weekends coordinating with security operations inside and outside of Super Bowl City.

It was an incredible Herculean effort, again much like many of these events are. It involved probably almost every staff. Our tenants were very gracious and were very involved as well. Some of them had banner days, some of them had bust days. A lot of that is being reported elsewhere, but I wanted all of you to know how well served you are by the Port staff. I want to add my thanks to the Port staff for going above and beyond. Thank you all very much.

- In Memoriam:
 - Sylvia McLaughlin, co-founder of Save the Bay

I want to acknowledge for the record the loss of Sylvia McLaughlin. Sylvia was a co-founder of Save the Bay. Sylvia passed away on January 19, 2016 at the age of 99 so we should all be so lucky. She was the last surviving founder, along with Kay Kerr and Esther Gulick of Save San Francisco Bay which was founded in 1961 and it is known today as Save the Bay.

As you all know the story, Save the Bay came together when Sylvia McLaughlin, Kay Kerr and Esther Gulick won a moratorium on landfill in the Bay and then a permanent state agency was created which is known as the Bay Conservation and Development Commission or BCDC. BCDC was the first agency of its kind and it set the model for Coastal Zone Management and frankly how all of us interact to improve the Bay and its shoreline and it obviously drives a lot of the policies that have made this waterfront as great as it is.

Ms. McLaughlin also helped ring the Bay with a necklace of shoreline parks, does that sound familiar? In particular, one that is named after

her in Berkeley known as McLaughlin Eastshore State Park. When this effort started back in 1961, there were only six miles of open waterfront, and now it has grown to hundreds and hundreds of miles. I wanted to take this moment to say thanks on behalf of all of us who value our access to the waterfront to Sylvia McLaughlin and note this important passing of a founder of Save the Bay.

- o Dr. Espanola Jackson, San Francisco Leader and Advocate

Next is another passing of a true icon in San Francisco, Dr. Espanola Jackson, or Mother Jackson as some of us know her. Dr. Jackson was an advocate, a true champion. She lived in Hunters Point since the 1940s and she worked on so many lists of community groups and movements that they filled two pages in her memorial service. For those of you who don't know Dr. Jackson, this is her.

She had an amazing service this past Friday and it was extremely well attended but her list of community involvement covers two full pages in this book single spaced. Many of us know her well. Some of us know her better than others. She was very interested in the Port's activities in the Southern Waterfront and very concerned with how Heron's Head Park came together and was safely available to the community.

She had a larger than life personality and there were a number of amazing tributes to her at the memorial on Friday. All of them seemed to talk about the fact that she could come at you very hard and always end the sentence with, "You know, babe, you know, sweetheart, okay darling," just to let you know that it really wasn't personal but you damn well better get the job done.

With that, I'd just like to propose Commissioners that today you adjourn the meeting in honor of both of these two incredible women. They will both be missed and we wish Dr. Jackson and her legion of heirs very well in carrying on an amazing legacy. They've all been given the word by Dr. Jackson herself on what they're to do next.

B. Port Commissioners' Report:

Commissioner Adams - I had the opportunity to attend the service of Dr. Jackson. It's really sad that her heart beats are still forever. Dr. Jackson was a little African American woman. She's about five feet tall. She was clearly a drum major for the working class, for her community that she lived in and just for people. I was at the funeral with Director Moyer. Mayor Lee was there. Mayor Brown, Senator Leno was there. People from the community, it was a cross section. Chief Suhr from the San Francisco Police Department was there and you can feel the love of her family. She had like 44 great grandchildren.

Her whole family was following her casket when they brought it in and there must've been about 300 of them in. I just stood there thinking, "You don't need a title to be an icon or to do something." She used what she had and that was the power of persuasion and the power to keep showing up. She does. She's like Corinne. She was everywhere. They're the conscience of what the city's about, this community, the Port and every Commission because they're the checks and balances of what's right and what's wrong.

The funeral must've gone over three hours. People got up and I had never seen such love. I guess that shows your life, how you live your life, how you treat people. You could be a very wealthy person. You could be a famous person and when you pass away, maybe nobody will show up because the way you treated people. The prestige that you might've thought that you had in life.

Dr. Jackson's whole life was about each and every one of us out here, everyone in the community. She gave as good as she got. The only thing I can say is, "Dr. Jackson, may you rest in peace. Thanks for everything that you gave." At this time we're going to do a moment of silence for Sylvia McLaughlin, co-founder of Save the Bay, and Dr. Espanola Jackson, San Francisco leader and working class advocate. May they rest in peace.

C. Informational presentation on the Port's 2016-2021 Strategic Plan.

Monique Moyer - This Strategic Plan has been in the making for a very long time. It was started several years ago through the auspices of the Port's Senior Leadership, the Deputy Directors, the Assistant Deputy Directors and a number of senior staff came together to determining a group of priorities that could help focus our efforts and also drive the prioritization of what are really fairly limited resources and unlimited opportunities to expend our resources.

Earlier in 2015, we were able to retain the services of Mariposa Leadership. Sue Bethanis, owner of Mariposa Leadership, guided us in professionalizing our ideas and incorporating the ideas of the Port Commissioners as well into a wonderful product. With the help of the Port's wonderful design team of Dan Hodapp and whatever interns he can corral and other Port staff that he brings into the fold, the Strategic Plan is now, at least the Executive Summary of it, has been published into this lovely document.

The goal of the Strategic Plan is to guide the Port staff in making recommendations to the Port Commission, but as I said in prioritizing our resources and our work vis-à-vis either our budgets, our Capital Plans or any of the other things that we do into key areas that can continue to keep the Port operational, but also to move the Port forward.

We've been through a very robust period in the Port's history as we've summarized in what has been accomplished in the 17 years since the

Waterfront Land Use Plan was first adopted, but we still have a long road ahead of us. With the aging of the sea wall and sea level rise, certainly we are heading into territory that we haven't had to address before.

The Strategic Plan outlines a more modernized Mission Statement which I'd like to read into the record because I think it's important. "The Port of San Francisco manages the waterfront as the gateway to a world-class city and advances environmentally and financially sustainable maritime, recreational, and economic opportunities to serve the City, the Bay Area region and California."

We also for the first time, with Sue's leadership and guidance, created a Vision Statement. "The Port of San Francisco delivers vibrant and diverse experiences that enrich the city and San Francisco Bay." From there, we identified seven key strategies.

Strategy #1 is Renewal. "Renewal to enhance the Port's maritime and economic purpose, rich history and its changing relationship with the city so it continues to be a treasured destination."

Strategy #2 is Engagement. "To promote the richness that the Port has to offer through education, marketing and consistent engagement with Port users."

Strategy #3 is Livability. "To work with City and community partners to ensure that Port improvements result in advances in the environment, social equity and San Francisco's livability."

Strategy #4 is Resiliency. "To lead the City's efforts to address infrastructure and sea wall resiliency to earthquake, sea level rise, and natural hazards."

Strategy #5 is sustainability. "To limit climate change and secure a broad environmental stewardship, implement sound sustainability practices in all aspects of the Port and San Francisco Bay."

Strategy #6 is Economic Vitality. "To attract and retain maritime and non-maritime commerce in order to contribute to the economic vitality and long-term viability of the Port and the City."

Strategy #7 is Stability. "To ensure the Port's financial stability and viability in order to address the growing backlog of deferred maintenance, maintain the assets for future generations, and manage these waterfront assets to meet the City's and Port's goals."

From those strategies, we've created a long list of objectives. In all, there are 50 objectives. From there we've created a matrix or a dashboard on how we actually get to implement the Strategic Plan through the next five years. The Strategic Plan is meant to be an organic document so that it can be updated

and changed repeatedly, much as we update and change our 10-Year Capital Plan as new information emerges and priorities are enhanced and/or changed.

It's been a very useful guide to us in the abstract and certainly a more distinctive guide since we've finished it. The budget presentation has incorporated the Strategic Plan and matched our resources going forward and done that crosswalk of how these resources can be best applied to meeting the Strategic Plan.

It's a really great starting point for us. Our intention is that we would report back to the Port Commission and the public on a semi-annual basis. That is scheduled on the forward calendar for the August Commission meeting. We look forward to getting your comments and those from our partners that are here in the room and not here in the room.

Let me introduce to you Sue Bethanis, the CEO of Mariposa Leadership, and offer up to Sue our great thanks for your wonderful leadership in getting us to this great product.

Sue Bethanis - Congratulations because these things are not easy. It's been a process. We were able to involve various constituencies and we're really happy that we got it done. That's the main thing. Now it means that we want to use it. Because these kinds of things are only good as their usefulness, so I want to congratulate you again and put a good word into your staff to make sure that we use it. I'm glad to hear that you're going to be reporting back to the Commission twice a year. I think that's great.

Monique Moyer - Thank you Sue. Commissioners that concludes what I wanted to present.

Commissioner Katz - I'm very excited. I know the amount of work that has gone into the Strategic Plan. It's a very vibrant document and it reflects on where we've come and now it gives us a little bit of a blueprint on where we'll be going. I know it encompassed a lot of concepts and issues and has done so in a digestible, manageable way.

It will give us, and staff in particular, the tools and the framework to guide us as we look at other issues impacting the Port. I'm very excited about it. I want to thank all of our staff. I know it's taken a lot of time and often coming up with something that's brief is much harder than coming up with a lengthy, verbose document. This is so clear and very meaty, yet very digestible.

I'm very pleased and want to thank our consultant and our staff and everybody and Monique for guiding this through. I'm excited to have this as a tool as we go forward.

Commissioner Woo Ho - I was going to talk a little bit after the next item, but as far as the Strategic Plan is concerned, I want to say for the record that it

was a great opportunity for the Commission to also engage with the staff at various levels, including Monique and others and with Sue Bethanis.

The important aspect of it is that we are aligned and that's really important for the Commission and for the Port and hopefully for all of our constituencies that we had a dialog and that we aligned along these strategies. While I think the Mission and the Vision seem very plausible and sounds very easy, we actually did spend a lot of time coming up with that because we have evolved over time.

If you recall from the last Strategic Plan, it was about connecting the neighborhoods to the waterfront. We felt violently that we have connected to the neighborhoods and to the city and that we needed to get on a next chapter. Not to say that we won't stay connected to our neighborhoods, but that we have met that milestone from the standpoint of going all the way back to when the Embarcadero Freeway was torn down and that we had passed that objective.

There's a lot in the Strategic Vision and Mission that is then translated into the various strategies and initiatives and that it helped us to make sure that we had the priorities lined up. Hopefully these will continue to be guiding posts in terms of specifics. You can't always anticipate everything so the Strategic Plan should be dynamic and evolve as circumstances and the environment changes.

We do have a very robust Waterfront Land Use Committee, Advisory Group, that can use the Strategic Plan to help guide them so that we all stay within the same framework. I think it's important, as much as there are many voices out there in the community, that we have a way to align, and to have a framework to talk within and that we agree upon so that we can be most effective in our process of trying to do the best for the waterfront, for the Port, for the City, for all those constituents out there.

This is a very important milestone, and I want to acknowledge Monique for doing this. We had many discussions over the years and since I've been on the Commission because the Strategic Plan was very near and dear to me in terms of what is important to help guide us all going forward. This is a great result to have this finally.

I agree with Commission Katz. It's in a digestible form. You can look at it. It sounds like a lot of those things make common sense but there was a lot of thought put into it. The key thing is that prioritizing is not easy. There are a lot of things that you can put on the plate. We can't always put everything on the plate all the time. We have to figure out how to prioritize and this is a framework to help us to prioritize within the resources and the constraints that we have as a Port Commission and as a Port.

Vice President Brandon - I totally agree with my fellow Commissioners Woo Ho and Katz. This is a great product and a wonderful roadmap for our priorities. I want to thank Director Moyer for initiating the thought into the strategic planning and Mariposa Leadership and Sue for your wonderful work with us, with the staff to be able to come up with this document. I also want to thank Dan Hodapp and his team for this great booklet. I encourage everybody to get a copy. I also think that this is going to be a great tool kit for our new Director.

President Adams - My fellow Commissioners have said it all. Great work Monique, Sue, and everybody involved. Clearly you've done your due diligence. I also want to recognize in the house, one of the old gang's here, Jonathan Stern's back there in the back. Welcome Jonathan.

D. Remarks by Outgoing Executive Director

Monique Moyer - This is bringing flashbacks back to me from my very first meeting in this room. I want to share a few thoughts. I want to start, Commissioners and everyone else, by sharing with you what a tremendous honor it has been to be the Port Director of San Francisco.

It has been my honor to serve as your Port director since May 2004, almost a dozen years and as a City employee for almost 20 years. In early 1996, First Lady Hillary Clinton published a book on enabling children to become smart, able, resilient adults. Later that same year, in June, I joined the City & County of San Francisco. I proudly served my first 7 years as Director of Public Finance under Mayor Willie L. Brown, Jr. until his term ended. In early 2004, as Mayor Gavin Newsom took office, we discussed possible next roles for me and together we chose the role of Port Director. The fact that few others, if any, wanted the job should have been a sign of what was ahead: (1) severe financial pressures resulting from the 2001 recession compounded by inconsistent management leading to three consecutive years of budget cuts & employee layoffs, (2) a cataloguing of deferred maintenance amounting to a staggering billion dollar figure, and (3) an organization so siloed, inside & out (including the 24 agencies who ultimately regulate the Port) that it struggled to address present day issues let alone look to the future.

But as I dug deeper, what I found here was truly remarkable. What I found is the amalgamation of people who deeply desire and believe in stability & success for the port.

First, there are the incredible Port staff, staff who can jerry-rig decades old electrical panels to power the latest and greatest food stands, light shows or walkways; staff who can navigate 7 regulatory labyrinths to secure a dredging permit so everything from fishing boats to "post-panamax" vessels can call at our port; staff who can balance one leg on a submerged pile and another on a bobbing boat, reach overhead from the water below and

restrengthen a 100-year old apron so the public can enjoy fresh air & a view of the water; staff who can bring democracy and structure to street performers who specialize in anarchy; staff who can come together to respond to oil spills, BART strikes, earthquakes, senseless destruction and major public events; staff who can envision the Port for future generations while working patiently with private persons concerned only with their immediate well-being and their personal good fortune.

Second, there are the 100s & 100s of tenants (commercial & maritime, corporations & sole proprietors, moms & pops) who make their livelihoods, and often their personal identities, here at the Port. Tenants who contribute mightily and often silently to the affluence of this city. Tenants who have celebrated extreme success and endured extreme tragedy here at the Port. Tenants who have invested their own and their families' entire careers here at the Port even though they don't own the facilities they toil away in but rather entrust their well-being to an entity that can be wildly political and frustratingly erratic.

Third, there are the dedicated communities of people who volunteer their time, not to run for higher office or to see their name in print, but to roll up their sleeves and aid the Port in solving complex problems, to truly understand how to parlay limited resources into an entity that has such a blurred physical edge that most of the 24 million annual port users don't even know they're at a port. These are the people who define quality of life as something that includes valuing the Port staff and commissioners who deliver the day-to-day, who quietly handle the port's immense liabilities and invite others to share in designing tomorrow amid a sea of need.

Fourth, there are the fellow sister agencies, city department colleagues and labor unions who partner with the port on everything from protecting bay waters to protecting bay views to protecting local jobs to protecting human health and safety.

And, fifth, but not least, there are all of you, the Port Commissioners who are the quintessential volunteers, donating 100s of hours each year leading the public's discourse of the port, setting priorities to best match limited resources with unlimited liabilities and ensuring the port's legacy is a socioeconomic one not just a collection of physical assets.

As I learned my way around the Port, I discovered this amalgamation and was bolstered by it. And repeatedly, one phrase came to mind; this phrase (reputed to be an African proverb) is the title of Hilary Clinton's 1996 book: It Takes A Village. And so it does. Together, our Port Village has accomplished incredible feats, some great, some small, some celebrated, some quietly enacted. Some that stand out for me are:

1. Publishing and promoting the Port's first 10-Year Capital Plan in 2006 as a means of defining the Port's current status and struggles and inviting our Village to assist the Port in addressing these issues;
2. Securing national status for the Embarcadero Historic District in 2006 and again for Pier 70 in 2014;
3. Opening of approximately 25 acres of Port parklands in the last 10 years;
4. Opening of The Exploratorium at Piers 15-17 and welcoming 1.1 million visitors, mostly children, in the first 12 months;
5. The decades long awaited opening & dedication of the James R. Herman Cruise Terminal and its immediate industry reputation as a terminal befitting the stature of San Francisco;
6. Redeeming old, tainted bond debt, remnants of the desperation of the 1980s and issuing new, targeted revenue bonds to begin a new era of Port self-sufficiency;
7. Surviving the Great Recession of 2007, the most crushing period of US economic loss since WWII without one single layoff, one missed payment, one business line restructuring, in fact, without any outwardly noticeable impact at all; and
8. Most gratifying to me: welcoming 24 million people, probably more, to use & enjoy the Port's waterfront each year – 2½ times more users than Oakland airport, San Jose airport, San Diego airport, or a host of other similar entities.

These are but a few of my personal favorites but by no means the entire list. They were accomplished not just by the will of one person but by the vision and will of a 100s of people. And as I think back over my time at the Port, what remains the strongest sentiment is how lucky I am to have worked with all of you. So many of you took me under your wing. You guided me, and in doing so, you guided the port. You stood up for me, and in doing so, you stood up for the port. You championed me, and in doing so you championed the port. You taught me to see the port through your eyes, to see its potential and its flaws and to see a path forward to being better. And you worked with me, side by side to make that a reality. I will always be indebted to you, each of you, for what we created together. For in the end, I believe in multipliers or leverage: the power of 2 is greater than the power of 1 alone.

