

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING MARCH 8, 2016

1. CALL TO ORDER / ROLL CALL

Port Commission President Willie Adams called the meeting to order at 2:05 p.m. the following Commissioners were present: Willie Adams, Kimberly Brandon, Leslie Katz, Eleni Kounalakis and Doreen Woo Ho.

2. APPROVAL OF MINUTES – February 23, 2016

ACTION: Commissioner Brandon moved approval. Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor; the minutes of the February 23, 2016 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

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

The Port Commission withdrew to executive session to discuss the following:

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

- a. Property: SWLs 323 and 324 and the two adjacent street stubs (Paper Streets), located at Broadway Street and The Embarcadero
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: Developer: TZK Broadway, LLC and Teatro ZinZanni: Darius Anderson and Annie Jamison
- b. 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

- c. Property: Pier 38, located at Delancey Street and The Embarcadero
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*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 recess closed session and reconvene in open session. Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

- 7. **ANNOUNCEMENTS** – Renee Martin, Communications Manager, announced the following:

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

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

David Santos - I'm here in regards to a previous meeting regarding a landing rights agreement between the City and County of San Francisco Port Commission and South Beach Harbor Guest Dock. It's specifically for increased insurance requirements. I believe there wasn't any input through the public sector. I would like to have information regarding who to speak with at the City and County level at the Risk Management Office. I have contacted different Port emails and haven't received an appropriate response to who to contact. Thank you for your time. You have my name and phone number as a Port tenant for the last 22 years here.

Commissioner Adams - Please talk to Elaine Forbes, the Port's Interim Director so she can point you in the right direction.

9. EXECUTIVE

- A. Executive Director's Report

- Welcome to New Port Commissioner - Ambassador Eleni Kounalakis

Elaine Forbes, Interim Port Director - I start my report today with the happy news that we are welcoming our fifth Port Commissioner for a full complement on the Commission. Ambassador Kounalakis is a businesswoman with notable experience as a land developer in Sacramento. She is a philanthropist and she is a diplomat. From 2010 until 2013, she served as the United States Ambassador to Hungary.

During her service, Ambassador Kounalakis received meritorious awards of honor. She wrote a terrific book about her adventures called, "Madam Ambassador, Three Years of Diplomacy, Dinner Parties and Democracy in Budapest." This wonderfully engaging story includes a wild boar hunt, very daring helicopter rides, and it also explains how her diplomacy provided guidance to a country that was grappling with the rise of Hungarian nationalism and anti-Semitism.

Currently Ambassador Kounalakis holds a non-resident fellowship at the U.S Department of State. She is a senior advisor at Albright Stonebridge Group and serves as a Chair of the California Advisory Council for International Trade and Investment. She also serves as a member of the board of UC Berkeley Haas School of Business where she received her MBA in 1992.

Ambassador Kounalakis and her family live in San Francisco and she loves her city. She is not new to local service. She served as a trustee of San Francisco War Memorial Board. She also served as a member of the California State World Trade Commission and the First Five California Commission.

The Ambassador is a proud first generation Greek American. Her father immigrated here and he started his work as an agricultural day laborer. She is an active advocate of interfaith cooperation and she served for 10 years as a trustee of the World Council of Peace, of Religions for Peace. In recognition for her service, she was awarded the Medal of St. Paul which is the highest lay honor of the Greek Orthodox Church in America.

Committed to the advancement and understanding of democratic ideas, she currently serves as an advisor to the New York Times Annual Conference of Democracy in Athens, Greece. Today is International Women's Day. It is so befitting for us to welcome our fourth incredible woman leader to this Commission. Congratulations to you Commissioner Kounalakis. We are so pleased to welcome you.

Ambassador Kounalakis - Thank you very much for that gracious introduction. The only thing that you didn't mention because I'm sure you didn't know was that exactly almost 16 years ago, my husband and I were married and had our reception in this exact space because it was the former

World Trade Commission. You may have heard about Big Fat Greek Weddings. We had about 800 people crammed into the World Trade Center. So this building is very special to me. I love my city. I love San Francisco. Anyone who loves San Francisco has to be passionate about the waterfront because there is so much that goes on in this seven and a half mile stretch. Plus of course the other part of the waterfront as well.

There are so many activities, so many things to do with your family, so many reasons to come down and to enjoy it. What I've already enjoyed is having the opportunity to peel back the onion and learn and understand more, not just about the history of the waterfront but all of the contemporary issues that the Port Commission deals with.

It's really a true privilege and an honor and something that's very exciting to me to be able to be part of this. I also want to thank my new fellow Commissioners for their support during my nomination and confirmation process and for reaching out with history and context and friendship and collaboration and everything that I know is so important to have a healthy and well-functioning Board.

You have my commitment to put in as many hours and as much energy as necessary to live up to your standards of being an engaged and committed Commissioner, which I know all of you are. Thank you very much. It's really an honor and a privilege to be here.

- Waterfront Plan Working Group Meeting – March 9, 2016 from 6 p.m. to 8 p.m. at Pier 1

Elaine Forbes - I'd like to give an update on the Waterfront Land Use Planning process. The Working Group will be meeting tomorrow night, March 9, 2016, at Pier 1 from 6:00 to 8:00 p.m. The topic is Port Finance. Meghan Wallace and I will be presenting the Port budget and financial planning process.

I would also like to thank the Port Commissioners for all of the attendance that you've served in coming to the Working Group meetings to date. We've heard feedback that sharing your insights has been extremely helpful to the Working Group. This partnership, with the help of City staff, BCDC and State Lands is the key to ensuring that the Plan Update is integrated with the broader city, regional waterfront planning efforts, particularly as it relates to making the water more resilient.

The Working Group meetings have all been very well attended. To date, staff from partnering agencies have briefed the Working Group in three public sessions on (1) the goal and policies of the Waterfront Plan; (2) Port governance by state and local laws and regulations; (3) the diversity of maritime industries and water dependent uses that find their home at the Port. This Wednesday we'll do the Port finance training.