And so, "It Takes a Village." In its barest state, the Port is simply a compendium of water, mud, rock, timber, steel and concrete. But the Port we cherish is a Port that has heart and that heart comes from those who serve it; it is a cause bigger than any individual, it is a cause worthy of a village.

The time has come for me to step down from serving as Port Director. And as I leave, I leave knowing the Village remains true and strong. I leave with great optimism and high hopes for a future Port worthy of its founders and all of us who have come since. And I leave with deep humility and profound gratitude to all of you, my fellow villagers. I applaud you and wish you Godspeed, a phrase as old as the public trust doctrine meaning "may god

cause you to succeed". Take good care of my port, I will be watching you and cheering you on as you have done for me.

Toby Levine - In this morning's New York Times there was a wonderful article on the opinion page written by David Brooks and it's called, "I miss Barack Obama." I thought, "My goodness. This is a lucky thing that this was in this paper this very morning." I knew I was coming down here to the Port today. And what does Mr. Brooks say about why he misses Barack Obama? Of course, Barack Obama hasn't gone yet. Well, he says -- and I think about Monique in these terms -- "The man has significant integrity, basic humanity, a soundness in decision-making, grace under pressure and a resilient sense of optimism." Now, does that not sound like Monique? It does. So little did we know we had a Barack Obama in this room.

The article ends with how I feel about Monique. I could substitute Monique's name. Monique "radiates the ethos of integrity, humanity, good manners and elegance that I'm beginning to miss," well, "miss him," in this case and, "that I suspect we will all miss a bit regardless of who replaces" him/her. I think this is a terrific statement in terms of President Obama and I think it just fits Monique to a T. I'm going to leave this there at the front desk. Anybody can read it if they like to. Thank you.

Christopher Christensen, ILWU - I didn't really prepare anything or have anything. I'm not really great speaking even though Monique says I am. On behalf of the ILWU and really myself, I want to say that the ILWU has benefitted 30-40 times million over by what you have given to us and the relationship that you have with us. You will be missed truly by our labor union.

For myself, I have to say I never would be on the Waterfront Working Group. I was born here. I grew up here, I have family here, and I love this city. You inspire and really command leadership and command the best out of somebody. I feel that I myself am a better person for knowing you for this time and from the bottom of my heart, I really am better at my job, better at meetings. Because you say I speak good even though I think I don't. I feel that I am a better all-around person because I have known you. You will really be missed, not just by the ILWU, but myself included on a personal level. I hope and wish the utmost success in where you're moving to and they are truly lucky to have you.

Corinne Woods - I can't say anything better than Toby did. I am going to miss you. Monique has inspired all of us. She has created a dedicated and devoted team that not only works together within the Port, but that reaches out to the city. She has helped to knock down some of those silos that she inherited. I hope that they can stay knocked down because the relationships among the City agencies and with the public are so critical to the success of the Port. I can't tell you how much I've learned from working with you. I wish you all the best and I'm really pissed that you're leaving.

Ellen Johnck - I just got off a plane from touring European ports to get some tips. I'm writing a report called, "Working with Nature." What a concept. Because ports as you know are located in the crucible of life, human and biologic. There's one person who has represented that cause and that thought for me, and that is you Monique. I have been honored to know you and work with you for the years since you came here.

It's hard for me to think of the Port without you. I'm glad you're not going too far. I want to thank you for your leadership. You've done an absolutely amazing, incredible job for the Port and I look forward to carrying on with great earnest and seeing great success come out of the Waterfront Plan and hope we get a General Obligation Bond for the Port on the City ballot, just for the Port! Thank you, Monique. Bless you.

Linda Fadeke Richardson - I will be remiss to not speak on behalf of my great friend. I have known Monique Moyer over 20 years. She and I had the privilege of serving under Mayor Willie Brown administration and Gavin Newsom and some of the great leaders of this city. We've been part of many committees together. People do not know that Monique is very active in the community. She doesn't say that at times. I know she's served on CalPERS. On several occasions in the Bayview when, for decades, I was part of planning the Southern Waterfront and the Bayview Hunters Point Revitalization Development, we counted on Monique Moyer and her staff, Byron Rhett, Diane Oshima and Peter.

All of them were always made available to us and we were able to successfully put something in place so we were not segregated and our plans were part of the development of this city. I've also had the privilege of being the Director of Treasure Island and currently on the San Francisco Port's Waterfront Task Force.

Monique mentioned something that I hope we can all make sure that we hear very loudly that the San Francisco Port did not suffer any economic downturn during the 2006-07 depression. That's worth noting because if you look across the country and the world, all ports they have a significant impact. In San Francisco it was as if there wasn't anything and business was as usual. There were no layoffs.

Your legacy Monique will always be here. One thing that I've learned in this city is that you make relationships, whether with Kim Brandon, or Leslie Katz, all our skills, our relationships, we do carry that forward. Whether we're working with the City or we work for the private company, sometimes things converge and we're still able to cater for this great city of ours that we love so much.

It could be in the private sector. It could be in the non-profit. It could be in the municipal sector. It does not really matter. We're here and we are not going

away. You are part of us and we foresee that in the future, you will also be part of us. Thank you so much for your integrity and for the work that you've done for this great city. God's speed.

Jonathan Stern, former Port staff - I first have to say that I was honored have some of my work included in even one of the accomplishments that you just put forward. That was a great honor for me.

I'm here to pay my respects to your amazing legacy of public service. Since you're going to a firm we won't name, but which isn't public, at least in the same way. I wanted to suggest that though it was a seismic shift for the waterfront and for the Port when Loma Prieta happened, the freeway came down and we managed to put together a Waterfront Plan. Your arrival about 12 years ago really changed the Port.

It changed it in a way that you actually kind of pointed out. Those assets of the people and the partners are there not by an accident, but because you cultivated them. You cultivated the partners outside the Port. You cultivated the staff. You cultivated an atmosphere where decisions were made at the Port not just by listening to the most powerful voices, or the loudest, most shrill voices, but by considering all of those aspects.

I respect that greatly and I want to give you kudos for that and how you empowered all of those different players to participate in the decisions and participate in their own way and be thoughtful of what was going to happen in the future of the Port.

Lastly in that regard, I'm surprised you didn't mention getting GO bond money for parks and other public amenities on the Port, specifically, not just because it's finance and bonds and money, but because it was an acknowledgement by the citizens of San Francisco that what we were doing at the Port, what Monique was doing at the Port was worthy of financial support from all citizens of San Francisco, as a gift, California and the world.

With that, maybe as I have found, the Port always gives a warm reception to those that have contributed. I'm sure you will in the future. I give you my thanks.

Tom Creedon - I have Scoma's restaurant. I've only been at the Port for 40 years, so I've been through a number of Port Directors. Monique is the only Port Director that not only contacted me, but did on at least an annual basis to say, "Tom, how are things going?" Before this, nobody really cared. It's not that I'm important, I only give a million dollars a year in rent.

I'm going to tell you, and now is the best time that I could say this, that I never had to pick up the phone and call Monique because her staff was always there. Occasionally I had to stir the pot a little bit with the staff, but

they were responsive. I never had to call Monique. I'd say without a doubt, she is the best. Thank you Monique.

Raymond Paetzold - Two years ago I became the first General Counsel to the San Francisco Bar Pilots who've been around for 160 years at that point. I've been dealing with 160 years of deferred maintenance. Monique welcomed me with open arms and helped me understand some of the issues the Bar Pilots had besides driving ships.

Last year Monique came to Pier 9 and brought Bob Davis along and spent the better part of a morning brainstorming ideas of how we can bring more diversity to the San Francisco Bar Pilots. Later in the year, Commissioner Adams and I began a quarterly lunch meeting to talk about the same issues and other issues. Monique, you are very much responsible for that, and I appreciate that, Commissioner Adams.

The Pilots would like to thank you Monique for your leadership, your professionalism. I personally would like to thank you for your kindness. Fair winds, following seas.

Susan Reynolds, Director of Real Estate - Monique I keep waking up in the middle of the night with these panic attacks and thinking, "I wonder if she'll change her mind." But I don't think that's going to happen. Monique has got small feet but she's leaving huge shoes to fill. I know staff will continue as she has set a strong foundation. We will carry on but it will be difficult. You will always be in our thoughts on how we approach projects, customer service, whatever it is that we're doing.

I want to thank you for placing your faith in me to lead the Real Estate Division. I've grown a lot. They say that you become a part of everybody you meet. Monique is very much part of me in how I think and how I do my work. I want to thank your family too for sharing you with us with many long hours, many events and many travel plans that you've had to do and leave your family behind. Mike, Megan and Lee, thank you very much.

Monique, your legacy is tangible. It's visible. Every time you walk up and down the waterfront which I hope you will continue to do, you will see the Cruise Terminal, the Exploratorium, Jefferson Street improvements, Heron's Head Park, Illinois Street Bridge, Gateway Park. You've shared in the World Series, the America's Cup and most recently, Super Bowl 50.

It hasn't always been easy. To use a maritime metaphor, sometimes the seas have been rough. Sometimes we've had to reef the main. Other times the seas have been calm, but we've always made it through no matter what. We're a strong family. Commissioners, we will all come together and try to survive without Monique. It will be hard but you've been our beacon, our rudder and you've had a strong hand on the wheel. You've left a very strong structure behind.

You're leaving a lot of friends. You are an outstanding leader and I consider you a friend and I hope we will continue to see you. You can come and sit in the audience and laugh at all of us because you don't have to worry about this anymore. Thank you very much and good luck in your new adventure.

Nathan Nayman, President of Tideline Marine Group - I'm kind of new to this venue, and that's primarily because of Monique Moyer. The reason I wanted to jump up and just say a word or two is because I've known Monique through all the administrations that she commented on earlier - Mayors Brown and Newsom and currently Mayor Lee.

I've been involved with her in a lot of battles, whether they were political or economic, etc. But in the world of politics, there's one thing that transcends and separates people and that's reflected by one word and that's integrity. This Port Director, this person Monique Moyer is someone that exudes the word, exudes the term integrity with everything she does. Whether it's about the Port, whether it's about the City, whether it's about her family. It's about friendship. It's always within the realm of integrity and transparency.

Quite honestly, besides being missed at the Port, your public service will be missed a great deal in this city that struggles to maintain an identity that it has had for many years. Thank you and thanks for introducing me to this venue as well.

Brad Benson - I want to start by thanking you for my career at the Port, Monique. I was at City Hall. I was working in Supervisor Ammiano's office and whenever I had a particularly difficult project, Legislative Project, and I needed some credibility, I would recruit Monique Moyer to my cause. Of course, people fell in line and really started to believe what we were talking about.

I think that credibility was important when you came down to the Port. There had been a very difficult budget analyst report that had been issued right from the get-go. I think morale was not great at the Port. There was a budget problem that you had to address immediately. The challenge of really addressing that morale and at the same time lifting standards for the Port, people talked a lot about your integrity. What you've done over these past 12 years is instill that integrity in the Port.

You mentioned the Capital Plan. Under you there's been the Five-Year Financial Plan. You know, we've kicked off the update to the Waterfront Plan and now the Strategic Plan. You've built integrity to the organization so that people can understand where we're going and that's really amazing leadership. The relationships that you've built with our tenants and the volunteers and the Commission and with City Hall are incredible. Without all of that, we would not have the stature that we have today as a Port.

You will be deeply missed. Thank you so much for all of your commitment. Monique is the hardest working person at the Port. People don't realize the hours that she puts in. We're all scrambling to put together our one staff report towards the end of the week before the Port Commission meeting. If you look at these packets, they're 50, 75, 100 pages long and Monique reads them all and edits them with amazing attention to detail multiple times. It's a record of your standard of excellence. Thank you so much.

Diane Oshima, Port staff – I really can't add anything more but to say that everything that's been said is totally true. Maybe it's an understatement but I think that hard work is matched by your personal dedication to people. I've seen a lot of Port Directors here. Your heart is unique and very special. It drives a lot of what is instilled within the staff and in this organization to lead and focus on the foundation that you've created, so that we can actually work with our partners to reach solutions to collaborate and to be able to make this waterfront better. Thank you very much for everything.

Elaine Forbes, Deputy Director of Finance and Administration and I'm Monique's direct report. Monique brought me to the Port after working for about 12 years in the City and I thought, "How am I going to work for someone who has such an amazing reputation, is so hard working, who in my area is an expert in Finance, filling the shoes of Tina Olson." Also this huge reputation, I was terrified.

I got here and Monique has celebrated my successes ever since. She is an incredibly giving manager and the secret is out about you now Monique. People know her to be tough and hard-driving and that is true. But she guides and supports and celebrates each of our successes in ways that is pretty miraculous actually.

She's such a gift of a Department Head. All of us that have had the opportunity to be underneath her and to see the level of attention and detail and pride that she takes in this organization has been so inspiring and such a gift to all of us. I challenge us to see what we do with this legacy and what we do with this gift of having been trimmed and groomed and watered and pushed and cheered on by Monique. I thank you so much for my experience. I have grown tremendously under your leadership.

Tom Carter, Director of Maintenance - Monique, I think back to 11 plus years ago at City Hall, sitting with you. I was wearing the same tie. Having those conversations and then leaving there and then driving around the city about seven times thinking what I should have said, what I didn't say, what I wish I said. Then you called me the next day. As Elaine and I think all of the Port staff, we have grown immensely under your leadership. Everybody's talked about that. But what I find to be most endearing and very important quality that you have is your loyalty. You are very loyal to your employees and you show it in many ways. At the Maintenance Division, we're not seen. There's a

lot of big projects that go on and get a lot of press and have a lot of eyes on them but we do the day to day.

Early on, I recall we were budgeting and we saw in our Worker's Comp budget that we had saved a little bit of money. It was about \$400,000 year over year. Of course, my thought was, "That's going back to the Operating Fund and it will fund a project" but Monique said, "Tom, you keep that money and use that for safety challenges for your staff."

It really helped turn the tide for me with my staff because they were now handing up ideas, handing up equipment that we needed to buy. We used that money and I think over the 11 plus years we've spent probably \$8-900,000 on improvements because Monique said, "Take that money and do something good for your staff with it."

I'm going to miss you. I love you. Thank you. It's just been a precious time here and good luck to you and best wishes. Thank you very much.

Byron Rhett, Planning and Development - I wasn't planning to speak, but you're hearing from senior staff. I think is a really good team you put together, very close knit and I think you're hearing that. I do want to say as a member of the team, having been here the entire 12 years you've been here and having heard your first speech when you said you didn't think you'd be here very long and maybe none of us would be here very long. I'm really surprised at how you've embraced the Port and made it your own and helped us do the same thing. This is a great team that you've put together and we'll be fine but it'll be a big adjustment.

Peter Dailey - I don't want it to get maudlin in here. Monique is a lot of fun. I want everybody to know that right now. Monique, I had the privilege over the years. I've known her socially before the Port for strange circumstances, and she's a lot of fun at a party. I've just got to tell you that. When she's not bogged down with work and such. I wanted to get that clear onto the record that Monique's fun.

Secondly, she's very nurturing. Many times I have walked into her office with a slew of issues I need to deal with and Monique has that stare where she can just look into your soul. We've talked through the issue and I've walked out and I've said, "God, I feel so much better." And she goes, "You always do." I want to thank you for making me feel better. I've met Monique in 1996 when you were at the Port the first time. She was just this bundle of energy. There was a Grand Jury Report or some financial analysis from Harvey that she was working on. She wrote a three-page or three-inch thick document that was just fabulous. I just thought then, "Man, this woman really has some talent."

Monique, I want to thank you for me. I want to thank you for my family. We do love you. I want you to not be a stranger. Please come by and keep having some fun with us. Thanks so much.

Amy Quesada - This is going to be hard for me. I'm probably the person who's seen Monique every day, talked to Monique every day, emailed with Monique every day. All I can say, everything's that been said is truly, truly, truly true.

For me and personally, I've seen Monique work so hard every day, stayed long hours. But I think the most important attribute or quality for Monique is she's very compassionate. She writes notes, personal notes to our employees, people who are retired, people who are sick. She remembers people's birthdays. She is very thoughtful. She's got a lot of heart. I'm really going to miss her. I'm going to miss you.

Sidonie Sansom - I wish I hadn't had to go after Amy. I'm Sidonie Sansom, your Director of Homeland Security. I worked for Monique for 10 years, and I had the office right next door to her and so like Amy, I got to see her on a daily basis. I feel like I should be paying for the opportunity to learn leadership and management from her sitting at that point.

The things that I'm taking from my years working for you, and thank you Monique. Your strong leadership, your financial management, your vision. You lived your values. You shared them with everybody. People talked about how that has gone through the Port. Elaine talked about, seeding and watering and it's grown over the years since I've been there and the Port has changed.

Your emphasis on transparency and accountability and cooperation and coordination with everybody within the Port, on the Port and within the City. Your drive which is relentless to make the Port the best. Also your relentless drive to open the waterfront to the people of California, to the city, to the region. But especially your grace. You're so gracious to people. Amy talked about the notes that you write. I've gotten a lot of those notes in the past and they're just incredibly gracious and thank you for that.

She told me the other day that she had something and she wouldn't use it until she wrote a thank you note. That just really stuck in my mind. It just shows how gracious and thoughtful you are. Your door's open to everyone. I will miss you. I've learned a lot. When I came to the Port I thought, "This will be the greatest job that I've ever had." I still feel that way and I wish you fair winds and following seas.

Anita Yao, Wharfinger for the Port - . As Amy said she sees Monique every day, but I don't. However, she sees me and she gives me a hug and says, "How's your daughter?" She just touches me in my heart in such a personal level. Plus the notes you gave to me. I shared the note you wrote me for my

10-year Port service with my daughter. It encouraged me to work harder and harder. Thank you so much. I will always remember you.

Jay Edwards, Real Estate staff - Monique, when I think of you, I think of what a great educator you really are. You would always challenge us, stump us. When we were working on the 150th Anniversary, I couldn't believe the level of detail that you went to go to those pylons to put on that just unbelievable historic information for people to read. Just average people just out of nowhere just stopping and saying, "Did you know that?" I couldn't believe the incredible wealth of knowledge you've given all of us, the public, everybody that you've come in touch with. My mother's an educator. I felt like sometimes I never even left home.

You're truly great, from a staff perspective. I speak for the staff that I work with. Every one of them felt that you treated them as an individual. You looked at them as a sole, unique person and that's how we all felt. You went out of your way to make us feel like we were special, we were important. It's a testament to everyone that's gotten up here and spoken on your behalf. Thank you so much.

Uday Prasad, Port Principal Engineer - I've been at the Port for almost, like 14 years now. I had the privilege to work under the leadership of Monique Moyer for less than 12 years. One thing I remember when she joined the Port, she interviewed each and every staff and I was one of them and she asked for ideas how she can make things better. I was really impressed. There were 200 employees. She was listening to each and every employee and taking note of the ideas and I have learned a lot from her whether it's a staff report or what not. I'm an engineer. I always learn to think, putting a non-engineering aspect to things that happen to the Port. In that respect, I really learned from her and I thank her. I wish her all the best.

Renée Dunn Martin - I'm the Public Relations Manager at the Port. Monique, I don't know what to say. I'm kind of like Amy. We work very closely with Monique. I come in in the morning, she's there. I leave in the evening, she's there. I come back, she's there. She's always working so hard.

You've demonstrated so much leadership and love for your staff. All of our tenants, every one that comes in contact with you, you've given so much to. Amy really hit it on the head when she said compassionate. Sometimes people don't necessarily see that side of you. But we do, day in and day out. We appreciate and love you so much and I'm not sure what we're going to do. I keep thinking, waking up in the morning, going, "This is not true." But it is and we wish you the very best. We're going to miss you. I can't even imagine the Port without you. Love you, thank you, best wishes.

Monique Moyer - But I'm coming to your parties because they are the best parties.

Manny Pacheco - I want to thank Monique for all her hard work, her professionalism, her big heart and you will be missed. If you ever need a ride Monique, I'm there. I'm her premier wheelman.

Monique Moyer - Yes, you are.

Manny Pacheco - Yes. Thank you for everything Monique. You're the best. You will be missed.

Commissioner Woo Ho - Well, Monique, this is a high point hopefully for you today to hear from so many people and with so much emotion and love and respect from the public, and from your staff. But I have to go on record and say it's a low point for the Commission today.

First of all, we will definitely miss you. I just want to comment on a couple of different areas. I think that there's no question, and I have been impressed coming from the private sector into the public sector being on the Commission now for five years, how much heart and passion you have for the job. With very little incentive other than to see the results of what we can accomplish for the Port.

The dedication, the commitment, the long hours, and even in the debates that sometimes we have, your resiliency, your determination and how you feel accountable for what happens here. As everybody mentioned, the integrity. While we've not always agreed on everything, which is the point of having a Commission, I think that it's been wonderful to have that.

Of all the accomplishments, you mentioned a few and a few others have mentioned a few. They've been very diverse. The highlights for me, along with the ones that you listed, obviously the Cruise Ship Terminal, Super Bowl 50, the Blue Greenway, which I've learned so much about Public Space and Public Access something that I wasn't so sensitive before I became on this Commission. America's Cup, and the Exploratorium, and all of the major developments that we're working on, Orton, Pier 70, Seawall Lot 337, Mission Rock. Even just the takeover of the South Beach Marina, that was an amazing experience and lesson for all of us, which has had a good ending and I'm very happy to hear that. Of course, one of my favorite topics, the water taxis and how we're improving water transportation.

Since I come out of Finance, the thing that I've appreciated and obviously was not here when things were perhaps not in such great shape, have seen the outcome of the very strong financial stewardship and the fact that you and Elaine and the team and everybody here has put the Port in an incredible financial position. That's a legacy that you're going to leave in terms of the bond ratings, in terms of being able to generate bonds that we have for the parks.

When you don't discuss financials very often at the Commission meeting, although today we are going to look at the budget, it says something that obviously we're in good position because we don't have to worry about it. It's not a topic that we have to put on the agenda and that's a statement in itself and that's to your credibility.

Today's also very appropriate because today is the legacy of having seen the Strategic Plan. That is your true legacy to have put that framework together that puts all the priorities, the financial aspects and all the things and the challenges that we have accomplished but also the things that we have to do.

Lastly I just want to speak about the Commission and our relationship. Over the five years that I've been here, and Kim has been here much longer, we are today, as a result of our relationship to you, a much more engaged Commission. We are a more informed Commission. We have also asked you to give us information and we in return, are more informed. As a result of that, the public is more informed. We are probably one of the Commissions in the City that have allowed the public process to really work well and we try to listen to our constituents.

We have a tremendous network of Citizens' Advisory Group and we have the Waterfront Land Use Working Committee. I think that's as a result of the tremendous collaboration and work that we've done together as a Commission and with you as the Executive Director, and the staff. I think that we've also, as you mentioned, looked at topics that are broader. The fact that you've been open, and I give credit to Commissioner Brandon and Commissioner Adams for bringing up some of these, but we look not just at the Port and what we're doing for the waterfront and is our vision.

We care about other issues in the city. We care about transportation. We care about the homeless. We care about what planning says, what the future of this city is about and so we take the global context. I appreciate it and thank you that you listen to us and say, "Yes, that's appropriate for this Commission to also take in consideration as we look specifically over what we're doing at this Port."

You come in and you're not sure what to expect out of working in the public sector. As I said, your income is psychic more than it is what we pay you in terms of dollars and cents. You don't have the tools that we have in the private sector to motivate people. I want to say that you've been a real role model, your passion and your long hours to say that psychic income has driven you. We appreciate and we have been the beneficiaries and we applaud you and thank you for that. As has been said earlier, you don't have big feet, but they're big shoes to follow.

Congratulations on your next step and we hope all the best for you. You're not going to be too far away. You may actually come here and give public comment sometimes. We hope that is the case. Thank you.

I thank you for our personal relationship. I've seen you grow. I think we've had some good discussion. And in the corporate sector right now, one of the big issues for boards is credible challenge. Hopefully we do that as a Commission in a constructive way. Thank you very much.

Commissioner Katz - Luckily after Manny I dried my tears. I was trying to figure out where to start and I know I can't possibly even begin to enumerate all that's been accomplished during your tenure. We've heard a lot of it. Commissioner Woo Ho literally went down the list that I started to put together. We had a virtually identical list of at least what we thought were some highlights but those are the very public ones.

I think we need to be mindful of the things that the public doesn't see, the accomplishments that you have been alluded to here today. The stability that you've brought to the Port since you arrived here. The vision, as we've seen with our Strategic Plan today. There's a vibrancy too. It's hard to quantify or describe how you can create a feeling, yet that's what we have here. There's a reason we have 24 million visitors a year now. That it's the place to be.

You've created an environment that does have something for everyone. You've instilled that in the staff. Instilled that in the tenants and others here. I think that's in part because you're a bridge builder. I know we're talking about waterfront next to the bridges that we don't have control over, but you really are. You build bridges. You work with so many different communities.

Today, I hope you take it as a reflection of the esteem that all the varied interests that we have at the Port and the city, the regard with which they hold you. That's not an easy accomplishment. That's something that so few people are able to do in terms of reaching out to all the disparate groups that form San Francisco and form our constituencies here and have the kind of respect that you have from each and every one of them.

I think part of that is we have an engaged public and it's because there's something so interesting. You've created in your time here, we didn't have turnouts like we do at our Commission meetings. I think it's because you've really helped build something dynamic and exciting.

The word integrity kept coming up over and over. As I was thinking of some of the comments I wanted to make, and then of course, everyone else kept saying it too but that's something that is invaluable. One of the highest compliments that someone can give is to say that you have integrity. To have heard that over and over from so many people is very special. I hope you know how much you mean to all of us and what a compliment that is.

One of the other things you do that I've so admired and it was alluded to a little bit is you give credit and recognition to the people that work with you and beside you and for you. There are so many people in public life that try to take all the credit. Monique deflects it all. So I want to give it back to you. Again, that's something that is very special. I've truly admired how you accomplish that with everything that you do. I've watched how, we heard about the reports. You look at those with a fine toothed comb and work on them and you make sure that when people present them that they're really in such good shape and almost oftentimes with an invisible hand. You let people take credit for a lot of things and you have managed to bring out the best in people. It's really a beautiful management style, but also just a beautiful way of being as a person.

Commissioner Adams has constantly mentioned to me and others about how well-respected you are. It's not just locally or at the state level, but nationally as he sees the ports all around the country. He's said so often that you have the respect of so many of the other Port Directors as well. We know you've got a lot of respect here locally and even throughout the state as you've chaired the California Association of Port Authorities (CAPA), but it's really gone to a national level. So clearly CBRE knew something smart when they reached in here.

In terms of concepts, you've promoted things that are near and dear to my heart. I'm not going to enumerate all the projects because we've heard that. But a few that are important to me. You've promoted sustainability and you brought shore power, one of the first Port's I think, or Cruise Terminals to bring shore power to the ships in an effort to protect our environment. That's a lasting legacy.

The Blue Greenway is still one of my favorite projects as we continue to connect the citizens of San Francisco to our waterfront and you've helped shepherd that through and ensure that we've referred to it as the jewels in the necklace all along the waterfront but you've helped create those jewels, the parks. The Exploratorium, I did have to mention at least one project specifically. Of course, America's Cup that the headaches and everything that accompanied that, yet you navigated through all the potential pitfalls and all the challenges and did it with such dignity. I don't think people realize how much pressure was put on you during that process.

You expanded our ferry service but more than anything you've been an ambassador for the Port. As so many people really look to the waterfront, you've helped set such a high standard for everyone that works with the Port and also for everyone that looks at the Port to see what can and should be here.

The Waterfront Plan Update is again going to be another legacy that you've started. We look forward to seeing where that goes, but the diversity of applicants that even wanted to serve as part of that group reflects what you

and your staff have been able to accomplish in terms of reaching out to the communities and making people feel invested in the waterfront.

As we said, the original Waterfront Plan was connecting the waterfront to the city and then you executed on that so well that people feel very, very connected. The Waterfront Plan Update Committee reflects the interest across the city and what we have here. We heard our Strategic Plan. Moving that forward, I know that's something that's taken a lot of time and energy.

The respect of your peers, not just in other ports but throughout the City and the City Departments. I think you're one of the best Department Heads I've ever seen and I've certainly seen a number both in my time serving, before I got on the Board of Supervisors. At the Board, I had an intimate look at the different Department Heads and I can say without reservation, you are absolutely one of the best. I'll refrain from saying the best because I have a few friends that are in other departments.

I think it's a legacy and a leadership style that needs to be emulated. I've seen how you've navigated some of the political pitfalls that may come up. You've helped guide people without them even realizing that you've helped all of us avoid the political minefields that are out there. You've helped others throughout the city do the same, the staff and so many others. I don't think people will even know how many problems have been averted by your very delicate diplomacy.

I certainly know that you leave the Port so much better than when you came here by virtue of your having been here by your hand, your guidance, and your mentoring of the staff. You really helped us move into the 21st century. You brought out the best in all of us. I know as a Commissioner I certainly feel that way. You've challenged everyone to do their very best. You've inspired us all by your example, by your commitment to the Port and by your passion.

You've earned the respect of every aspect of the Port here from the tenants to members of the unions to the staff, the public, other agencies and even all of our tourists. For me personally, I've learned so much by watching how thoughtfully you've managed, and guided, explained, taught, mentored all of us.

In particular I feel I've been lucky to be able to call you a friend. And Peter's right, you are fun too. We will absolutely miss your stewardship. I have no doubt you are going to excel in all of your future endeavors but want to make sure you come back and visit your village too. Thank you and good luck.

Commissioner Brandon - Well, is there anything less to say? Yeah, "Pass the Kleenex." Everyone has just been so wonderful. Where do I start? Thanks to Toby, whenever I think of Barack Obama, I am going to think of Monique Moyer. And I miss Barack Obama.

But, in all the attributes that were in the article that totally exemplify you and at the top of the list is integrity. I've always found you to be a very fair, very balanced, very protective of the waterfront. I remember, I was lucky to be here during your first tour at the Port and then able to welcome you back as the Director. I remember you coming and interviewing all the Commissioners, interviewing all the senior staff, talking to all the Community Advisory Groups, and trying to bring a collaboration of everybody, especially here with the staff.

You were making sure that departments were talking to each other and making sure that staff were talking to CACs and that as Tom said, you were calling the tenants. The tenants didn't have to call you. You have always been so fair and have had so much integrity and have been such a joy to work with.

Everyone talks about your successes but I don't think everyone knows the challenges that you have had over the last 12 years. I remember the first few years you used to say, "I have 17 bosses." And you were trying to manage the Commission and the Board of Supervisors and the Mayor and the staff and public opinion. You did an incredible job and just the fact that you brought everyone together to work together in your collaborative efforts.

Even our relationships with other City departments, how much more stronger they are. Then all of the great new innovative financing ideas that you brought to the Port on how to get projects done. You are leaving such a legacy here at the waterfront. We are lucky to have had you for the past 12 years. You're the longest serving Port Director in its history so you have really outlasted and done a phenomenal job.

I know you have a great team here and I know we'll be fine. But still, it's going to be a huge loss and the next person will definitely have huge shoes to fill. I'm lucky because you're moving into my building so I will get to see you all the time. But we are definitely going to miss you. Thank you so much.

Commissioner Adams - I appreciate everyone's comments. In the words of the writer George Bernard Shaw, he says, "You don't hold your own in this world by standing on guard, but by attacking and getting well hammered yourself." Being the Executive Director of the Port is a contact sport. My grandmother used to say it good. She said, "Son, if you aren't leading, you're just walking it."

Monique, your ideas, as well as your constitution has been tested. Your nerve has held strong. You have your pen and your writing and your craftsmanship is excellent. You have fought like a street fighter to defend this Port and you don't back down. You've taken the hits from the Commissioners. You've taken hits from the community. You've taken hits from the media. That's what leaders do. Managers lead when everything

goes well. Leaders lead when everything goes wrong and that's what you have done.

You have earned your props by standing strong and your courage has been grace under fire. You have lived that life. In the words of Frank Sinatra, you've done it your way. You are leaving on your own terms. A lot of people in life would like to say that. You are leaving on your own terms. I remember the first day I met you 13 years ago when I moved here from Seattle. With your personality, even today, you have mystical appeal. You have an unwavering determination to continue bettering the Port.

The Port today is a port of the future. We have gone through a Renaissance here at the Port. I always know from gray skies come blue. You have taken your team, you've taken the community and you have taken the Port Commission along with you. That's what leaders do. Managers micromanage. Leaders, they empower and they make everyone around them great and better and they encourage and they delegate. You've heard that.

For me, I remember January 29th I was up in Astoria, Oregon meeting with the Governor and some other stuff for the ILWU and you called me. That phone call seems like it was yesterday. You said, "Willie, don't be mad at me. But I'm leaving." I thought about that and I realized that you had put in 12 years of your life, you had given this to the Port. The Port is in better shape because you came through here.

And at 51 years old, I know that there is another horizon for you. This Port, we are going to be fine. We have a great staff. We have great Commissioners. We have a new Commissioner coming on board which I'm really happy about. When you work as a team, it's never about one person. I want to tell everyone, Monique did not want to have this. She wanted to have this at the end of the meeting. Luckily by me being President, I got to say, "You're going to have it now."

Something that Commission Woo Ho said at the last meeting, I thought she was going to say it today, what you and Elaine did by bringing our bond ratings back up, that's awesome. Because the way the markets are right now, we could have some rough seas ahead of us but I know we're going to be fine.

If you think about the financial and the structure of San Francisco right now, we're probably experiencing some of the best prosperity since the Gold Rush days. This is maybe Gold Rush stage two here in San Francisco. I am happy to have been a part of it, along with my Commissioners. You and what you have done Monique, the staff, the community, to have played a good part. Because at the end of the day, we're all public servants. This Port belongs to every citizen in San Francisco. This is their Port. This is their waterfront.

They have a Cruise Terminal down there now, one that's envied all over the world. They have an Exploratorium. We have the Giants. We have Pier 70. We are continuing to progress like those that came before us. When you leave, you can leave here with your head held up high. You set the benchmark high and you set the mark high. The person coming behind you, we're going to have to just pick them up, like we did you, and we're not going to look back.

Because this is the Port of San Francisco and this is a Port that will be here after we're all dead and gone. I want to thank you because you left a mark. I want to thank your family because they let us borrow you. You gave one of the most valuable things that you can ever give in life. You gave your heart. You gave your soul. You gave your compassion.

You gave something that money can't buy. I don't care how much money you have. You have class. I know a lot of people with money, they have no class or no integrity or no principles. You have them all. You have respect. Some people try to buy it. Some people will do whatever they can for it. It is earned. Monique Moyer you have earned your respect and you have earned your place in history. On behalf of me and my Commissioners, we owe you a debt of gratitude. Thank you.