Then we will do the next two working sessions in parallel with the Port Commission's review of Sea Level Rise on March 22nd and the Working Group on March 23rd. Then the Port's Seawall Structural Study results will be presented to the Port Commission on April 12th, for the Working Group will be April 13th. In the spring the Working Group will focus on the Port's historic pier districts, pier condition, urban design open space, real estate, leasing, development and transportation.

These topics all together will provide the framework for the Working Group to get started in part two of the public process which happens this summer and early fall. In that part, the Working Group will be tackling the tradeoffs, priorities and will start making internal policy recommendations. Right thereafter they hit part three of the process to address South Beach and Northeast Waterfront site specific land uses and then the Working Group will conduct its final meetings and come to you to produce recommendations about how the Waterfront Plan should be updated.

We're very excited about this process. We're very excited about the level of commitment we've had from the Working Group and from this Commission and our partners and we're off to an excellent start. We also want to let the public know that all the reports, PowerPoint presentations, videotapes et cetera are all available on our Port Web site, sfport.com/waterfront-plan-update.

- Board of Supervisors' Approval of the Infrastructure Financing Plan for the Pier 70 Orton Development Project

Elaine Forbes - I would like to announce, very happily, that on March 1, 2016 the Board of Supervisors voted unanimously to approve the Port's first Infrastructure Financing District and Financing Plan and that plan is around the Orton Development area. The City and State will contribute future property tax dollars for 45 years in this area. This contribution equals about \$49 million nominally over that term which equates to \$18.3 million in project sources.

The IFD Plan includes PAYGO sources to repay the Port and the developer for public infrastructure and a small bond issuance for the second phase of Crane Cove Park. This step of securing approximately \$18 million for public Port public infrastructure and public realm improvements signals the City's willingness to allow us to use this very powerful financing tool in addressing our backlog and delivering very critical new infrastructure. This has been a work in progress for nearly 10 years and we're very proud to announce that we have our first Infrastructure Financing District approved.

B. Port Commissioners' Report:

Commissioner Katz – I want to welcome our newest Commissioner. Delighted to have you joining us. I've known you for many years as a friend and now I'm

delighted to be able to call you a colleague on the Commission. I know of your passion and caring for the city and to serve at public service, so I think you'll be an absolutely valuable new addition to the Commission. Welcome aboard.

Ambassador Kounalakis - Thank you Leslie.

Vice President Brandon - Yesterday I had the opportunity to attend the swearing in ceremony for Commissioner Kounalakis and it was a wonderful ceremony. The Mayor swore in, I'm not quite sure how many people.

Ambassador Kounalakis - Eighteen.

Commissioner Brandon - Eighteen people and the Commissioner had her own distinguished, dedicated cheering section. She has a lot of support and it's going to be wonderful working with her. We have a great contingent here from the Port with Elaine, Eileen, Renee, Byron and Brad all in attendance. So welcome. I look forward to working with you.

Ambassador Kounalakis - Thank you.

President Willie Adams - You know, when I first heard Ambassador Kounalakis' name, I was just so afraid of even trying to say that name. I feel a little bit more comfortable. I felt very honored at the Rules Committee. She had a really great turnout and the respect that she had from Leader Pelosi sending a personal message supporting Ambassador Kounalakis, former Mayor Art Agnos and the ILWU and with pride that I came down and Commissioner Katz was also there with me. Her skills are impeccable but she's a true humanitarian. It was 16 years to the day that she and her husband got married in City Hall. I'm really happy that we finally have five on the Port Commission. I guess you guys can see the gender balance up here. Mayor Lee and Elaine Forbes. I want you to see that, for that was said a while ago. Brad kind of looked at me up there. You can see I'm outnumbered and outgunned. But welcome Commissioner Kounalakis and looking forward to working with you and your expertise.

C. Informational overview presentation by the Executive Director of the San Francisco Ethics Commission regarding the department's education and enforcement role in City and County government.

LeeAnn Pelham - I'm now in my ninth week as the Executive Director of the San Francisco Ethics Commission. I appreciate the opportunity to be here today to introduce myself very briefly and to perhaps to reintroduce the Ethics Commission to you.

You may know that my predecessor had been in the position for 10 years and so with any organization has made a transition in executive leadership. This is a great opportunity to be able to get out and introduce ourselves, let you know about some of the priorities and support that we hope to provide City and County officials as we go forward and to really solicit your feedback, your

continuing interest in our work and let us know how we can support the work that you're doing on behalf of San Franciscans.

I have a very brief PowerPoint presentation. There were copies on your public counter outside. We don't have an audio or visual of it for the public, but we do have copies in hard form. I wanted to also introduce Pat Petersen from our office. She's our Outreach and Education Officer. She is very busy in ramping up our efforts to provide information in the most timely way and effective way for those who are covered by our regulations.

First of all, I wanted to recap that the Ethics Commission as you may remember was created by San Francisco voters back in 1993. As with many Ethics Commissions around the country, the Commission was established directly by a vote by the citizens here in the City and County. We were established to do a broad range of responsibilities. We have a broad range of programmatic responsibilities within the general area of public reform and public disclosure including campaign finances for City campaigns, conflicts of interest, lobby disclosure and registration, registration of campaign consultants and a variety of roles in the governmental ethics are generally.

We work very closely with the Office of the City Attorney in providing guidance and advice. But our functional duties are also housed in our Commission are kind of soup to nuts. We provide public disclosure for these substantive areas. We provide education and advice partnering with the City Attorney's Office. Our job is to also look at policy to make sure that it's strong and workable and enforceable in practice, and that's an area we're trying to increase our effectiveness in.

We also provide assistance to agencies to help employees and public officers understand the rules and help to provide you with the tools to comply with the rules that you're subject to. When we find that people have overstepped inadvertently or otherwise the laws that apply to all of us as public servants, we have an investigative and enforcement function.