10. CONSENT

- A. Request approval of travel for a San Francisco Port Commissioner to travel with Port Staff to Fort Lauderdale, Florida for the Seatrade Cruise Global Conference on March 14-17, 2016. (Resolution No. 16-05)

Christopher Christensen, ILWU - I support the Commission going to the Cruise Ship Conference, but I also want to say that the ILWU is planning on sending a few of its members to this conference as well. I'm hoping that the Port and the ILWU can work collaboratively at this convention to ensure a strong, sustainable relationship together to prove to all these shipping companies that the Port of San Francisco and the Pier 27 Cruise Ship Line is the best place to have a Port of Call for these Cruise Ship Terminals.

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution 16-05 was adopted.

11. MARITIME

- A. Request approval of waiver of (1) Port of San Francisco Commercial Crab Boats berthing fee; (2) crab pot storage fees; and (3) crab receiver lease rents for a period of three months (February 1, 2016 through April 30, 2016) in light of economic disruption caused by closure of 2015/16 commercial crab season. (Resolution No. 16-06)

Peter Dailey, Maritime Director of the Port - It's been widely reported about the Dungeness Crab Season that has been delayed and has remained closed since November 2015. As you may know, the State of California's Departments of Fish and Wildlife and Public Health, they do testing on the crab before the crab season opens. This year, the level of Domoic Acid in Northern California Crab has been high delaying the beginning of the crab season.

Local recent testing shows that the Northern California Crabs are still high of Domoic acid and the Department of Fish and Wildlife and Public Health have not yet allowed the opening of the season in Northern California as they deem the crab are still unsafe for public consumption. This acid is harmful when consumed by humans and it's been accumulating in the ocean since the spring when this algae began blooming and multiplying.

You've heard of red tides. It's essentially what this is. It's when they thrive in warm water off of California. This El Niño situation we've had has elevated water temperatures in the Pacific as much as five or six degrees exacerbating the situation. We were hoping, like in other regions on the West Coast that the acid levels would subside, but they have persisted. We have missed the peak of the season.

I know at my house, Thanksgiving, Christmas, having Dungeness Crab and some sourdough bread and a couple bottles of wine are a highlight but this year they have not happened. We've missed Chinese New Year. These are the times that have historically represented when most of the California Crab is being consumed.

The industry in San Francisco generally consists of small business. These aren't giant corporations. These are generally mom and pop operations or family run operations. Yet, they still create over \$176 million of economic impact to the region and they generate over a million dollars annually in City taxes. But most importantly, it's interesting. We did an economic impact study on the fishing industry a few years back that showed that the fishing industry creates over 1,500 direct jobs of which 50% are filled by San Franciscans. It's a local industry with much tradition and heart at Pier 45. Many of our tenants at Pier 45 and in other parts of the waterfront have been Port customers for generations, families, fathers, sons, daughters.

Mayor Lee asked the Port and his Office of Economic and Workforce Development to research the issue and see how bad the situation was and if anything could be done to assist this important industry. I and others have gone down to talk to the processors, to the boat owners and quite frankly, what we found was very distressing. Many of these crab receivers and boat owners have been pushed to the economic brink. Again, these are small businesses. It's not only the boat owners, it's the deck hands. It's the guys who stack the crab pots. It's the guys who drive the trucks. These are working people and they need a helping hand. I commend

Commission President Adams. He also went down and walked the docks, talked to the fishermen. He would agree with us, the industry's in a very difficult spot.

In light of these unprecedented economic hardship to this important industry, working with the local fishing community, we've created a financial lifeline to our customers that would temporarily but tangibly help the local crab fishermen and the crab receivers by waiving specific fees and rental charges for a short period of time, for three months. Which would allow them to get to the opening of the salmon season, which hopefully they could start generating some income and pay off their debts.

In conjunction with the industry and the Mayor's Office, we've developed a Crab Industry Relief Plan which consists of three components that are detailed in your staff reports. Two of these components aid fishermen directly and the third will aid the crab receivers and crab processors.

In a nutshell, the first area of help would be for crab boat berth fees. We recommend to the Commission a three-month suspension of berthing fees for permanent San Francisco berth holders with valid Dungeness Crab Fishing Permits from the State of California whose vessels are primarily designed and outfitted for use for commercial crabbing in local waters. The staff report details the specifics of how to qualify for this berthing waiver. We think we've come up with tangible parameters to limit it to the real people who are in need.

We estimate that there are probably 50 crab boats at the Port and the average monthly fee is about \$100. The three-month revenue loss to the Port would be approximately \$14,000. Second part of that, these crab boats, when they're not crabbing, they have crab pots. They've got to store them someplace. We recommend a three-month suspension of storage fees for permanent berth holders, crab boats with valid Dungeness Crab Fishing Permits for their crab pot storage.

Both of these waivers would be from a period from February 1 through April 30, 2016. There about 30 crab pot storage tenants. The revenue loss to the Port is relatively minute, about \$15,000.

Lastly, another component of the industry that's been hurt are the crab receivers and the processors. We recommend a three-month suspension of Port rental charges for Port crab receivers who hold valid State of California Fish and Wildlife permits and documents either through an agent or directly of moving crab over crab boats at their Port of San Francisco facility in the last crab season from November 15, 2014 through June 15, 2015. The rental relief would be available to approximately 10 Port receivers and the three-month revenue loss to the Port would be about \$100,000. All told it's about a \$130,000 hit to the Port. The plan would throw a lifeline to small businesses, fishermen, deckhands during this period of unprecedented financial impact.

In addition to this, the Mayor's Office of Economic and Workforce Development is offering their services, their neighborhood access services to reach out to the fishing community for job search assistance, career exploration and planning, job preparation workshops and some other training opportunities.

The Mayor's Office and the Port working together to offer this opportunity, this tangible plan that we think can help sustain this vital, historic industry. It demonstrates the Port's ongoing commitment to our fishing community and keeping the fish in Fisherman's Wharf.

Larry Collins - I'm the President of Crab Boat Owners' Association. I represent all the small boats, family-owned crabbing businesses, some of them multi-generational that fish out of the wharf. I take no pleasure coming to you today with my hat in my hands. It's not something that's easy for me to do. I've been fishing and buying fish for 30 years. I also run the San Francisco Community Fishing Association at Pier 45 and the Port owned ice machine which is the oldest on the West coast, and that's a challenge.

I've never seen it this bad. We got through bad times in fishing. It's very cyclical. But I've never seen four years of drought; the salmon season just gets less and less and less. Salmon are able to reproduce and crab has always been the saving grace. We make three quarters of our season on crab season. In the old days, when there was a lot of water in the rivers and there was a lot of salmon, we used to joke that we went crabbing to pay our taxes on our salmon seasons but that's completely turned around.

Four years of drought, not enough water and the warming, hopefully it's El Niño and not global warming, created the biggest red tide that there's ever been on the West coast. We've never had the Domoic acid in California. They've got it up in Washington and Oregon. We've always been really lucky about it. None of us really saw it coming. We all spent our money buying crab gear, getting the boats ready.

I spent \$15,000 getting my boat ready to go fishing, and then two days before the season -- fortunately it was before the co-op bought their bait. Because we go through 135,000 pounds of bait a year. That's how extensive this hits the fuel docks, the bait guys, the receivers, the fishermen, the deck, and the restaurants down at the wharf. This lack of Dungeness Crab is huge and it really hurts everybody.

It's unprecedented for us to come and ask for help. I appreciate the Commission considering helping the fleet. Monique, I know if you were in charge of the ocean temperatures, we would not be in the mess we're in today. The fleet's going to miss you. Thank you for all the help that you've given us.

Tom Creedon - In the early 1980s in the Waterfront Plan, there was a study done on fishing and it was determined that fishing was dead in San Francisco. Along came Mother Nature that dumped Loma Prieta on us which made the Port available to get funds from FEMA. Fortunately they looked in the right direction and spent the money on rejuvenating Pier 45.

President Adams, I was kind of hurt that of all the good things at the Port, you missed the icon for the fishing industry in California which is Pier 45. We're very proud of that. At that time, the herring industry was supplementing both the fishermen and the markets. At that time, in the summer, there were boats lined up that would take you three or four hours to get ice to go fishing. The amount of salmon we got was phenomenal. The Dungeness Crab was determined to be the best on the state. Things dwindled. Like Larry said, everything and everybody's hurt all the way down. There are people like Danny Strazzullo and Jeanette Caito, these families have been here much longer than I have.

When Peter mentioned that he was only taking care of the permanent berth holders, there's a number of people that came up from down Morro Bay. Spent a couple thousand dollars in fuel to come up here and fish the opener. People came from Crescent City and Eureka because that's the best money they could make. These people are still paying berths here and they've got nothing.

I appreciate your consideration, anything you can do for the fishing industry. Because Scoma's is right in the middle. I live with all these guys and it's sad to see the conditions of them right now.

Jeanette Caito - I'm with Caito Fisheries. My family is a seafood processor, family-owned and run. We've been a Port tenant of yours since 1885. That makes five generations.

This crab season has been a severe disaster and a hardship to us. Not only my company as a seafood processor, but the seafood processors, the wholesalers, everyone who is involved in this industry. We've never seen anything like it before. We thought at this point we would be fishing. When they said, November we're not going to fish, we thought, "Oh, December." Then we thought, "January." Then we thought, "January 15th." Here we sit and we're still not fishing.

I appreciate your time to listen to us. Anything that you can do for us at Pier 45, the tenants, would be greatly appreciated. Thank you.

Dan Strazzullo, All Shores Seafood - I'm a Port tenant. Since we're throwing out how many years we've been in the business. My father was a tenant of the Port in 1946. We left San Francisco. Our fishing business left. We were asked to come back to Pier 45, which we did.

It's very commendable that you're thinking of helping out the crab fishermen and the processors, but the distributors and the retailers have been hurt tremendously. We've lost thousands of dollars in lost sales. We've lost crab feeds and a lot of people are scared to have crab feeds. They don't understand there are safe crabs out of Oregon and Washington. They hear about this problem in San Francisco, they think they're unsafe to eat.

We've lost a tremendous amount of business, all the way down the road. I want you to consider, while you are considering the crab fishermen and the processors, to also consider the wholesalers and the retailers. They've been hurt tremendously too.

Commissioner Woo Ho - Thank you Peter for this report and obviously our hearts do go out to the crab fishermen, the processors, etc. and when something happens by natural disaster and not something planned, it's very disturbing because it's not something you expect and it has gone on much longer and we all are empathetic. I think that the plan and the proposal is fair, and I certainly support it.

If we adopt this, what is the plan with the Mayor's Office to look beyond this plan as a temporary measure? If you could give us a little more context of what else to expect so that we understand.

Peter Dailey - The Mayor and the Mayor's Office of Economic and Workforce Development (OEWD) have been parallel with us in looking at this issue. OEWD have their Neighborhood Access Points Program. I've listed in my comments a number of their outreach programs to the industry which I know Todd and his group will be very robust in reaching out to the industry.

To be honest with you, it's going to be a little bit of, "Ready, fire, aim." We have this three month Band-Aid. We're hoping for the salmon season to pick up and to provide us with some new business for the industry down there. We will work closely with OEWD and the Mayor's Office to monitor this. We'll keep the Commission informed as to how this is going and the impacts. Hopefully this will go away and they'll have a great salmon season followed by a great crab season. We will monitor it and if there is more to be done, we will work closely with the Mayor's Office and report to the Commission as to what other steps can be taken.

Commissioner Katz - Peter, thank you. I just want to thank all of the people who spoke and that are representing the fishermen, the receivers and others in the industry. I want to thank all of them for all that they do because our Dungeness Crabs are iconic for San Francisco and this year is difficult times economically, but all of us have benefitted over so many years from what these folks have done.

I'm pleased that we're able to do a little bit of something to help when tough times have hit. I want to thank them for all that they and their families and the generations have done for so long. I hope everyone sees this as a sign of

our thanks for everything that has been done to activate our waterfront, bring people along to the piers over so many years. Hopefully you take this as a sign that we appreciate what's been done by you and your families and we're glad to be able to offer a little bit to help.

Commissioner Brandon - Peter, thank you for a wonderful report. I'm really sorry for the loss to the fishermen, the processors and everyone involved in this. I want to thank the Mayor for requesting this proposal. It's the least we can do. I hope that this ends soon and that the salmon season will be much better. I'm very happy to support this item and anything else we can do.

Commissioner Adams - Peter, I really appreciate this report. I'm glad that I had the opportunity to go down, spend some time with Larry. I'm a Longshoreman so I understand the pain of the fishermen and the Longshoremen. We've always been part of a working waterfront. I've felt the pain and I appreciate Mayor Ed Lee for taking the lead of personally getting out there.

I spent about an hour and a half at Pier 45 talking with Larry and he said, "Wow, we never had a Commissioner come down here before." I just saw what was happening and we have to do something and this is a start. I ask that you come back and report to the Commission in three months. Everybody that has anything to do with the fishing down there, that's the lifeblood of San Francisco. That's our historical waterfront. It says who we are. When people come to San Francisco, they go there.

They're there, hardworking men and women trying to take care of their families. As you've heard in their testimonies, they go back generations. It's a lifeblood. It's something that they choose to do. It speaks to the essence and the core of San Francisco. You totally have my support and the support of this Commission. We will do our best to do whatever we can help and I hope that it gets better with the salmon.

If you need us, give us a call. I hope to get down there more often and talk to the processors and the fishermen and the people involved, the restaurants, everyone. Because this is near and dear to the Port, and as I say, you are long-serving tenants.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution 16-06 was adopted.

12. FINANCE AND ADMINISTRATION

A. Informational presentation on the Port's Fiscal Year (FY) 2016-17 and FY 2017-18 Biennial Operating & Capital Budget.

Elaine Forbes, Deputy Director of Administration and Finance - I'm here today to present, along with Meghan Wallace, the Port's proposed budget for Fiscal Years 2016-17 and 2017-18. The work that we're going to show today reflects the work of many division staff. Marilyn Yeh in the Maritime Division, Lawrence Brown in Finance and Administration, Jamie Hurley in Planning and Development, Tyrone Navarro in Real Estate, and also the collaboration of the Deputy Directors and all staff and of course under the leadership of Director Moyer.

I'm here representing the work of many people. We've shifted to the plan that was envisioned by the City to one year, plan the Operating and Capital Budget, and in the off year, do our planning, our forecasting, our Five-Year Strategic Plan and our Capital Plan. This helps stretch resources but also allows us to focus on planning one year and on budgeting one year.

Today you will see that this strategy in our budget balances operating demands with capital needs. It addresses the growing demand of an activated and diverse waterfront in a sustainable manner and it targets resources to achieve our strategic objectives. I'm going to kick it off and then Meghan Wallace will go through the details.

We're here to take yours and the public's feedback. We'll make any changes to the budget that are required as a result and then be back February 23, 2016 for your review and approval. I want to also acknowledge that Anthony Ababon is here. He is our Mayor's Budget Analyst. He will be helping us get all of your recommendations through the Mayor's review and approval for submission to the Board.

So for the first question, you know, "How are we doing financially?" I'll start with the city. The economy has been incredibly strong as we all know. The expansion period is now 79 months and running from 2009. This is a historically long expansion period. It's the longest since 1900 and the average is typically 48 months.

Knowing that we've had this incredible expansion, the Mayor's Budget Office, the Budget Analyst and the Controller cautiously expecting continued economic growth of about 9.5% over the next four years. Even with this positive revenue trend though, the General Fund City Departments are anticipating that their expenditure growth is going to outpace their revenue growth. The reason being, required employee contributions for employee pensions and new voter initiatives that are setting aside General Fund dollars.

The General Fund is projecting a shortfall of almost \$100 million for this two-year budget period. A cumulative budget shortfall of \$240 million for the two-year budget period. Mayor Lee has asked General Fund Departments to reduce their budgets by 1.5% as a result.

We're an Enterprise Department, so we're just to live within our means, and those are our instructions. The Commission will note that this budget proposal includes \$7.7 million from the City's General Fund for a Seawall for the initial design of our Seawall Project and that is consistent with the Mayor's budget instructions because they've set aside dollars for capital.

So how is the Port doing? We are in a different situation. Our revenue is very strong. The upward trajectory in ground lease rents, percentage rents, parking revenue, cruise passenger volume is driving a very strong revenue position. We're also controlling our expense growth such that we expect revenue growth faster than expense growth. The Commission has referred to it as the jaws of net revenue. We have those in both budget years.

As a result, we're able to push strategic objectives without growing our ongoing operating expenses. You'll see operating growth is under 1.7% the first year and revenue growth is about 8.1%. This strategy does two things. It allows us to have a historically high Capital Budget and it avoids future budget cuts in the event of an economic downturn. We don't want to be in a situation again like Director Moyer's experience when she came into the Port where your tradeoff decisions result in staff layoffs. We want to restrain our Operating Budget so that budget tradeoffs are around the Capital Budget allocation and we can maintain our operations. We have no staffing cuts down the road.

This slide is reflecting the balancing act we're trying to do to meet our Operating Budget needs, here you'll see it's about \$9.1 million in the budget year, but maintain enough for the Capital Budget. Designate to future capital, maintain our operating reserve, and all of this is reflecting the direction you've given to us in the past, when you have extra money to spend, put it into capital. Deepen your revenue base, address that \$1.1 billion capital backlog. Don't grow the budget in a way that we can't sustain in the future.