One of the questions that we often get is, "Where are these standards that we all have to live under, where are they expressed?" As you probably know, the State in 1974 passed a Political Reform Act. The voters approved it and that set standards out for government officials up and down the state from large to small cities. The Political Reform Act is the foundation for our work. That is also built upon by City law. Over the years the voters in San Francisco have been very active and very supportive of having strong and extensive ethics laws in place. We have a Campaign and Governmental Conduct Code which has a lot of provisions that we help folks understand and comply with. We also have a Sunshine Ordinance. Departments within the City as you probably are familiar with have departmental Statements of Incompatible Activities. These are the statements that provide some of the laws that public servants are subject to but also that articulate specific policies that apply department by department. The Port has its own Statement of Incompatible Activities.

In terms of the information and education role that we play, there are a number of disclosure requirements that apply. We have forms and disclosure information that we provide people so that everybody can understand the rules of the road, can understand how to comply with them. Our job is to provide the resources to help understand those rules, the tools to help comply with those rules, and then also providing information that equips the public to hold us all accountable.

One of the things Pat will tell me I am remiss if I don't point out today is that come April 1st, public servants have a financial disclosure requirement. Certainly Commissioners, department heads and other designated employees who participate in government decisions. That's something that our office works with your staff to accomplish. We want to make sure that we can get as close to 100% full, accurate compliance as possible with that state requirement.

We have an online filing system that allows department heads, Commissioners and elected officials to file those statements online. We hope that that's a way to do it simply and effectively. We're working to work to bring in the other filers who are about 3,000 employees into that same system over time to make it easy for them as well.

That's also one of those educational tools that with the information that the State provides, with the information we can provide to your staff and to you to help with the compliance, we also have information that the public is able to look at to ensure that decisions are made fairly and objectively in the City. It's both a tool for us as individuals to avoid conflicts and a tool for the public to hold us accountable.

I wanted to also draw your attention to one of the things that we are going to try to do more of in the coming year, coming months. The Ethics Commission, as I mentioned, works very closely with the City Attorney's Office. The City Attorney's Office in this town has done an excellent job of putting together a good Government Guide that is a strong resource for everybody about the laws that govern our activities.

From this, we're also looking to develop shorter, timely and real practical information that we can send out when it might be more useful to you. For example, the first of what I'll call the inaugural FYI from the Ethics Commission. We're trying to make sure that folks are aware of what the rules are, at a time where it may be most relevant to you.

We issued one of these at the end of January to remind folks about City gift rules and State gift rules at the time that activities were taking around the city for the Superbowl. We hope to do more of that and would welcome your ideas about what might be topics that could be useful to you, useful to your employees here in the department.

In terms of enforcement, the Statements of Incompatible Activities that each department has are very clear that in addition to the standards that we're held to, that engaging in activities that are impermissible as identified by the Statement of Incompatible Activity, can subject City employees to sanctions including and up to possible termination of employment or removal from office as well as monetary fines from our office if there are violations of the laws in our jurisdiction.

It's a very strong statement in the city and it's something that our office takes very seriously. We have a charter mandate by the voters to investigate issues that are brought to our attention, to initiate investigations when the facts and the law indicate that something needs to be looked at, and we're also required to treat these confidentially. It is certainly the case and the practice that we do not want concerns that are raised in our office or issues that we're investigating to be turned into political footballs.

People have reputations to be protective of and legitimately so unless there's a reason to determine that somebody has violated the law. The sanctions that apply under the law, they can be criminal sanctions. There can be civil sanctions. The Commission itself has the ability to levy fines of up to \$5,000 for violations of the ethics laws, or three times the amount of money that might have been improperly reported or taken or expended.

There was a charter requirement that we work closely with the City Attorney and the District Attorney's Office. Complaints that we have are also required to be referred to them. But it's most important that you, your employees, the public knows that there is a place to levy concerns, raise concerns and that it's part of our job to make sure that we're treating those fairly, seriously and that we're resolving cases as objectively and as thoroughly and as timely as we can. So wherever the law and the facts take us is our goal to make sure that we resolve them in the most effective way.

Lastly I would say that we have a broad mandate as I said at the outset, with a variety of programmatic areas, a variety of functions and the blueprint for our own organization is something that we are working to strengthen and build on in the coming year. We are being rather aggressive about how, as our own Commission starts a new chapter, we want to look at our own operations, make sure that we can be responsive to questions that come forward, that we can thoroughly provide practical advice, that we can strengthen a look at our laws to make sure that they are workable in practice and enforceable and to ensure that our enforcement is fair, proactive, thorough and consistent. We'll be doing a lot of work in our house to up our game and to strengthen our role in supporting your job which is a very critical one and I'm sure a very challenging one. In a time when we're all being asked to do more with less, it's critical that the creativity and innovation that happens at places like this be allowed to happen, and to the extent that we can be a thought partner or support to make sure that those issues are tackled in the most ethical way and with the

strongest of disclosure and accountability, we're happy to play that role in support of your work.

If there are any questions, I'm happy to take them. I'm happy to provide you with any other information that might be of use to you. I do appreciate the chance to say, "Hello," this afternoon and on behalf of all of us at the Ethics Commission, we look forward to working with you and supporting you in your work.

Commissioner Brandon - Thank you for this wonderful report. It's great to get a refresher every now and then. Congratulations on your new role.

Commissioner Katz - I want to thank you Executive Director for coming and speaking to us. I appreciate the refresher and it is nice to know that the City is doing it right. Thank you for being here and welcome to the City.

Commissioner Woo Ho - Thank you for the presentation. It's good to get a reminder that we have to file our Form 700 in the next month or so, which we all will do and appreciate that we continue to express our core values throughout the City through various Commissions. I think that's important as something that represents San Francisco at its best.

President Adams - Executive Director Pelham, thank you so much for coming today. I was the one that requested it and I think it's very important. The public is always watching and there has to be a high level of transparency. I say this without apology, the Port Commission is the best Commission in the City. We have to have high standard and one has to always be aware of conflicts of interest. You can't be out pimping for a developer. People are watching and it's got to be that transparency. We need to be reminded and you've got to do the right thing. This is the best Commission. We have to carry ourselves that way. We have to make sure that the transparency is there. The public is always watching. There's always the naysayers out there and people are looking for something. We want this always to be a Commission that the public and everyone can have faith and interest and they know with us. Once again, thank you for coming.

10. REAL ESTATE

A. Informational presentation on the National Flood Insurance Program and draft San Francisco Flood Insurance Rate Maps.

Brad Benson, Director of Special Projects – I'm here to present on the National Flood Insurance Program. I'd like to kick off the presentation welcoming the Director of Risk Management for the City Administrator, Matt Hansen. He will describe the City Administrator's role in this program.

Matt Hansen - We, at the City Administrator's Office collectively and individually for our City Administrator Naomi Kelly, are the Flood Plain Manager for the City.

We support all departments and enterprises in working through us with FEMA in your individual concerns or issues that you have with the program or may have and comments and appeals.

The maps were actually started in 2007, before my time. Not until just this past November do we have draft maps and they are put out by FEMA and then we have a chance to comment and appeal those decisions that they've made on an engineering basis. Port staff will give a better, deeper presentation on the effects that it will have on development and what they're attempting to do to work with us and FEMA to make sure that it is completely a transparent process and that we have the opportunity to comment on these findings.

Second thing is we're coordinating outreach. I'm sure there'll be more information from Brad, but with each of our affected departments and enterprises, there are specific stakeholder communities that may or can be affected by these mapping tools. What happens then is that we are working with all of the Public Information Officers to make sure that we have a coordinated effort Citywide.

We're speaking with one voice to FEMA and that each area of concern has an opportunity to address their concerns. So that's our role. We're coordinators. We're facilitators. We're the funnel to FEMA. But specifically, staff here at the Port have been very engaged and it has been a pleasure to work with them.

Brad Benson - Thank you so much Matt. I'll be making this presentation with Uday Prasad from our Engineering Division.

This is our first opportunity to brief this Commission about the National Flood Insurance Program. As Matt alluded to, the process really started in 2007 where FEMA published draft Flood Insurance Rate Maps for the San Francisco area for the first time. San Francisco's never been mapped by FEMA for flood hazards, coastal flood hazards in particular.

There were many presentations to the Port Commission back in 2007 and some to the Board of Supervisors. We're at a point in the process now where we're beginning those efforts again to make sure that the Commission, our tenants and other affected stakeholders understand the meaning of these maps and the rules we'll have to follow going forward.

What is the National Flood Insurance Program? It consists of three parts. Building standards that FEMA requires for construction activities in flood hazard areas. Flood information, sharing with the public analysis that FEMA has done that predicts where flooding will occur, and it's on the maps that they publish. Then insurance requirements - The federal government offers a federally backed Flood Insurance Program that is available to participating communities.

That adds up to the Flood Risk Management Strategy that Congress envisioned with the National Flood Insurance Program. Congress acted first in

1968, delegating the lead agency responsibility to FEMA. When FEMA goes out and maps flood risks in a local community, it sets a clock in motion for a decision as to whether or not to join the National Flood Insurance Program. To join, a local community has to adopt a Flood Plain Management Ordinance with building standards that is acceptable to FEMA. Attached to that ordinance are the maps that show the flood hazard areas.

San Francisco, because of the prior mapping efforts, made a decision to join the Flood Insurance Program in 2008. The ordinance that was adopted at the time was amended in 2010. We haven't had a lot of flooding in San Francisco. We certainly haven't experienced a lot of flood damage along the Port and coastal areas but there are some areas inland where the combined sewer system have backed up. Residents now can tap into the federal program to purchase flood insurance in those areas which is a great benefit to those residents.

The Flood Plain Management Ordinance itself, the Port had a lot of participation in the drafting of that ordinance because of the concerns that Uday will describe more about our finger piers. It establishes the standards for building in flood plains. Generally, and those requirements are reflected in the Port Building Code. Actually, they were preexisting elements of the Port Building Code.

Generally the rules are to build above the elevation of a base flood elevation, that's the total water level in a 100-year storm. As Matt said, the City Administrator administers that ordinance. The role of the Chief Harbor Engineer is recognized in overseeing the Port Building Code. There are in that ordinance important variances for historic structures, obviously important to the Port because of the historic finger piers and for functionally dependent uses, which are maritime uses.

The rules are strictest in V Zones and A Zones which are high hazard zones. Uday will talk more about that. The maps that I mentioned earlier map the location of these flood hazard areas. They're a look at current flood risk. This is not looking forward to Sea Level Rise. Although the information that we're learning in this will help us understand Sea Level Rise better.

They're looking at a 100-year storm which has a 1% chance of happening in any given year. They're also looking at the 500-year storm which has a 0.2% chance of happening in any given year and is a much stronger storm. The uses of the maps are to set insurance premiums, higher hazard areas, generate higher premiums, and also to attach to the Flood Plain Management Ordinance.

Matt mentioned the schedule. FEMA issued its preliminary Flood Insurance Rate Map for San Francisco in November. We're in a protest period right now. They're getting ready to publish the existence of these maps in the Federal Register and that along with a local newspaper notice are going to trigger a 90-day formal appeal period. Uday will talk about some issues that we may want to

engage in that period. The Flood Insurance Rate Maps would be effective in mid 2017.

Uday Prasad - I'm the Assistant Chief Harbor Engineer and the Principal Engineer of the Port. As Brad pointed out, in 2007 for the first time in the Port's history, FEMA came up with their draft Flood Insurance Rate Maps. 2007 maps were based on rough coastal engineering analyses which did not consider, Port soil, flood protection, the structures such as breakwaters and also the Port's historic Seawall and the adjoining wharf structure.