If we didn't face a \$1.1 billion backlog you would see many more operating position requests because we are really growing and we have so many demands on staff. So what you'll see instead is that we've used budget strategies in realigning positions, reorganizing positions with the positions we have and also using project funded positions that expire when the project expires to limit the amount of growth that we've put on that Operating Budget.

You've heard a lot today about the evolving waterfront and our success. We are under the weight of success experiencing a lot of new demands on our employees. The 24 million visitors, we have development projects up and

going that typically requires a lot of attention. We have an expanding parks and Public Space Network which the public wants to book and use and we have increasing levels of permanent requests and of course our aging infrastructure.

The growing operational demands hit our capital needs, our parks, South Beach Harbor and hit safety and security. We really want to support our staff which is, of course, our greatest resource by giving them the resources that they need and not running as thin as we have been. And putting more thought into how to align the resources so that there's the most overlap and cross training possible to meet our needs and to do this in the most affordable way possible.

Staff is 42% of our resources in the budget in the first year, and it is our largest investment and it is our key resource. We have a big mind to our staff resources as we develop this budget.

The challenges we're addressing is the growing demands. We also have a lot of retirements. I don't want to give anything away, but we are the fourth oldest department in the City. About 30% of our workforce is retirement age. That's something that we're really keeping in mind. It takes us a long time to fill vacant positions. It takes the City an average of 4.6 months from the time a requisition is approved. It takes us about 4.38 months but any manager you would talk to would say it took so much more than that to fill a position.

It's because we have a 50 position backlog that we've been maintaining for over a year. It just takes a long time to get a position filled. You'll note the budget includes a new resource to the hiring manager to address that backlog.

In terms of solutions in the budget you'll see reorganization and reassignment of staff to meet those under-addressed areas to provide for cross training and broader staff knowledge in critical areas such as environmental stewardship and to address span of control problems that have just grown over time as staff have taken on more and more responsibilities.

Another solution is Succession Planning and we're watching where those retirements are geared to happen and looking to cross train to get that knowledge across the team. All of this, of course, avoiding a lot of operating weight to the budget. You'll see with this strategy, we have 16 position changes in this budget, 21 reassignments, only six new operating positions and 21 project funded positions.

We are proposing a new Operations Division. This evolution of the waterfront has put required attention and consolidation of an Operations Division to address safety and security, emergency preparedness and management response, business and customer service, on and off-street parking, traffic

control and parking management, Vision Zero policies and traffic safety and special event licensing and management.

These areas right now are spread across the organization, and with this new Operations Division, you'll see much more focus and attention and collaboration.

The result of this change is caused from 14.64 FTEs moving from three divisions into Operations. There are two new positions proposed. One is an 1822 Administrative Analyst who will support Special Events. We currently have one Property Manager who does all of the permitting for Special Events. This position is planned to assist that person, set policies in place for use of parks etc. and help and meet the need of the growing parks network and open spaces.

We also have one FTE 8603 Emergency Services Coordinator to support Homeland Security initiatives but we're really making this division out of our existing resources. The next key change is environmental staffing. We have a plan that has been in place for some time which provides environmental stewardship in all of the operating divisions, all the business lines in the Port, and positions are embedded in Engineering, Real Estate, Planning and Development, Maritime and Maintenance so that each functional area has a custodian.

The position changes will streamline the classifications so they're more similar to one another to facilitate cross training. It will also help with recruitment time. We're developing a manager in this area to deal with span of control issues and provide for more management of the area. You'll see that the change not only will provide for mentorship of staff but will continue in innovations in that area which we've been so proud of.

We are proposing a procurement consolidation. We have heard the Commission's call to bring Local Business Enterprises into our contracting and we've done a good job doing so. We see that there is room to improve in the procurement of goods. We also would like to bring the group together to do some customer service focus standards. We think the procurement consolidation will go a long way to meeting our business needs and meeting the Commission's needs related to Local Small Business Enterprises.

We are proposing a new position. I've already discussed for parks and the parks network. The next one is the project funded positions. Meghan Wallace will get into this in more detail. But project funded positions are for the term of the project. Staff is hired for the term of the project. It allows for two things. One, it doesn't create an Operating Budget burden. It also allows for Succession Planning so where we have an aging population in any one group, the project funded positions can take the reigns as retirements occur.

We are proposing project funded positions, two of them to support our Information Systems Plan support which the City is purchasing a new financial system and we're asking for positions both on the accounting and IT side and this is a generational investment for the City. It will change a lot the way the Port does its work in purchasing, accounting and finance. It will have big impacts into the day-to-day business processes of the organization.

We're also proposing two Project Managers for Capital and Development to meet the project needs and two new pile driver crews which Meghan will talk about in more detail and two cement mason crews. This builds on our success that our staff can do this work more efficiently and build expertise in the area. There's always a driver, a consideration that the contractor will do it for less or faster, but that hasn't proven true for our crews under Tom Carter. We're excited to recommend a deeper dive into this strategy.

The budget is crafted as Director Moyer said, to support the Strategic Plan that you reviewed today. Of course, it's critical to the Stability objectives and we do meet the financial policy goals in that Strategic Plan. I won't go into detail on that but we do meet the benchmarks there.

I also want to note that the budget supports the entire Port in its objectives meeting the Strategic Plan. In the area of Sustainability, the changes to the classifications for the environmental staff will allow for more cross training, collaboration and implement those strategic objectives. In terms of Resiliency, this budget includes a plan for funding design of the Port Seawall Project which is one of the most critical elements in the Port's infrastructure resiliency.

I will say the Mayor's Budget Office and Capital Planning Group are putting their hands around us and saying, "This Seawall Project is important to us too." We hope the Mayor's Office receives the request for General Fund support well. In terms of Renewal, we have resources for the Waterfront Land Use Plan Update. In the Development Plans that are key to the Strategic Plan. Engagement, we're adding a resource to the Public Information Officer to foster proactive Port marketing and media relations which we saw as key in the Strategic Plan.

Livability, we're looking at getting to the LBE businesses and reorganization of the Procurement Office will accomplish those goals. Economic Vitality, funding for numerous projects in the capital side support Maritime, deepwater berths and design for the Ferry Terminal landing.

As I've said, the budget does hit our financial objectives because we're so lucky to introduce historic highs for capital.

Meghan Wallace, Port Finance - As Elaine mentioned, I'll go over the details of the budget. I would like to talk through the sources, uses and talk a little bit

about our Capital Program. The total budget is \$151 million and compared to the current year, Fiscal Year 2015-16, the net change is \$1 million. That's a balancing of reducing one time sources that were appropriated for capital for this fiscal year offset by growth and ongoing funding sources. In the second year of the budget, we're seeing \$11.2 million reduction for a budget of \$139.8 million. That's entirely ongoing sources. I do talk about fund balance as an ongoing source although you'll see, "Well, why does the budget go down so significantly?" It's due to use of available fund balance in the first year. I expect the availability of that money to flatten out as we move forward.

For the Operating Budget, the revenue types really driven by commercial industrial rents, percentage rents, parking, cruise and cargo play a nice role in our overall Operating Budget. When it comes to the areas of change in our revenue sources, commercial and industrial rents are driving that increase. That's because the budget in 2015-16 doesn't fully reflect how well we're doing. Our ground rents are coming in much higher than we had previously budgeted.

I'll note two years ago when we were preparing the two-year budget, we do our best to forecast how we're going to grow. Now we're trying to right size the budget to reflect how we think we're actually doing.

With Executive Director Moyer's soon departure, a colleague of mine actually said, "How much do you think revenues today compare to 10 years ago?" We have \$47.3 million increase from 2006-07 budget up to the proposed budget for 2016-17. That's astounding particularly given the economic fluctuation that we had with this great recession. You can see the two bars for each category represent the revenues 10 years ago compared to today. They all grow relatively evenly, well ahead of just a standard 3% inflation. If you wanted to guess where we might be today, we're doing much better.

These charts try to show that it's been in all of the Port revenue lines that we've seen improvement. Of our overall growth, if you look at that pie chart, it wasn't actually made out of Port data. It's a real balance of all of our revenue lines and that speaks very well for the strength of the Port financially.

For our expenditure detail, the \$151 million budget is comprised of \$91.1 million in operating expenses, \$34.7 in capital and about \$25.2 in resources to meet our operating reserve and our designation to capital requirements. As you'll see, the Operating Budget grows relatively a small amount, \$1.5 million over all. Our capital declines somewhat, just because 2015 was such a strong year in capital. Subsequently in the 2017-18 budget, we see another decrease overall in our spending, but primarily in capital and that's driven by that use of fund balance that I talked about before.

How we're spending our money. Elaine mentioned that our personnel are a key component of our expenditures, 42% overall. With a proposed budget of 292 FTEs of personnel, much of which was capital funded, you can just see our personnel are core to our operating expenses. I do want to note, when you're looking at this comparison, what's driving that growth in the Operating Budget that our current personnel are driving the majority of that cost.

About \$1.5 million is existing personnel and taking into account MOU agreements and growth and requirements for funding pension, our requirements for spending are going up but the wonderful jaws that we talk about, it's a good thing to see those jaws getting bigger. That's what this chart tries to demonstrate, that our net revenues by controlling our expenses, seeing our operating revenues grow, we're able to make more room to designate our net revenues to capital. Over this time period we'll have designated \$45 million to capital. This is a critical piece to restore our fund balance every year and therefore spend on capital.

For our Capital Budget, Port staff submitted \$82 million worth of requests. This budget approves \$55.2 over the two-year period. While we all evaluated each project based upon different criteria for the Port, there was a theme going on life safety, revenue generation, and addressing critical needs that staff had identified for various facilities.

This is a great Capital Budget. It includes funding for 29 projects, \$38.9 million is for renewal, projects that we would be able to identify in the 10-Year Capital Plan. \$16.3 million of enhancement that we could directly point to new revenue that we'll be adding to our revenue base in the future, once those projects are completed. \$6.4 million is what we think we'll be adding to that revenue base once those projects have paid themselves off and over a 10-year period, over \$44 million.

As you can it's a long list of projects. These projects are purely repair and replacement of approximately \$33.4 million. We did see a theme in needing to restore and upgrade our utilities. This is important to be able to bring in tenants that meet our vision for the waterfront.

For vacant facilities, Piers 19, Pier 23, Pier 31, we need to make sure that we have adequate utilities to support those tenants. Notably, we also have funding for Pier 33 fire sprinklers as well as a Fire Protection Engineer to assess our utilities for fire safety all across the waterfront.

We do have \$16.3 million of Enhancement Projects. The Mission Bay Ferry Terminal Projects is \$3.5 million, half of the design costs for this project. We're estimating that it would cost a total of about \$42 million. This will get us through the first two years of the design, but we will need another \$3.4 million to complete the design. Funding for that phase as well as construction is yet to be determined in terms of sources.

The Seawall Resiliency Project is one that we're all very familiar with. As noted, this includes \$2 million of Port funds, and we will be submitting a request for General Fund support for \$7.7 million that will get us through the initial study and the design of this overall project. \$500 million is the estimate for getting through that initial life safety series of projects that staff is foreseeing. The overall cost Port-wide can be a much greater number. We're currently working with the Mayor's Office to consider different financing strategies for meeting this need.

Lastly, the wood pile crews, concrete pile crews and cement mason crews are the project funded positions. Two million dollars of funding is to continue the work of our wood pile crew which the Port Commission and the Board of Supervisors approved for the 2013-14 budget. Building upon their work of significant project savings by using Port staff as opposed to contracting out the work, we're proposing to add two new concrete pile crews to get started on Piers 29 and Pier 35.

We don't need new funding for that work because you have previously approved funding for those specific facilities. We're putting the positions in the budget to be able to pursue this work. The cement mason crews is for two personnel who will be covering the substructure improvements along the waterfront. Again, taking on the strategy of hiring our own staff rather than contracting out the work.

For next steps, we'll be returning to you on February 23, 2016 for approval of the budget. After that we'll submit the budget. The day before your approval, we'll be submitting the budget to the Mayor's Office but if you were to have changes on February 23rd, we would work with the Mayor's Office to incorporate those changes into our submission to the Mayor.

In March or April timeframe, we'll take the Capital Budget to the Capital Planning Committee. Then in May the Mayor will submit our budget to the Board of Supervisors. And then later in the summer we'll get Board of Supervisors approval and I'll come back to you with updates on major changes.

Commissioner Katz - Thank you both for your presentations. As always, it was very clear. Elaine, under Budget Strategy, when you discussed Succession Planning, is that formal or was that incorporating it into work that's being done? Is there any added costs?

Elaine Forbes - No, it's internal. It's something that the Human Resources Group does with Deputy Directors but it has been informal to date. We are looking internally to more formalize the Succession Plan and to more formally look at positions that are coming down the road. We've been really struck with a lot of big retirements in the Maritime Division. The Division currently almost has a 30% vacancy rate with more to come. We are looking to target getting those positions filled first in our order of operation, but to

address your point, it doesn't require more resources. It's existing resources that we would pivot to formalize a plan.

Commissioner Katz - In the Strategic Objectives our strategy is incorporated with respect to sustainability, but resiliency, we're part of citywide efforts and potentially even Bay Area wide efforts to address Sea Level Rise. Have we contemplated whether there may be a need for some added staff that has that specific expertise or will be able to get more involved?

Elaine Forbes - We are requesting a FTE for Safety and Security. Resiliency is in two sections of the organization. In the Homeland Security section and in the Engineering section and a little bit in Finance and Accounting to make sure when a disaster strikes all the numbers are put in the right way and folks know what to do. We are requesting that additional FTE and that we have done a lot related to being prepared for the next emergency. We do a lot of drills and trainings. We may be one of the leading departments to get grant funded trainings into the organization.

The next phase is really at the seismic resiliency and the infrastructure resiliency of our assets which the Great Seawall Project is leading the charge. It adequately addresses that area. If we didn't have a \$1.1 billion dollar backlog in the capital program, we would see more positions to address resiliency, Sea Level Rise, that would be at the top of our list as additional new positions.

Commissioner Katz - Potentially even someone to help us access added funding at the State and Federal level that we may not have, looking at a source for these.

Elaine Forbes - There I have some good news. We have an 1822 position that has been sitting in the backlog for some time. We've just hired our preferred candidate who has grant funding, a grant background. That position will be teaming up with Daley Dunham who's done a lot of work under Brad's direction to look at Federal funding, look at State funding, look at transportation funding. We will be focusing attention in that area.

Commissioner Katz - It seems like now there's finally more attention, we focused on it but externally it seems like there's finally more, and more potential funds that are coming available.

Elaine Forbes - Yes. For example, we're looking at alternative funding sources for that construction of the Mission Bay Ferry Terminal.

Commissioner Katz - You answered my next question. What about the Amador Street, Sewer and Street Project?

Elaine Forbes - That project has been around as long as I've been here. We've always known we've needed to do something at Amador Street. This is the construction dollars for the sewer work.

Commissioner Katz - Do we pay that money to DPW?

Elaine Forbes – It's our street so we are responsible for the maintenance of that street. It is our dream that we could have Amador Street be a City accepted street but this doesn't get there. What it does is it addresses the sewer problem. From there, we will be looking at some street grading and other capital requests in the future to further improve Amador Street.

Commissioner Katz – For the Ferry Terminal we have \$3.5 million in funding. Is there going to be a match from elsewhere or is that just what we've designated? I know there are other pools of money that has to be designated.

Elaine Forbes - With this project, we felt that it's incumbent upon us to get the design done so we can be competitive for other sources of funds to get the project built. We understand that our balance sheet cannot support the construction of this project. Given all of our other priorities related to repair and replacement and health and safety, we would probably not be able to accomplish the construction of that project. We did want to advance the design over the next two years and start working on where the funding for construction will come.

Commissioner Katz - Got it. As always, thank you again both of you for the presentation.

Commissioner Woo Ho - I just wanted to get some clarification. Thank you for the report. It's very comprehensive in detail and I will have some questions. I think we're well organized as usual. I think it's conservative.

On Succession Planning, are we just identifying where we think the retirements are or does this go beyond identification of possible positions that are going to have to be filled? Are we doing anything further? I don't know what rules or constraints you have as far as retirements as there are employees that have retired on very short notice. How do you work that into Succession Planning so that you have both sides working together to understand how we can approach this?

Elaine Forbes - It's a very good question. One of the main efforts of our Succession Planning Strategy is to identify where there are one chair functions. Where in the organization there are really no redundancies of understanding and lack of policies and procedures around those functions. We are thin as an organization. We could be a lot bigger. We have a lot of work. These one chair functions do exist across our organization, and our first step is to put in policies and procedures and transfer knowledge. So

share, cross train, collaborate in teams, so that understanding doesn't sit in one chair. One of the best examples probably of this is our Maritime Dredging Position which had a lot of knowledge and understanding of a very specific area. Our Environmental Proposal has more cross training in that area. The same classification to do Environmental Dredging Permitting as Project Permitting, so there's duplicity in the knowledge base.

We do seek those places out and manage around that and that's our key Succession Strategy. In terms of the actual retirements, until a person gives an announcement, that's as far as we go in terms of backfilling. But as soon as a critical position gives an announcement, we do put in requests sometimes to have two chairs full at a time. We haven't done this successful very often because our backlog is so full in hiring, but we can, with the Mayor's Budget Office approval have the new person training with the retiree, the soon to be retired employee.