As a result, the entire Port waterfront was mapped as a coastal high hazard area, also known as V Zone. FEMA has since gone through and a number of free agents based on appeal comments submitted by the Port and the City. Latest draft maps which were issued by the FEMA in November of last year now recognizes the wave protection provided by the breakwater structures. As a result, in a number of areas, for example marina in the Fisherman's Wharf and also the marina in South Beach Harbor, they are now mapped as a less hazardous flood areas.

FEMA has also indicated that they are willing to consider the wave flood protection provided by the Port's historical Seawall if we can get the Seawall section certified by submitting the calculation and analyses that supports that Seawall structure can withstand the wave and current loads and also it's high enough. It's above the base flood elevation.

For a majority of the Seawall section, the top of the Seawall is higher than the base flood elevations, except for a few exceptions. One exception is along the Seawall section at Pier 14 where you get the annual flooding, the water tops over. The Port is working with a consultant to prepare the package which includes the coastal engineering analysis and also analysis which shows the Seawall section and the wharf are strong enough to withstand.

Before we submit that package, we are working with Matt Hansen's office to get FEMA officials' feedback about our approach, whether they would like something else. Based on their feedback, we will update our package. Once we find something which is acceptable to FEMA, we'll try to put something together before the end of the appeals period.

All of the structures in the flood plain are subject to the FEMA regulations. These FEMA regulations are also a part of the Port's Building Code. In summary, the FEMA regulations, they do not allow any new construction on the seaward of mean high tide if it's in a V Zone and also Coastal A Zone. If you're in a mapped V Zone which is a high hazard flood area or Coastal A Zone, you cannot have a new construction unless it supports a maritime function or it's a water dependent use.

This slide applies to the existing piers. We are allowed to do the improvements and repairs in most of our existing piers. For repairs and improvements which

exceeds the 50% of the market value of the structure, we are required to comply with the elevation requirements as per FEMA regulations and also in the Port Building Code, and also the flood proofing requirements.

As Brad pointed out, the historic structures and the structures supporting the maritime and water dependent use are not required to comply with these requirements. Also, in order to be an insurable structure, the structure has to have the four walls and the roof on the top.

I would like to point out one structure, Pier 30-32 which does not have any structure on the top so it's not an insurable structure. But if we try to build something on the top, it may be considered as a new structure, and then, we are debating at this time that whether we will be allowed to do a new structure which supports anything other than maritime use or water-dependent use. We are exploring these issues and also seeking FEMA officials' feedback to see how we can, if in the future, wanted to do anything on the top of Pier 30-32, how we can accomplish that.

Another example is Ferry Plaza. We have a restaurant at the end of the Ferry Plaza. I think that restaurant could be considered an existing use and any kind of substantial improvement, all they need to do is to elevate the structure or do some flood proofing as per the Building Code. I don't see any problem in pursuing those projects.

FEMA's mapping effort is based on the Flood Hazard Analysis which delineates the extent of flooding expected during a 100-year flood which Brad explained, it's a flood with a 1% annual chance. It also delineates the areas subject to 500-year floods, flood events.

Any area subject to flooding during a 100-year flood event are called a special flood hazard area and are further subdivided in different zones as explained in this slide. The area subject to high velocity wave action and storm wave heights greater than three feet are mapped as a V Zone. Whereas the area subject to 1% annual chance flooding with wave heights less than three feet are designated as Coastal A Zone or A Zone.

Flood Insurance Rate Maps also show the base flood elevation. That's the elevation of the water expected during a 100-year flood event. The total water elevation includes not only the storm surge but the height of the wind driven waves which mostly comes from the southeast direction.

This slide summarizes the panels of the FEMA flood map. This slide tried to capture the entire set of maps in one slide. I would like to point out the area in dark blue is a V zone. The light blue is A Zone, whereas the brown colored area are areas subject to flooding with the 500-year flood event.

In 2007, when they came up with the flood maps, the entire waterfront was dark blue. Since then, based on our appeals and comments, they listened to us and

they updated their analysis and it's much better than what we had it in 2007. It's a good progress but we still need to work with FEMA to see if we can certify other structures like Seawall and the wharf structure which ties to the Seawall.

This slide is another interesting slide which compares the pier deck elevations with the base flood elevations. As you can see, most of the piers at this moment are above the base flood elevations. We have about 12-18 inches of the freeboard. Freeboard is the difference in the elevation between the top of the deck and the base flood elevation.

From the climate adaptation perspective, most of these piers where we have 12-18 inches of the freeboard left, by 2050 or by 2060, it looks like the water is going to be over the deck. When we talk about the Climate Adaptation Strategy, these maps and graphs are helpful to understand how much time we have left.

I would like to point out the stretch of the waterfront from the Pier 26 up to Pier 38, as per FEMA, the pier deck elevations are below the base flood elevations. They are already under water. Any kind of project we propose to do, we have to elevate the deck and that's the only way we can make it work. Otherwise, I think most of the projects in that section of the waterfront are elevating the deck and it may cost tons of money. At the moment, I'm not sure whether the projects will be feasible or not.

This slide shows the low-lying area along the waterfront. Once again, when we talk about the Climate Adaptation Strategies, our strategy should be based on attacking these areas first, which will buy us some time. These areas include areas along the Mission Creek, Islais Creek and also one spot near Pier 14. I believe there is one area near Pier 50 also.

Pier 1 has been mapped as an A Zone in FEMA Flood Maps. The dark blue color shows the mean high water which is about 6.2 feet. The tide level that we see on a day-to-day basis, that's the deep blue. The light blue shows the FEMA base flood elevation. As you can see the deck elevation is about 1.7 feet above the base flood elevation. We have quite some time before it will be subject to flooding during your 100-year event due to Sea Level Rise.

Commissioner Katz - Not due to king tides, right?

Uday Prasad - King tide is below the base flood elevations. Usually when we are talking about the king tide, we are talking about the flood elevation could be somewhere in the range of 7.5 feet. But base flood elevations are in the range of 10-12 feet. Usually we don't see the 100-year flood. It's like an earthquake. We never see the design earthquake. I think some people think the 1906 earthquake was a design earthquake. We never see the design flood event, but it could happen. Especially with global warming and climate change, it could become more frequent.

At Pier 39, we also have 1.6 feet of freeboard. Islais Creek area which is one of the low-lying areas, and Mission Creek, another low-lying area. Pier 27 has been mapped in a V Zone which is a high hazard coastal zone. We have about 0.9 feet of the freeboard above the base flood elevation. It looks like with 15 inches of Sea Level Rise by 2050, this could be subject to the wave overtopping during a 100-year flood event. As I mentioned, Piers 30-32 is already under the water.

To summarize my presentation, new constructions are not allowed on the seaward of mean high tide in a V Zone and a Coastal A Zone.

Brad Benson - As a reminder, we do have the variance procedures for our historic piers and our maritime uses that we can rely on. All of the issues that Uday talked about, we are now in a place where FEMA is publishing these maps and they have a lot of specialists available to communities to help navigate the implementation process. We'll be engaging with FEMA over the coming weeks and months.

Insurance is another component of the program. Flood insurance becomes mandatory under certain circumstances when FEMA maps special flood hazard areas whether or not local communities join the National Flood Insurance Program. So there is the federally backed insurance. It's generally a subsidized product, although Congress is trying to move away from those subsidies and encourage more private insurance and self-insurance.

There's a published Flood Insurance Manual that shows premiums higher in high hazard areas. Although there may be some breaks for structures built and not substantially improved before 1982. A lot of our piers are a lot older than 1982.

An important issue for us is the law requires federally backed and regulated lenders to require flood insurance when they're making loans so that may have implications for lending in the development project context. That's something that we're going to get a lot smarter about and report back to you on. Matt is an insurance expert and will be helping us with that research.

For next steps, we feel an obligation to reach out as quickly as possible to Port tenants in these special flood hazard areas particularly those on long-term ground leases so we can explain this public process, how they can engage in it, what we're doing about it.

As Uday mentioned, we're doing analysis about piers. We think that many of the piers are above the base flood elevation. Could they be remapped on the maps so that they're not shown in flood hazard areas? It's something that Boston pursued and we're hoping we can copy.

We're going to meet with FEMA regularly and we're going to discuss the appeal with Matt's help. We will research those insurance options and come back to

you before the appeal period is closed to report back on all of our learnings. I do want to say the City Administrator's Office has a ton of information on their web site about the National Flood insurance Program.

Commissioner Woo Ho - I learned more than I think I'll ever hear about flood insurance. I will say I got a little lost in the weeds there. What I would like to know, and I know that you're not asking for approval from us, is what do we think the outcome of this study is going to be? Whether it's going to change, because it's been studied before. There was some mentioned towards the end about the impact of Sea Level Rise which I think is more strategically realistic to us that we need to figure out that may not have been taken into consideration in previous reports.

We're doing this at ground zero again, studying everything, but what change do we expect out of this? You mentioned there's an appeal process, etc. I want to know what the key takeaways after hearing all this really are.

Brad Benson – The very key takeaways are (1) FEMA is publishing these maps whether the City likes it or not. Those maps are going to get attached to the City's Flood Plain Management Ordinance. The hazard areas shown on those maps are going to impose new regulations on new construction or repairs to existing facilities are at least half the cost of the value of those facilities. Generally you have to build above the level of the flood hazards, the base flood elevation. (2) People are going to need to buy insurance in certain circumstances. Where there's a federally backed loan, there's a requirement to get flood insurance. We need to work with people to make sure that we understand all the options available in the market for that. (3) We're communicating important flood risk to the general public. There are low-lying areas that could be subject to flooding in a very severe storm event. It's an important duty on our part to let people know about that hazard. I think those are the key takeaways.

Commissioner Woo Ho - You mentioned and showed maps of where we think there's existing flood risk that's already in the existing flood plain that's already out there that FEMA already recognizes though they are remapping to see if that's most current. In our leases, do we automatically sort of tie this? Because I'm sure, Commissioner Kounalakis will mention something, but this is very standard in terms of if you're in a flood plain, you must have insurance and that's a very standard real estate term.

I just hope that you assure us that that's already in part of all of our leases. So when we do our outreach, it's not going to be any surprise. It's just that now we may have added a few more into that because most of it is already supposedly mapped hopefully.

Brad Benson - The City's flood risk maps attached to the ordinance today don't show most of our piers in a flood hazard area, largely because we know that the decks are higher than the base flood elevation. There are a few shoreline

areas that are mapped as flood hazard areas. So what would be considered a hazardous area is greatly expanding under the FEMA maps, first of all.

We do have in our form lease insurance requirements. We also have the ability with the blessing of the Risk Manager to waive those insurance requirements where there's no commercially reasonable insurance product available. I didn't get into it because we're learning more about the insurance market, but the National Flood Insurance Program typically does not provide an insurance product for structures in high hazard areas.

The federally backed insurance, except for these pre-1982 structures, is not an option for many people. That's why we have to do more of the research with Matt. But we have plenty of disclosure language and we are addressing this in our leases today and are revising that language going forward.

Commissioner Woo Ho - I'll speak from a residential lending standpoint because regulators are all over banks if you do not have flood insurance on lending into homes that are in flood plains. It's very straightforward and it's mandatory.

I don't think that's any news. I was questioning whether we expect a lot more and I guess what you're telling me there is a certain percentage that we expect to be more to be mapped into the flood plain than before. More importantly, we have to figure out how Sea Level Rise figures into this.

Brad Benson - Yes we do.

Commissioner Woo Ho - Would that be a good takeaway?

Brad Benson - That would be a good takeaway. And the final takeaway is we have this disagreement about whether many of the piers that are above the base flood elevation should be mapped as a flood hazard area. That's an important issue that we need to resolve.

Commissioner Katz - Thank you for the presentation. I, too, learned more than I ever knew about flood insurance. I know we're still looking at some of our options and analyzing it but have we determined what the impact would be in some of these changes and zones in terms of our costs, if any, for insurance? Or are we already carrying insurance that would've covered this? And then likewise impact on any tenants or prospective tenants and then impact on any prospective projects?