Commissioner Woo Ho - My question is that you can always identify who is retirement eligible to obviously get retirement benefits and you can have a list of people, but I guess in terms of the conversation with any incumbents in positions, do they always feel that they should just end up giving two week notice or is there protocols in place to say, "Look, I'm thinking of retiring in two to three months." It gives the Port a little bit more ability to do a more orderly transition. I don't know what the protocols or rules are but obviously if there's more advanced notice, it helps both sides.

Elaine Forbes - It's really up to the individual. If we have more notice, that's excellent.

Commissioner Woo Ho - What I'm suggesting is maybe not as a rule or requirement or policy, but just encouraging people to say, "Speak up. Let us know. To help you and to help us." It's not like they have to, but if we all work as a team. It helps preserve their legacy too at the Port, particularly in retirement. It's different when somebody gets an offer to go to another position and it's more sudden. But retirement, in other circumstances, there can be a more orderly plan to identify how to address it.

Elaine Forbes - It's an interesting recommendation and we can talk to staff about letting us know as soon as they know and send that message out there. Because you're right, the longer we have to plan for it, the better off we are. We do proactive work to identify where there aren't redundancies and where key retirements will create a vacuum for us and go in and address those areas.

Commissioner Woo Ho - Your strategy to look at the one chair and to make sure that the knowledge is not all concentrated in the one position, that there is sharing and cross training and so that becomes a more easier transition, I absolutely support that and that's a great idea. I'm just asking whether there

could be a little more dialog but it's not mandatory or anything. 30% is a very high percentage of retirements. It's just productive to know.

We submitted a budget two years ago so, what we list as the budget for 2015-16, we don't reforecast. The last time we received our income statement or financials year to date was about six months. We were already on something like \$59 million in revenue, am I correct?

We are on a trajectory right now, and that was not including the fund balance. But it was just more the other sources to be higher than what you're listing in the current budget, correct? In other words your run rate is higher than what's listed in this budget. A six month run rate with another six months to go, correct?

Elaine Forbes - I'm going to turn the question over to Meghan. There is a slight difference in the economic report that you're receiving that shows payments to date versus what we would budget. In terms of there are one time payments in those numbers.

Meghan Wallace - Just to clarify, you're talking about in Fiscal Year 2015-16, the current fiscal year?

Commissioner Woo Ho - Right. This is the budget that you submitted, how long ago?

Meghan Wallace - In FY 2013-14.

Commissioner Woo Ho - We already have six months of revenue in.

Meghan Wallace - That's right.

Commissioner Woo Ho - With another six months to go and it occurred to me that the run rate that we're experiencing seems to be higher than this budget. Is that true?

Meghan Wallace - That's very likely true.

Commissioner Woo Ho - What would you estimate to be the full year revenue at this point in time because that sets up what you're proposing for 2016 and 2017? I understand there are one time payments or what I would call the one timers.

Meghan Wallace - I don't have the current year projection with me. I did recently prepare a mid-year budget forecast, but I don't remember offhand. However, the Fiscal Year 2016-17 budget would reflect inflation off of the current year projection. That's partly why you see such a large bump up in the budget comparison of operating revenues, because we're adjusting for the fact that the current year budget is low relative to the performance that

we're seeing. In the current year, the budget is low. We're forecasting a higher amount.

Commissioner Woo Ho - So you're using the run rate of our current run rate, not the budget to forecast 2016-17?

Meghan Wallace - That's right.

Commissioner Woo Ho - Peeling the onion one more layer, we heard last month that our revenue off the Cruise Ship Terminal in terms of actual, especially on Special Events, is higher than what we forecasted although not so much the number of events, but as I recall the length of events as well as the type of services that they were actually incurring. Is that assumption or run rate of those special events baked into the proposed 2016 and 2017?

Meghan Wallace - It should be. The budget reflects the maximum amount that we could generate for Special Events. Both parking and Special Events are projected at maximum rates.

Commissioner Woo Ho - I don't think there's anything here in the 2016-17 but I wanted to validate, anything that we get as far as fees or anything from Orton, Pier 70, Mission Rock, nothing is in the 2016-17, is that correct? Because those are all further out?

Meghan Wallace - For the fees, that's right. It's built into the project. We incorporate those costs into a Waterfront Development Annual Project where we reflect all expenses related to those projects.

Commissioner Woo Ho - I'm talking about fee income. I'm not talking about the expenses. I understand the expenses are probably recorded, but the fee income.

Meghan Wallace - Right, it's further out.

Commissioner Woo Ho – So nothing is reflected in 2016-17?

Meghan Wallace - That's correct.

Commissioner Brandon - Isn't that the development recoveries?

Meghan Wallace - The development recoveries are shown as transaction cost reimbursements which are any expenses primarily related to consulting cost such as City Attorney fees, working with OEWD staff. Those expenses are reflected in a project, and then we assume recoveries from the developers. We do recover costs from the developers.

Commissioner Woo Ho - That would then reduce our operating expenses accordingly.

Meghan Wallace - Yes.

Commissioner Woo Ho - On the South Beach Marina, if you were to take that as a separate P&L by itself in terms of revenue and expense, I'm not sure I understood from this presentation whether it's a surplus or a deficit.

Meghan Wallace - It's a surplus.

Commissioner Woo Ho - how much of a surplus at this point?

Elaine Forbes - We can provide you those details. We'll get back to you with the actual P&L for South Beach Harbor. The last debt service payment is December of 2016. So we're showing in budget year one and two a surplus for South Beach Harbor so they're able to address their capital needs. It's a little north of a million dollars, and you'll see in the Capital Proposal Capital Budgets for South Beach Harbor because they are now operating at a profit.

Commissioner Woo Ho - That's great. It's good that you've put aside our usual practice of 15% operating reserve because we do have some capital improvements that we have to make as I recall.

Elaine Forbes - We do.

Commissioner Woo Ho - What about BCDC requirements?

Elaine Forbes - We have those requirements as well as a list of requirements from deferred maintenance that the South Beach Harbor Group is surfacing. We understood these improvements were required because Engineering did a review of the facility before we took on the asset such as the baffle wall issues and there is separating electrical. But we're dealing with South Beach in the same way that we deal with our own capital requests in that we prioritize them and we score them and the ones the South Beach Harbor can afford, we go ahead and fund in the budget. They're prioritizing their most urgent and their most strategic capital investments.

As you've said, that's a good point. We have deployed our own internal, prudent financial policies, 15% operating reserve, onto South Beach Harbor. They have a rainy day fund. We will in the future apply 25% of South Beach revenue to capital. They operate in the same prudent and sustainable way that the Port is operating.

Commissioner Woo Ho - My other question which you may not be able to answer today, but in the future, obviously you can't pay for everything up front with a surplus. It's still not sufficient to address whether the maintenance or other capital improvements that are being imposed upon us by BCDC, etc. but is their ability over time, and if we were to project out the surplus, are they going to be in a position that they can at least self-fund most of that? So we're not into this, as huge a gap as on the Capital Plan.

Elaine Forbes - That's a very good question. We'd like to get back to you in writing on that because we do have a five year projection for South Beach. I'd like to do the analysis but a general answer is we believe they can meet their most critical needs. In this budget we're proposing a pay-go basis for South Beach to meet their most critical needs. In the future we might recommend a different debt type of strategy or a loan from Cal Boating if we wanted to pay it in advance but the operation has net revenue of \$1.1 million, I believe.

Commissioner Woo Ho - Congratulations because we spent several years ago worrying about that we would be in the red, and now we're addressing the other issue which is to address the maintenance expense and the capital improvements that we need to make.

My last question relates to interdepartmental expenses with the City. I j want to understand a little bit more what goes behind the Fire Department \$3 million plus expense?

Meghan Wallace - That expense is primarily for the fire boat. We also pay for two inspectors, but the lion share of that work order is the fire boat, the staffing and the dry docking of the assets.

Commissioner Woo Ho - It's just the actual that it exists. It's not based on a usage factor?

Meghan Wallace - No.

Commissioner Brandon - Elaine and Meghan, thank you so much for a detailed report. This is great and this is a historic budget. It's great to see that revenues are projected to increase in every area. It's absolutely wonderful. I also want to thank you for the forward thinking of putting more money in the reserve in case of an economic downturn. Those are all great ideas. I'm also very happy to see that South Beach Harbor has a projected income. I'm also very happy about the formation of the Operations Division. I think it's much needed and that it will be great for the Port with its growth and all of our needs.

I'm very happy about the Centralized Procurement Group that will be focused on LBE contracting and procurement. I was wondering, how many employees will be in that group and will that be part of Finance or Operations?

Elaine Forbes - It will be part of Finance. We're keeping procurement under Finance for compliance reasons. But we will be turning toward having a more customer service orientation, even though we're compliance people. Under Meghan's leadership, there will be one 1824, a Procurement Manager and a Procurement Analyst. So it will be a group of three. Our contracting position

will now manage contracting and procurement. There's a lot of overlap in the rules that govern both areas. We think it's going to be a very good improvement for us.

Commissioner Brandon - That's wonderful. In the budget I noticed that in 2015-16, we had \$4.2 million in Capital Project Defunding. Can you refresh me on what we defunded and is there a need to refund anything?

Elaine Forbes - That's a great question. If we can't answer it today, we're definitely going to get you the answer in writing.

Meghan Wallace - I apologize we don't have the detail of which projects we defunded, but the primary basis was that we scrub projects that were ready for closure. Essentially, we had completed the work and it was just money left over. So collecting our pennies out of the cushions and putting them into the Capital Budget but we can certainly provide you the details.

Commissioner Brandon – So it's just money left over. It was not for any other use that we needed to transfer money to?

Meghan Wallace - We had project savings.

Commissioner Brandon - All within \$4.2 million?

Commissioner Woo Ho – We didn't spend as much, that would be great.

Meghan Wallace - Yes, there were numerous projects.

Commissioner Brandon - Can you tell me why we anticipate the City Attorney's fees to go up 40%?

Meghan Wallace - The main driver there is that we previously placed the City Attorney work order within the Waterfront Development Project. A lot of their work is divvied up between the work on those projects and regular operating cases. Working internally with the Executive Director, we decided that was a little bit risky because we don't know exactly how much time City Attorneys would be putting into the Development Project in any given year. It's really an administrative move to move it from the project to the regular Operating Budget. A million dollars of that is actually just moving expenses from one project into the Operating Budget.

Commissioner Brandon - Were those fees previously paid by the developer?

Meghan Wallace - They were incorporated as transaction costs. We would recover those costs from the developer. The Waterfront Development Project is set up so we mostly recover all costs that are incurred in that project.

Monique Moyer - Nothing's changing about the recovery. All that you've done is consolidated into a full on City Attorney line item.

Meghan Wallace - We moved it from the project into the Operating Budget. It makes it look like the Work Order Budget increased that much more significantly. It's just moving the City Attorney Work Order from the project into the Operating Budget.

There are other drivers to the increase to Work Orders. I'm sure you're interested in generally why our Work Order is growing by so much, the City Attorney fee being the largest one. We also have increased rates in our insurance policies.

Commissioner Brandon - Right but I was specifically talking about the 40% increase in City Attorney fees.

Meghan Wallace - That's primarily an administrative move from the project to the Operating Budget.

Commissioner Brandon - It's an administrative move so it would have been part of Development Recoveries?

Meghan Wallace - Yes.

Commissioner Brandon - So Development Recoveries have gone down to \$1.6, but the project costs are up to \$2.2? And that's an additional million that we're missing? I'm getting a little confused.

Elaine Forbes - Yes, there's a lot of things moving in and out of Development Recovery. When the project was created two years ago, the concept was we would have a Developer Recovery Project. All the expenses, City Attorney, staff, contractor, consultant, would be funded in that bucket and then reimbursed from the developers. We did that for the last two years.

The current budget continues with that but is more conservative in saying that the City Attorney, a million dollars should shift to the Operating Budget because we may or may not recover it from the developer during this period. The best thing for us to do to really explain it is because there's so many things moving in and out by project is to detail out what we thought before and what's in the budget now. There have been conversations about deferring developer recoveries.

In the case of Pier 70 as one example until there's a sale to reduce developer return as tolling on those costs. As long as our cash position is good and our budget is good, that recommendation makes a lot of economic sense. Right now our budget is good. We've taken a conservative position here. Now if we do recover more for the City Attorney from the developer,

that would fall to fund balance and just increase our ability to budget the following year. We're going to provide it to you in detail.

Commissioner Brandon - I'll wait for the detail. I understand that there is no funding for pile removal. I know we're going to hear about this in the next item, but can you refresh my memory on the South Waterfront Pile Removal Strategy and the funding?

Elaine Forbes - We've done a lot of thinking on this one so I'm going to turn this over to Meghan.

Meghan Wallace - I wish I had brought my map. So our strategy in the Southern Waterfront was actually initially financed. We funded in the Capital Supplemental for this current year. I believe it was \$2.2 million that we funded to remove piles from Islais Creek.

Commissioner Brandon - Is that all piles or is that all piles in Islais Creek or just certain piles?

Meghan Wallace - I believe it is all of the piles.

Monique Moyer - I agree, it is all of the piles.

Meghan Wallace - It's Piers 82 and 84 as well as 92 which is the wharf below the grain silos. So the next phase of that work is to complete permitting. We're still underway with permitting. Once that's completed, we can come to you with a Financing Plan for completing that project and understanding how we want to manage that infrastructure.

We're also removing Pier 98 which is adjacent to Heron's Head Park. This budget does include a grant, not a grant match, but a local match to federal funding. Port staff is pursuing an agreement with the Army Corps of Engineers to try to remove Wharves 6, 7 and 8 from Pier 70. You'll see \$2.8 million of a local match for an overall project it would be about \$8.5 million to remove all of those old piles just off the shoreline of Pier 70.

Commissioner Brandon - Does that mean all deteriorated piles will be removed after those two?

Meghan Wallace - That's my understanding because we did a thorough review of all of the piles. We want a plan for making sure that it's clean once we're done with this. The two outstanding pieces were how we wanted to manage the silos which still required permitting and then seeking federal funding for the Pier 70 wharves so that will complete out work.

Commissioner Brandon - That's wonderful. With all this new Open Space coming on and I see we're getting one new Gardener. Are we going to be able to maintain all of our Open Space?

Meghan Wallace - Yes. We actually did fund an additional Gardener fairly recently in the Fiscal Year 2013-14 budget. We've been adding on Gardening staff. Looking forward in five years, the Five-Year Financial Plan, we're having conversations internally with Maintenance and with Planning and Development about their operating costs that we're going to have to cover once these new areas are on board. We're definitely looking at that and planning on incorporating on how we're monitoring the Five-Year Financial Plan.

Commissioner Adams - I want to thank Meghan and Elaine for a great job. My fellow Commissioners had a lot of great questions.

13. ENGINEERING

A. Informational presentation on the Port's Load Restricted (Yellow with Green Hatching-Tagged) and Fully Restricted (Red-Tagged) Facilities.

Joe Roger, Structural Engineer for the Port - I am here to present the Annual Status of the Structural Condition of the Port Facilities. The Port's Facility Assessment Program manages categorizes and records the structural condition of over 350 Port structures including piers, wharves and buildings. The Port's Facility Assessment Team manages this program and is responsible for performing the periodic rapid structural assessments to identify structural problems and health and safety issues and to inform tenants and the public about its findings.

Port staff analyzes the information provided by the Facility Assessment Program and makes critical decisions regarding public safety and asset management. The program findings and recommendations provide a basis for the Port's Capital Plan Programs. Since last year's update, I am very pleased to report that Port Engineering did not red tag or yellow tag any Port facilities in the interim period. Also, I am pleased to report that Port Engineering is progressing with the design and construction renovation of a notable number of our damaged facilities and I will mention the following examples.

Pier 31 Superstructure Repair. The Port has recently awarded this construction contract. Wharf J9 and Pier 43 1/2 Seawall Repair and Fisherman's Wharf. This Repair Project is fully funded and Port Maintenance is scheduled to perform the work. Piers 29 Substructure Partial Repair and Pier 35 Substructure Partial Repair Projects.

The proposed Fiscal Year 2016-2017 budget includes Port Maintenance staffing for new in-house concrete repair crews that Port staff is proposing to use for these Repair Projects at a significant cost reduction, approximately 35% compared to contracting the work. The savings are realized through reduced mobilization charges, elimination of change order conflict, expertise

gained through repetitive work and reduced construction engineering management.

Pier 92 Apron Repair Project is fully funded and Port Maintenance is scheduled to perform the work. Repairs to Marginal Wharves along the Embarcadero. These are the original wharves built on the water side of the historic Embarcadero Seawall prior to the construction of the Finger Piers. A large percentage of our yellow tagged facilities are Marginal Wharves.

We are anticipating that the Marginal Wharves will be repaired as part of the future Embarcadero Seawall Repair Project which is not yet funded. We will continue to manage the Facility Assessment Program and submit our findings and recommendations regarding facility structural conditions and repairs to the Port's Capital Plan Program.

Commissioner Woo Ho - Thank you for the report. I guess it's not always the most encouraging that we hear, so it's good that we heard the budget first and got encouraged by the financial numbers. Because this is the part that tells us all the money that we don't have that we need to spend still. Obviously you have to tell us the story the way it is and we have to accept that and move on and hope that you all keep prioritizing what you can do to address the projects that we have on the list.

But the good thing is the list hasn't moved too dramatically. Which in spite of the fact that this is not the best news report, I guess that's the best news we can glean out of it. Would that be correct?

Joe Roger - That is correct. Thank you.