Brad Benson - I may not remember all of those and may need a little help, but in terms of our own insurance, we carry a property insurance under the City's PPA program, but I believe that insurance has an exclusion for flood damage. In the PPA program there's a supplement that covers some amount of flood damage, but not a lot. We don't have comprehensive flood insurance program

today for the facilities that are in Port ownership as opposed to long-term ground lease.

Commissioner Katz – Are there any added impact on our tenants?

Brad Benson - We think that there will be an added impact in terms of cost of insurance, because these are now high hazard areas therefore premiums will be higher for tenants that either choose to buy flood insurance or they are required to because they're seeking a loan from a bank. So that's going to be an important part of our outreach to tenants is explaining the options available in the marketplace.

Commissioner Katz - re there any projects that wouldn't have already been contemplating this added insurance coverage that are proposed, i.e., Pier 70, Mission Rock or any of our other development sites? Or would those have all contemplated the requisite insurance?

Brad Benson - I think it's going to be new for any pier project is where we're going to see the impact of this. We're going to have to sit down with our development partners. We've already started some of that outreach to select development partner to help work with their brokers to understand what's available.

As to the land side, we don't see as many impacts. There will be one or two locations that are going to be impacted by these rules. But at Pier 70 and SWL 337, they're talking about raising those sites out of any flood hazard area as they're addressing Sea Level Rise.

Commissioner Katz - In terms of timing on determining whether we do any kind of, as referenced here, potential appeal, what's the timing on that?

Brad Benson - We think that FEMA is going to put a notice in the Federal Register in March, published in a local paper in the beginning of April. That will start a 90-day appeal period, formal appeal period. We're going to be working with them well before those dates come to pass, consulting with them about the studies underway and some of our preliminary findings about the height of piers.

Commissioner Katz - But you'll bring it back to us if and when we determine that we need to do anything further.

[There was a break in the recording and the rest of the discussion for this item and the beginning of the next item were not recorded.]

- B. Request authorization to accept the donation of up to two EV ARC™3 electric vehicle charging stations, valued at \$46,550 each, from Envision Solar, subject to Board of Supervisors' approval. (Resolution No. 16-10)

[Break in recording]

Ambassador Kounalakis - If someone shows up first thing in the morning, can it be out of energy? In other words, what's that proportion for how much, how sunny does it have to be in a 24-hour period in order for cars to charge over time?

Rich Berman - I don't know the exact answer to that. They say that you can charge up to 100 electric miles a day. Certainly overcast days are going to reduce that sum. There has been no indication that usage at night is going to fully deplete the charger for the first people who arrive in the morning. There's no anecdotal information on that. We can certainly look into that but it raises another question which is where we would deploy these.

The initial instinct is that if we get one, we might deploy it at Pier 3 for the use for Port vehicles. The Port does have two electric vehicles. One is a Nissan LEAF and we are using it at Pier 50 as a proof of concept for an electric vehicle on the waterfront but we cannot use it at Pier 3 because we don't have the infrastructure. As I said, this is a technology that does not require hooking up to the grid. Our instinct is that if we get one, we'll put it at Pier 3. If we get a second, we might put it in a more public area or we might use it ourselves. We would decide as a team.

Commissioner Brandon - Thank you Rich for such a wonderful report and we love gifts so this is absolutely wonderful. Just wondering, are there costs associated with receiving this gift?

Rich Berman - There are. They are not mandatory. The manufacturer has requested that we purchase their maintenance contract which is together with a remote monitoring program about \$950 per year. We've talked with the Director of Maintenance about his staff taking over that maintenance. The manufacturer prefers that we continue to use their services. You know, and the reason of course is that it's a special technology.

We have a pretty amazing crew of maintenance folks ourselves. So we're going to look into that. At minimum, we would probably use the remote monitoring management system which is about \$360 a year and possibly use the maintenance contract itself.

Commissioner Brandon - How long does it last? What's the life expectancy?

Rich Berman - I don't know that they know. Typically solar panels have a lifespan of 20 plus years. The older ones did. The newer ones might have more longevity. I'm guessing that the longevity is 20 plus years. But it's a new technology and we don't exactly know.

Commissioner Woo Ho - Some questions have already been asked. To follow up on Commissioner Kounalakis' question in terms of what will the rules be if

somebody comes in and park themselves in this, is it going to be you can only be in that spot for so many hours so that somebody else can come in? Is there going to be some rules on the Port that may be one thing, because we only have two vehicles? But if it's in a public parking lot, how will the public know? Is it always going to be whoever gets in there first and they're there for the whole day? How will we develop some rules?

Rich Berman - There were actually some rules during the Driving on Sunshine program. The parking operators were helpful in implementing them. The rule was two-hour maximum charging and they were helpful in ensuring that everybody abided by that. Another point you raised is that this kind of thing might help us expand our electric fleet so we'll be looking into that as well. Electric vehicles are really an ideal technology for the kind of driving many Port staff do up and down the waterfront. You don't have to go so many miles that you're going to exhaust the range of the vehicle. It might be something that we'll do in the future. We're going to look at that but if we do put it in a public place, we certainly have a model we can look to.

Commissioner Woo Ho - When you mentioned the remote monitoring and maintenance cost, is that per vehicle or in total for two or per vehicle, per station?

Rich Berman – It's per station.

Commissioner Woo Ho - What was the understanding if we were interested in more, not just as an outright donation, is there any discussion of how that would work?

Rich Berman - We haven't yet. I've been in initial contact with the sales manager for Envision, but we have not discussed purchasing others.

Commissioner Woo Ho - Maybe we should just have an understanding because they're not going to just be happy with three things sitting in San Francisco.

Rich Berman - They were very happy to have them on display and whether they're going to expect that we're going to purchase one.

Commissioner Woo Ho - Obviously there are no strings attached which I understand which is fine. But they're in business. They're not going to be saying three for the city is going to be what their goal is ultimately. So we should just also say for ourselves understand if we did want to add, under what terms.