Commissioner Brandon - Thank you very much for this report and congratulations on not tagging any new buildings this year. That is absolutely wonderful. I just have one question and that is Pier 84 and Pier 88 Dilapidated Piers. It says, "Design funded, demolition partially funded. Part of Islais Creek Removal Plan." Is it partially or all funded?

Elaine Forbes - We have a list of questions that we're going to write down and get back and one of them is on the pile removal.

Commissioner Brandon - We will make sure they're all funded, right?

Elaine Forbes - We will make sure they're all funded and that was our intention and we've done some work around that. We will be responding in writing to the answer to that question. We believe it's funded and maybe the word "partially" needs to be struck in that report.

Commissioner Brandon - What does mooring pier near Pier 96 mean and that all piles have incurred dry rot?

Joe Roger - The Mooring Pier, the reason none of us ever hear about it is it probably hasn't been used in the last two and a half decades.

Commissioner Brandon - So it should be removed because it has dry rot?

Joe Roger - It's a red tag facility. It basically has no use. Technically it should be removed.

Commissioner Katz - Thanks for the report. That is I guess marginally good news. I know it obviously varies depending on the kind of tenant, but where we have some of the tenants performing some of the substructure repairs where needed, have we gone through every possible option where we're responsible for some of that? For where at least it lists that, "The Port's to repair this site," to see if there's any tenant that would take on some or all of that? For example, I was looking at Pier 40, the South Apron. Is that the area around the restaurant?

Joe Roger - That's way in the East, the Southeast end of Pier 40, a little section of red tag.

Monique Moyer - Closer to the marina, right?

Joe Roger - Yes it is..

Monique Moyer - That we inherited Commissioner. That was the 25% Elaine was talking about for South Beach Harbor.

Commissioner Katz - I assume there's no other options anywhere? It looks like Pier 48, the tenant may address some of the dry rot, is that right?

Monique Moyer - So Pier 48 is one of the Development Projects. When we set our priorities since, as you know, the need is probably five times the amount of money or more than five. As Elaine has called it Other People's Money, then that goes on a lower priority.

In the case of Piers 38 and 48 where we know that there are potential plans, in the case of 48 there are plans, then we try not to invest money that might be torn up when the Development Project goes through. I think that's what you're looking at Commissioner.

Commissioner Katz - I'm just concerned if it's red tagged if it's going to get worse or if it doesn't, at this juncture, not really an issue.

Joe Roger - The East end and part of the West end is red tagged also. It can get worse, in other words, it can fall into the Bay. We've seen that in the recent, I'd say the last five years with Pier 19 North Apron. Eventually they do go.

Monique Moyer - And then the Army Corps comes and picks them up.

Commissioner Katz - But it doesn't impact anything that the prospective developer was going to be doing out there? Were they going to be removing it? Are we accelerating or making something worse by inaction?

Monique Moyer - To say it another way Commissioner, when that project goes forward, the entire pier will be made safe for the use that's at hand and brought up to the building code requirements for the use of a brewery which will include exiting, which will require the apron to be repaired.

Commissioner Katz - I just want to make sure that our inaction wouldn't make things any worse. That was a better way of phrasing it.

14. PLANNING & DEVELOPMENT

A. Informational presentation by Bay Area Motivate LLC, the Bay Area bike share operator, on the Bay Area Bike Share Program, Agreements and Expansion.

Kanya Dorland, Port Planner - I'm here with Emily Stapleton, the General Manager with Motivate and the Director of Transportation Policy with the City's Mayor Office, Gillian Gillett to provide an update on the Bay Area Bike Share Program, the agreements, the expansion and to provide some guidance on the new Port agreement.

There are five Bike Share Stations on Port property. There's a map before you now. They're at Roundhouse Plaza, the Embarcadero and Vallejo, Harry Bridges Plaza, the Embarcadero and Steuart and Embarcadero and Bryant. These stations were authorized through a Port License Agreement. The License Agreement waived the License Fee because we didn't expect the Bay Area Bike Share Program to generate a profit for the pilot period which was two years. We expected it to generate a benefit to the Port Trust by improving mobility along the waterfront at no cost to the Port.

Emily Stapleton – Thank you for allowing me to present tonight to you on Bike Share. As Kanya mentioned, the Bike Share Program is one that has been active for the last two years. Launched in 2013, the system covered San Francisco, San Jose, Redwood City, Palo Alto and Mountain View.

The contract was between the Air District and between Alta Bicycle Share which was a company that was purchased by Motivate, the company that I work for and that has now contracted with the MTC. The program has been a success in the first two years. There have been 750,000 trips taken system wide over a million miles travelled, 6,000 annual memberships, 50,000 casual memberships purchased. Those are day trips, 24 hours or three days.

Importantly, what we've seen from survey of members, we've had a reduction of drive alone trips in our service area, 12% indicated by a member survey after year one. We see as this bringing a huge increase in capacity to the Bay Area's Transportation Network. The only limit that we've seen so far is the system's size. Today there are 35 stations total in San Francisco and we are poised to have a huge growth in this new contract with MTC.

Again, just to touch on some of the many benefits of Bike Share that we've seen here in the Bay Area and in other markets across the United States. The system is affordable and equitable transit at an acceptable price point of what will be \$14.95 per month, \$149 per year with a discount option for riders who are eligible for SFMTA Lifeline or PG&E CARE.

With Bike Share we have an option for active transportation, getting people moving on their commute, enjoying their environment and their surroundings, emission and congestion reduction as just referred to by getting people out of their cars and into multi-modal commutes, providing an option for first and last mile. It's no surprise that some of our most popular trips originate from the Caltrain station here in San Francisco. In San Jose, we see that as well.

It supports Vision Zero, Safer Streets for Pedestrians, Cyclists and all users of the streetscape. And it not only provides a service to the community, it provides opportunity to the community through local hire.

Most recently, at the end of the two-year program with the Air District, Motivate which is a private company based out of Brooklyn, New York with experience operating some of the largest Bike Shares in the United States approached the cities in MTC with an offer to expand the program tenfold at no cost to taxpayers. So providing the upfront capital investment and operating expense all at our own expense, again, with no investment from grant or city taxpayers.

As referenced before, we have numerous programs that want to make sure that this program is incredibly inclusive. That includes 20% of stations being located in MTC designated Communities of Concern. And these will touch all seven of San Francisco's Communities of Concern.

As I mentioned we operate in major markets across the United States including New York City Bike which has been incredibly successful program with 10 million trips in one year. So we look to that potential for the Bay Area as well. We think that Bike Share will really be embraced in a big way.

This new agreement with the MTC changes the regional partners that we're working with. So not only are we expanding San Francisco and San Jose, we're including Oakland, Berkeley and Emeryville to the program as well. So now there's a really fantastic East Bay connection that riders will be able to take the ferry, take the BART and pick up a bike on the other side. So that at once eases the congestion at peak hours on public transit and hopefully also

gets people out of their cars in thinking about regional transport solutions like Amtrak and CalTrain.

Gillian Gillett - Thanks so much the opportunity to address you. I'm going to walk you through the Bike Share Program terms which Emily mentioned were negotiated through the MTC and the major five cities.

The City of San Francisco is represented on the Metropolitan Transportation Commission through primarily two seats with Supervisor David Campos representing the Board of Supervisors and Mayor Lee's seat is held by Supervisor Scott Wiener. We negotiated the preliminary terms which the MTC published in the spring of last year and we negotiated through the end of last year.

Of the 7,000 regional bicycles, 4,500 of them will be in San Francisco with at least 320 stations. What's great about this from our perspective is the point that Emily already mentioned which is that this is at no cost to the taxpayer in San Francisco. Motivate is responsible for the indemnification, capital financing, maintenance, insurance, a security deposit and also to find a title sponsor.

They are required in the program agreement, the regional program agreement to share revenue, once certain hurdles are met. Again, 20% of the stations must be in Communities of Concern which is a term of ours that defines low income communities, most subject to displacement. It's a common term in the, it's a term of art that's used commonly in the Bay Area. All seven of our Communities of Concern will be covered by the program expansion.

There's a 60% discounted membership that's available for riders that are eligible for either the SFMTA's Lifeline program or in San Francisco it would be the PG&E CARE Program. All of the utilities in the nine county Bay Area have different versions of the CARE Program. That was a term that we used that all of us have in common.

In the future it will be integrated with Clipper. Another thing that was important for all of the cities was we wanted a predictable annual membership fee for residents. The initial operating fee, annual fee for residents will be \$149 and it's limited to 2%, CPI plus 2% annually increased.

On the City side, what we agreed to is, and this is consistent with all the cities, it's a 10-year term with two five-year options to renew. We agreed to sponsorship within the terms that are applied to each city. Each of the cities has different limitations on advertising and sponsorship. We agreed that Motivate would hold, be entitled to roll out an eBike system. If there is to be an eBike System, Motivate would be the vendor but they do have to let us know by next summer whether they intend to branch out into eBikes or not.

We also agreed that they would phase the new bicycles in over a period of time which puts us into the position of being the permitting entity.

Emily Stapleton - In terms of our timing, as Gillian mentioned, this is a phased program. To get to 7,000 bikes, we will be rolling this out in stages. We are already underway working with professional engineering firm Fehr & Peers to find feasible sites across the region that Bike Share would thrive.

In addition, importantly, we are soliciting community outreach. We're coming to the community with options within local micro neighborhoods and allowing an opportunity to receive feedback on where the people who will be hopefully riding the bicycles and definitely experiencing the bicycles and the stations would most like the bikes and where they think it would fit best into their community. We've already conducted three of these workshops in San Francisco with really productive results and so far strong support from the community.

Separately, we have an online site that people can suggest a station and we've seen a huge uptake on that as well with thousands of recommendations of locations for the sites. Beyond the initial upstream planning, when we start to deploy, we will see 25% of the total roll out at the end of this year, another 15% expected in Spring, 2017. Another 30% of those bikes expected Fall, 2017 with the final 30% being rolled out in Spring of 2018.

We're aiming at a rate of \$14.95 per month or \$149 if paid up front. Alternatively for the annual discount membership, \$5 per month or \$60 for the year. Right now we're expecting a \$10 rate for a 24-hour pass. And what that allows is unlimited 30 minute trips. Actually both of those memberships allow unlimited 30 minute trips. If you ride and redock you can take out another bike and keep riding with no additional fee. You can ride longer than 30 minutes. There are usage fees after 30 minutes.

We are aware of the bike rental companies that also operate near or on Port property and we've connected with those companies as well, so we have at least a common understanding of what the business models are. For the most part, we operate in different spheres. Bike Share is meant for short point-to-point trips across the city whereas bike rental is focused on longer trips and round trip. And the price comparison for an hour and a day are listed here.

As I mentioned, we're working with a professional planning firm to determine where the sites will fit best. Meaning we need sufficient solar access, spacing from utilities and we also want to make sure that we're really connected to the existing transportation infrastructure. Finally, the community outreach is a key part of our strategy to rolling out this network so it's truly embraced by San Francisco.

Kanya Dorland - We are expecting after this meeting that the Port and Motivate will meet and discuss a new agreement. I wanted to share with you some considerations for this new agreement. We at a staff level believe that the terms of the existing agreement should carry forward, specifically monitoring the financial status of the program and monitoring the usage of the Port Stations. We would also like to receive revenue from the program if the program is generating revenue beyond expenses and beyond the agreement's hurdles consistent with the Public Trust Doctrine that governs the Port.

The next steps though for the agreement, since the agreement expires in August is that we would come back to you and present the agreement. We would come back to you and present this agreement because we anticipate that it would have another License Fee Waiver of some kind. We also anticipate that this agreement could be for 10 years consistent with the City agreement. For this reason, it would have to be presented to the San Francisco Board of Sups to be final.

We would like to come back to you before August, 2016. As Emily mentioned, Motivate and their outreach consultant are underway with their public outreach for City Bike Share Expansion Stations for the first phase. They will, after this meeting, be presenting to Port staff the first phase Expansion Stations and then based on our discussions about these first phase Expansion Stations, we will work with them to present these stations to the Port Community Advisory Committees and this first phase of Expansion Stations are not expected to be installed until late 2016.

Commissioner Brandon - Thank you very much, this was a wonderful presentation. The pilot results of over 6,000 annual memberships and 50,000 casual, what does that equate to in dollars? On page five, under "Pilot Results" it says that there are over 6,000 annual memberships and 50,000 casual memberships purchased. I was asking what does that equates in annual dollars if you have 6,000 annual membership and 50,000 casual memberships. How much has your program earned?

Monique Moyer - How much revenue from the users versus from the subsidies from the local agencies? How much actual user revenue was generated?

Emily Stapleton - Annual membership was approximately \$500,000 over the two-year timeframe.

Kanya Dorland - The capital cost for the pilot program was \$7 million.

Emily Stapleton - The user generated revenue is just around \$1 million with those two numbers that were quoted and at the current rates.

Commissioner Brandon - Annually or over the two-year period?

Emily Stapleton - The two years.

Monique Moyer - For the whole system.

Kanya Dorland - When we monitor it, we monitored the financial statements on a monthly basis and what we noticed is the revenue was not covering expenses. While the revenue was increasing over the two-year period, it still did not cover expenses by the end of the two-year period. So you have the monthly expenses, but then you also have the capital expenditure for the entire program which wasn't touched.

Commissioner Brandon - The stations that will be on Port property will be incorporated in the Bay Area System as far as usage and our share of revenue. It won't be based on how many we have, how much it's generating?

Kanya Dorland - Well, that's a consideration that Port Real Estate staff and Motivate will have to work out in the agreement as how revenue sharing will be determined, what kind of formula they'll use, how they'll evaluate the statements we get.

Commissioner Brandon - There's a lot of references to DC, is that District of Columbia?

Kanya Dorland - District of Columbia's Capital Bike Share Program launched in 2010. I thought it would be interesting to show the benefits of a program that's been in place for a longer period of time. I don't know if you noticed the slide included that 30% of the membership said they felt they lost weight with the program. There were some other statistics included.

Commissioner Brandon - MTC designated Communities of Concerns. There are seven of those. What are those?

Kanya Dorland - Well it's equitable distribution of the stations.

Gillian Gillett - It's a land use term. The Metropolitan Transportation Commission is a Metropolitan Planning Organization under Federal law. It's required, one of its functions is to assign housing and job growth numbers to each county. One way to look at how to designate that, the growth per county is to have the growth be equitable.

The Bay Area through the Metropolitan Transportation Commission and the Association of Bay Area Government sought for and defined a term to define communities, low income communities that are most at risk for displacement. In San Francisco, there are seven Communities of Concern - Downtown, Chinatown, North Beach, Treasure Island, Tenderloin, Civic Center, South of Market, Western Addition, Inner Mission, Bayview Hunters Point, Outer Mission, Crocker Amazon and Ocean View.

Kimberly Brandon - That's more than seven. I was just wondering what seven will be served by this.

Gillian Gillett - All of them. When the City was negotiating with Motivate and with the MTC, we wanted to make sure that not all of the bikes went into Chinatown. It's a policy consideration that we want to make sure that the bicycles are distributed equitably and that they don't just serve a certain demographic. We want them to be everywhere. In San Francisco, some of our Communities of Concern, happen to also be tourist destinations.

In the negotiations, Motivate could offer up to 20% of the bicycles in Communities of Concern at a substantially discounted rate and they couldn't really offer any more than that. But we wanted to make sure that that 20% of the bikes weren't all in Chinatown or in the Mission which are tourist destinations. We wanted to make sure that they were in all the Communities of Concern including in the outer neighborhoods. Is that helpful?

Commissioner Brandon - During the presentation, it was mentioned that seven Communities of Concern where bikes would be located. I was asking which of those seven communities will the bikes be located in. Will the 20% be equally distributed or some might have 5%, one might have 1%. How does that work?

Gillian Gillett - They will be in all seven of them. That was the City's term that we wanted the bicycles in all seven of our Communities of Concern. We are currently working with Motivate and with SFMTA to determine what the distribution will be. It's a difficult question to answer right now Commissioner, because the rollout of the bicycles is in phases. They're not all going in at once.

Bicycle Sharing as opposed to Bicycle Rental works best if you have a core system where you know that you have a high volume of trips in a particular area. It's the difference between clumping bamboo and running bamboo. Are you familiar with bamboo? There's the clumping bamboo is relatively, is not an invasive species because it grows in a somewhat predictable manner whereas running bamboo kind of goes all over the place. A system that is easier to nurture is one that's sort of more cyclical. You start with the core and you grow the system that way. That's most likely the way that we're going to go, but it is a two-year roll out period.

Commissioner Brandon - You're saying most likely most of the bicycles will be in the downtown area and then later you'll roll out to the other communities.

Gillian Gillett - They're in the downtown now and that was where the pilot, the pilot was placed in the downtown because that's where we knew we had a lot of tips. Lo and behold it's been very successful but we know that

everybody wants Bike Share out in all of the neighborhoods and so this expansion is going to provide that over time.

Commissioner Brandon - When you guys come back, you'll have the answers and will you have gotten further along with the planning of what you're actually going to do and where it's going to go and when it's going to roll out.

Monique Moyer - There's two different processes here at work Commissioner. One is the overall City agreement as a member of the MTC. There's the MTC umbrella agreement. Then the City's agreement will be heading to the Board of Supervisors.

Gillian Gillett - It's already been approved.

Monique Moyer - It's been approved at the Board of Supervisors. We are just a subset of that as it relates to our property and that work we're just beginning. You're seeing this at the very front end.

Monique Moyer - Kanya, can we have it on our forward calendar for August, based on what was in the staff report that we read. What's the plan Kanya?

Kanya Dorland - We'd like to come back in April because of the timeline of getting your approval and then the approval of the Board of Supervisors.

Monique Moyer - Meaning that the Board of Supervisors has to also approve the Port document.

Commissioner Brandon - The question I'm asking, if it's already been approved by the Board of Supervisors, you would think that ...

Kanya Dorland - So what Commissioner Brandon is getting at is where are the stations going to go? To provide some reference, the pilot had 35 stations and five stations were on Port property. This roll out will have 320 stations for the whole city. It was mostly in the Northeast Quadrant of the city. The expansion will spread out to the neighborhoods. Our portion may be five or 10%, but we anticipate that it'll be in the Bayview, they'll be at Pier 70. They'll be in Mission Bay. They'll spread out.

We had a location criteria that we used to locate the stations. We're anticipating because this expansion is being phased out that it might be easier to make the Expansion Station approvals at a staff level if we have an approvable location criteria when we present the proposed agreement in April. That would potentially address your question about where the stations will go on Port property.

Commissioner Brandon - So when you come back in April, you won't know exactly where the stations are going, you'll just have a proposal.

Kanya Dorland - And a location criteria of where they would go.

Commissioner Brandon - The revenue sharing above a hurdle. Is that hurdle determined or is that something else that's going to be?

Kanya Dorland - There's a hurdle in the City agreement. It's if the program makes \$18 million a year, adjusted for CPI every year, then they have to share a portion of their revenue with --

Commissioner Brandon - And that's just the city, that's not the system?

Gillian Gillett - It's the system.

Commissioner Brandon - If the system makes \$18 million a year.

Kanya Dorland - Yes.

Commissioner Woo Ho - You're talking about bottom line or just revenue?

Kanya Dorland - Revenue. So beyond expenses, they also have this \$18 million hurdle that they have to achieve before they share some of their revenue with the partners.

Commissioner Brandon - So the \$18 million is net, not gross. It's the revenue.

Monique Moyer - Commissioners, if you're interested in knowing the terms of the City agreement, that's not our area of expertise. I just want to be very clear again. The Port has not sat down and tried to work on this program yet. We wanted to flag it for you first. Let you know, give you the update on what the City was doing and to the extent that you want to give us any direction today, we'll then work that direction and then bring you back a proposal.

Commissioner Woo Ho - Let me go back and start with something that Kanya said. It's very interesting but we all want to understand the implications of what this means. Obviously more specifically around the Port but just understanding the global context of what it's going to do for the city. Did you say there are 35 stations today of which there are 325 bikes today? We have five on the Port, and that's how many bikes. I'm trying to understand the rationale for jumping tenfold and obviously there's an impact. I don't know whether it's going to be tenfold for the Port. It may not be because we don't know what you're planning to do. I'm trying to understand what's the basis for the assumption that we can go tenfold because I didn't hear any market research. I just heard some workshops, community input. That's a huge jump to say that.

Right now I'm hearing that most of these are not used by tourists because you're trying to avoid the competition with the bike rental companies. Most of these are just residents or people coming in from the outside, take the ferry, we now need to go another 10 blocks or something like that so there's commuters. I'm trying to understand number one, what's so optimistic, to be the largest in the country all of a sudden?

Emily Stapleton - Good questions. Actually it will be the most dense bike system per capita. The largest in the country is City Bike in New York. They have approximately 500 stations right now I believe. They initially launched just in lower Manhattan with about 250 or 300 stations. Lower Manhattan and Brooklyn, parts of Brooklyn that connected well with the transit. They're now undertaking a huge expansion, all the way up the Island and further into Brooklyn as well.

We're really looking to their experience and their success in that market. As I mentioned, over the course of the two years of the program here we've seen 750,000 trips. In New York in one year, last year they saw 10 million trips. It's just completely transformed the way residents and visitors alike get around the city. With Bike Share, to reiterate a point that Gillian had made before, it works well when it is dense. When you only have 35 points in the city of San Francisco you can go to, you're very limited.

The user set right now may be somebody who's making the last mile commute trip from the Caltrain to their office. Maybe it's somebody that works on Market Street and they're making a trip to lunch and back to their office. Right now you can't make that vital connection, or most people are not making a vital connection from their residence to their work or their residence to their place of leisure on the weekend if they choose to go to a park or a family member's house or anywhere across the city. Right now it is just confined to the downtown.

That was always intended, I believe, to be a test case just to see if Bike Share would stick in the Bay Area. So the expansion, when we move from 35 stations to at least 320 stations in San Francisco is meant to make this a true transportation network that connects neighborhoods to areas of commerce as well.

Commissioner Woo Ho - That's very different from the current configuration. The concept is changing quite dramatically then. I'm not sure that I totally understood that that you're trying to say that you're going to live in the Avenues and you're going to now use your bike to go downtown to work.

Emily Stapleton - Correct.

Commissioner Woo Ho - I wonder, do you all know what the number of bike ownership in the City is that you would be replacing or as an alternative? Do you have any idea?

Emily Stapleton - In terms of mode shift, again, we did do that survey after the first year, about 12% of people said they switch from Drive Alone to Cycling. The question is posed as, "If you did not make this trip on Bike Share, how would you have made this trip?" I don't have the number at the front of my brain right now in terms of people who would've biked but on their own personal bike. My guess is it's somewhere between maybe the 8-10% range. I'd have to check again, and I am happy to follow up on that.

Commissioner Woo Ho - It's great that New York is having great success. But I guess our consumer patterns and traffic patterns with Manhattan are very different and just how transit is viewed etc. The way the city works, and you don't have hills, etc. I think there are a lot of things to take into consideration.

I think what we should do is try to say, "Here are the questions that we want to know as it relates to the stations that would be on Port property." We would want to know specifically how many stations. In April, and maybe even before then, if there's sort of a working presentation of, "This is what we think." How many stations on Port property? And what's the maximum usage that we would expect? We're in the commuter territory. We're not in the neighborhood territory of somebody coming in from somewhere else. We would want to understand on the revenue sharing arrangement, if there is a general revenue sharing with the City, how does that trickle down to us at the Port level? Do we get any share of that revenue because we're giving up some real estate here to provide the stations which are our normal would be leasing it out.

So far what I'm hearing is that even on the operating expense basis, we're running into a deficit. There's a lot of capital improvement here, and I don't know whether the depreciation is in your numbers in terms of the deficit that is currently being incurred just on the pilot. We want to know the financials; not just the operating expense. It's also obviously you have to depreciate the capital improvement that, to put in the stations. So we want to understand that. Is the Port going to share in that as well?

Commissioner Katz - I don't really have too many questions but to summarize and see if my understanding is correct. As I understand it, you'll be coming back in April with better guidelines or a better idea of sort of the general number that we'll have along the Port and how that fits in the overall plan for the City. The idea being that the whole program will be expanded so somebody like me who lives further out might be able to find a bike and ride it to the BART station and then hop on BART to come down to the Port or work or whatever.

It'll be spread out throughout the city but as far as it affects the Port specifically, we'll get a certain number. We'll have a better idea of that in April and also coming back to us with an idea of if the program starts generating

revenue as opposed to breaking even or worse, but if the program starts generating revenue, we'll have a formula in there that will then compensate the Port for those sites. If it looks like it's a revenue generating program down the line.

If not, we'll continue to look at the sites pretty much status quo because there's an inherent benefit to the Port to have people taking bicycles to reduce congestion along the waterfront, getting to Point A and Point B and having people move along the waterfront in a much easier fashion. Am I correct in my assumptions?

Emily Stapleton - Correct.

Commissioner Katz - Thanks very much for your presentations everybody. I really appreciate it.

Commissioner Adams - Thank you. That's how I saw it. I think we all need to remember when we started this, this was a pilot program. I like how it's going but no revenue to the Port. They have yet to sit down to even talk about the negotiation. They're looking from direction from the Commission. I like it and I'm going to tell you why, because we all know that Commissioner Woo Ho, she loves ferries and water taxis and so do I. We all do.

But as Commissioner Katz said, bicycles are also a good option. I'm going to ask Commissioner Woo Ho and myself at the next meeting that we ride bicycles down here to the Port Commission meeting and I'm going to buy her a root beer on the way. Me and Commissioner Woo Ho, because I think I let her down at the Cruise Terminal and the limousine.

Commissioner Woo Ho - Well, I live in Diamond Heights. There are a few hills that are difficult.

Commissioner Adams - Thank you very much. We'll be looking forward to you guys coming back.

15. REAL ESTATE

- A. Request approval of (i) a Second Amendment to Lease No. L-12838 for the premises located at Pier One in the Northern Waterfront between the Port of San Francisco and AMB Pier One, LLC granting AMB Pier One, LLC an option to extend the lease term for an additional 15 years commencing August 2, 2049; and (ii) a First Amendment to the Port Sublease for Pier One to grant Port a concurrent 15-year option, both subject to Board of Supervisors' approval. (Resolution No. 16-07)

Jay Edwards - We're here for your approval for a Second Amendment to the Master Lease that we have here with our partner AMB Pier One which is Prologis. Prologis is also a tenant as well as the Port. I'm going to walk you

through the structure of the agreement, tell you why we're here, why this is important and what the benefits that we feel will be derived by entering into this agreement.

In addition, we have an amendment to our Port sublease that gives us a right that we didn't have before. It's an important right and it's a right that was fought long and hard about from Prologis' standpoint about giving it to us so that means it has value. I think we have some really valuable points here.

What we're talking about is an extension of a relationship. The relationship started with our Executive Director and their CEO. It goes down all the way through the staff with myself and Steve Lueck who's their Senior Vice President who's been in charge of really handling the negotiations on behalf of Prologis.

Then it goes into just out daily lives. They take care of the Port. They look over our facilities. They clean the space, they manage the space. They provide security for us. It's more than just a business relationship. It's a personal relationship that we have with their staff and I'm delighted to look at a way to extend that.

The second piece of it is the partnership. I'm going to talk about, a little about the partnership, but this is a chance to really take what we think is a very good solid model for the Port and potentially expand it into the future.

The third piece of it is retention and that's retaining a world class organization such as Prologis to be our partner, to be here with us at Pier One. There's cities throughout the world that would love to have them and we're very fortunate that this would enable us to do that.

The next piece is the stewardship. They're talking about investing \$10 million into Pier One and that is a significant amount of money. They're also obligating themselves to maintain the repair and maintenance of the facility for the foreseeable future, 15 years out for the option in the case they exercise that.

Then the final case is resiliency. I know Commissioner Katz has been big on the Sea Level Rise. The Commissioners also understood the importance. We've got measures in here to address that.

In terms of our master Lease Second Amendment, were doing this consolidation, Prologis has some excess space. They need to consolidate a little bit. They want to become more efficient. They're going to relinquish a very important piece of space that's going to enable us to take advantage of the current market conditions and in fact a guaranteed, guaranteed a \$500,000 participation rent payment to the Port.

It is money coming in. So that's the first piece that they've agreed to in terms of this Second Amendment option to renew. They've also agreed to implement at their cost Sea Level Rise protection measures that we don't have now. They're not obligated to do now and we think they're prudent and advisable to do. They've agreed to it. In fact, they have embraced it.

The third benefit that we're getting in return for this option, 15-year option to renew is they've agreed that should these things just become very, the projects go beyond anybody's imagination, then we have the right, our Chief Harbor Engineer, Eunejune over here, has got the right to say, "That's it. Life safety. We are having to close that down." We hope that doesn't happen but of course, that's been agreed to and without any liability.

The fourth item here that they're going to continue to do is they're going to remain responsible for all the management capital and leasing expenses that are required. I can assure you that's a lot of money. That's a lot of effort. That's a lot of energy. If we were having to do this ourselves, we would have to dedicate 10 staff to do that. There's a lot of effort that goes into leasing, managing and maintaining a facility like Pier One in the condition that it is in today and that we hope it will be in the future so that's their obligation. They'll continue to do that.

They will pay in return for this option a fair market value on the minimum rent. This is not an agreed upon number. It will be a number that is fair at the time. There's a whole determination on how it will be done. It's through appraisers. But in no event are we going to get one dollar less than we're getting today. There's no downside here for us as an organization. The risk is then put back on our partner.

One of the key ingredients of this current arrangement is they will continue to pay 50% participation on the net income. That's really a very good deal for the Port in many ways because they're responsible for the cost but yes, and they're responsible for getting this done, and then we get half the income.

With those really key benefits there for the Second Amendment, we have a fair and hopefully productive agreement in front of us. In return, they're going to extend their lease. They've agreed to sign up for an additional 20 years for their Prologis headquarters plus options to renew through the remainder of the term and then of course the option period and full, fair market value. That's not a discounted rate.

On top of that, they're going to invest \$10-12 million into building out, continue their world-class headquarters and put some very valuable infrastructure into the pier for, on our behalf.

Finally our sublease, we pay rent at Pier One. We're subject to market conditions as everybody does. In that regards, we also wanted flexibility. Our lease had a no termination provision in it. Through a lot of discussion, we

were able to share with our partner on why this could be beneficial here to the Port and they've agreed to do so. On top of that, we have an option to renew should they exercise their 15-year option to review.

This was an accumulation of a lot of work from our staff, Rona Sandler, general counsel, Eileen Malley, Mark Lozovoy and Susan Reynolds, Uday Prasad and Steven Reel on the Sea Level Rise issues and earthquake vulnerability. Of course, our Executive Director Monique who absolutely kept this thing on track when it could've gone sideways 10 different times.

Commissioner Katz - I think we've gone over this before. There's no significant changes, are there?

Jay Edwards - No, just improvements.

Commissioner Katz - I think it's a great job so thank you Jay for doing this. It's exciting and it's nice to be able to make improvements to what looked to be a long-term lease and we're making it even better.

Commissioner Woo Ho - I just want to be sure, I may have missed the earlier discussion. I want to ask, what are the downside risks?

Jay Edwards - First of all, they wouldn't renew their option and we wouldn't keep them on and get all these future benefits. We asked that question as well and we think we have everything. We don't really see really a downside risk to the Port.

We've tried to cover that through this package that's why we've got the fair market value terms, the participation rent, the Sea Level Rise flood protection measures, the partnership, sticking together. I don't have any downside risk that I can identify.

Commissioner Woo Ho - You guys have gone over this and I'm just asking you to articulate what you all have gone through in terms of your process. But I guess on the one hand it's great that we've extended the term. But they also have 65 years which is a great benefit to them. This is a tremendous piece of property. I'm just trying to make sure I understand everything before we approve this. If there's anything that should be pointed out, that we wouldn't down the road say, "Gee we didn't look at that as a possibility that we should have looked at." We're going to get more rent as I read this, that's the number one benefit, right?

Jay Edwards - We're increasing our participation rent, guaranteed.

Commissioner Woo Ho - They're going to help us with Sea Level Rise, flood protection; and they're consolidating their space, but there will be more space that will be let out.

Jay Edwards - That's correct.

Commissioner Woo Ho - That's where the additional rent comes in and in return for all of this, we're giving them more term.

Jay Edwards - It's an option to renew. But yes, it's a 15-year term.

Commissioner Woo Ho - The other sub lessees currently in the space besides ourselves? Can you name a couple of the others?

Jay Edwards - Pattern Energy is their main sub lessee. We have Starbucks as up front in the front portion and there's Capital One. They were a different company but they were purchased by Capital One and then the Port and then Prologis.

Commissioner Woo Ho - What is the thought in terms of the possible other sub lessees for the extra space that's now going to be generated or after the consolidation? Is there any idea of what kind of lessees are coming in?

Jay Edwards - First of all, the market as you understand is quite robust. They are going to engage in a Maritime marketing program to really see if we can try to land a Maritime related firm. Eleven thousand feet is the size Commissioner which is in a, there's a pretty good pool of good quality tenants in that range. We're hoping we can get a Maritime related industry in some way. That's our really push for it. But we're all very confident that they're going to be able to be successful in that. And in any event, the risk is all on them.

Commissioner Woo Ho - I will say that Prologis is obviously a, is a well capitalized, respected, gives decent dividends to its investors. So it's considered a good investment if you're in the market so that they do have tremendous credibility as a company in terms of being in the REIT business. I think they're a strong tenant from that standpoint and it sounds like they've been a good tenant all along. So that's positive. I'm trying to make sure that there's nothing here in these terms that we would regret five to 10 years from now.

Jay Edwards - I don't believe so.

Commissioner Brandon - Thank you for the report. I think that as Commissioner Katz said, we discussed this and as long as nothing's changed since our last discussion, I'm totally in support of this and I think it's going to be a great, a continued great relationship.

Commissioner Adams - Jay, good job. My Commissioners are all happy. I'm fine with this. Good work.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution 16-07 was adopted.

16. NEW BUSINESS

Monique Moyer - Commissioners, I want to assure that we do keep a log of all the New Business requests. Amy Quesada as the Commission Secretary keeps that log. Even though I won't be here to ensure that the log moves forward, it does have life and a number of the projects that you've asked about have either come before you today or will be coming forward in the coming months.

I want to assure you just because I'm leaving, the New Business requests of the past aren't leaving with me. Having said that, do you have New Business requests you would like to make?

Commissioner Katz - Just that you come back on occasion.

Monique Moyer - Absolutely. I will definitely be back. All the good restaurants are on this side.

17. ADJOURNMENT in memory of Dr. Espanola Jackson and Sylvia McLaughlin.

ACTION: Commissioner Brandon moved approval to adjourn the meeting in memory of Dr. Espanola Jackson and Sylvia McLaughlin; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

Port Commission President Willie Adams adjourned the meeting at 7:42 p.m.