Rich Berman - Okay.

Commissioner Katz - In terms of just generation, you've said it will provide for 100 electric miles. With each car coming up taking the charge, it seems like that would drain it pretty significantly if they were to do a full charge. Will we come

up with some kind of restrictions or determination as to which cars can use the charger and how? What kind of priority?

Rich Berman - We should ask all those questions. If we're working with the Pier 3 model where we put it there. We know that the parking operator there also has several electric vehicles that are not related to the Port and we might want to share that with Port vehicles and them and we would want to establish rules for that. There seems to be no problems with the model from the Driving on Sunshine, so I would imagine that we would start with that approach where you have a two-hour limit. If we're finding that we want to adjust that, we certainly could.

Commissioner Katz - Is there any kind of backup, if it's relying exclusively on solar generation?

Rich Berman - There is no backup.

Elaine Forbes - One of the initiatives of the Mayor's Office is to build capacity for electric charging vehicles which is why we participated with Driving on Sunshine. As Rich mentioned, it's a really excellent technology to get to zero emissions, but the infrastructure isn't there to build the market share of customers purchasing electric vehicles and the price point is still very high.

As we develop infrastructure and are part of that initiative in putting charging stations and purchasing some of our own electric vehicles, we're hoping to participate in the effort to build market share for this very clean technology and that's the Mayor's Office initiative that he's rolled out to departments.

Commissioner Katz - I guess should've started off my comments that I'm thrilled we're doing this. This is an area that I work in, so I'm quite familiar with it and have long been trying to expand efforts to put in more charging stations up and down the state with longer and faster charges. That's actually another question, the speed in which the charges -- so they can plug in for two hours. Is there any effort to put in some of the faster charging stations in the next step? Do we know that?

Rich Berman - In the later models? I don't know. I can look into that. What I read is simply that it was building in advertising capacity so that you get more revenue on your investment into the unit itself.

Commissioner Woo Ho - Do we know who else provides this technology? Is this company very much by itself?

Rich Berman - They claim that they are unique, yes.

Commissioner Katz - It's exciting and I'm glad we're participating.

President Adams - The Mayor's out front on this and the city. I like the partners and I remember the song "Walking on Sunshine" and now we're talking about Driving on Sunshine. I like all the partners involved in this. This is getting ahead of the curve. This is getting out front and I'm totally in support of that.

I've heard from all the Commissioners, this is something that we're going to support. It's just good to see how it works out. I think starting down at Pier 3 would be a good example and you can always come back. If they don't think it's working, the Commission can look at it but we should at least give it a try, so you have my support.

Commissioner Woo Ho - Perhaps after we're in implementation, could we get a report on how it's going? Maybe in six months, nine months, whatever interval makes sense.

Rich Berman - Absolutely.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissions were in favor. Resolution No. 16-10 was adopted.

11. FINANCE & ADMINISTRATION

A. Informational presentation on the Port's Report on Contracting Activity for the First and Second Quarters of Fiscal Year 2015-16 (July 1, 2015 through December 31, 2015).

Boris Delepine - I'm the Port's Contract Administrator with the Finance and Administration Division. The matter before you is an informational overview of the Port's Contract Activity Report for the first half of the Fiscal Year 2015-16. It covers the period between July 1 and December 31, 2015.

During this presentation I will review the number of Local Business Enterprise firms that are certified. I'll go over new contracts that were awarded during the reporting period and I will discuss payments made on open and active contracts. I'll also talk about the Local Hire program and upcoming contract opportunities.

The Local Business Enterprise or LBE program is designed to level the playing field for small, local businesses bidding on City contracts. Certified LBEs gain competitive disadvantages and competitive advantages such as bid discounts and LBE subcontracting goals when bidding on City contracts. The Contract Monitoring Division certifies firms as small local businesses and classifies them as either Minority Business Enterprise, MBEs, Women Business Enterprises or WBEs, Other Business Enterprises or OBEs and Non-profit Business Enterprises.

There are currently 1,273 certified local business firms in the city. Minority firms are further classified by ethnicity. The representation of minority firms remains the same as in the last report in October, with about 45% Asian American, 25% African American, 23% Latino American owned businesses. Arab American, Iranian American and Native American owned firms make up the balance of the MBE businesses.

During this reporting period, we had a decrease in new contract awards. We generally award between \$5-6 million worth of contract in a two-quarter period. This period we had six contracts totaling around half a million dollars. Of those, five were new professional service contracts. One was a new construction contract. All were awarded under the Director's delegated authority therefore none have LBE subcontracting goals.

We did however successfully award three of the six contracts as micro LBE set asides. These are small, informal contracts that are set aside for competition only among the smallest LBE firms. During the reporting period, 76% of dollars awarded went to LBE firms. Details about individual contracts and awards can be found in Attachment 1 of your report.

This is another look at awarded contracts. Here they're broken out by LBE type. A quarter of the contract awards went to non-LBE firms. Women-owned firms were awarded 29% of new contracts. The Minority Business Enterprise slice of the pie is represented by one award to a subcontractor on our construction contract, though it constitutes 33% of the overall awards during the reporting period. OBE firms or Other Businesses received 14% of new contract awards. Again, it was a small dollar amount, but we did succeed in awarding 76% to local firms.

We had over \$4 million paid on open and active contracts during the reporting period. Construction and as-needed contracts exceeded their average LBE subcontracting goals however professional service contracts fell below the mark. The scope of services on our financial advisory services contract did not have any LBE work during the first half of the year, but we anticipate that will increase in the second half of the year and that the professional service category in contracts will fall in line in terms of their LBE subcontracting amount.

Overall, the average subcontracting goal is 14% and we're at 18% in payments. It's important to note that each of these contract categories identified in the table are made up of many individual contracts with their own individual subcontracting goals. There are a few exceptions. Our dredging contract, the financial advisory contract that I mentioned are not meeting their LBE goals but most of our other contracts are either exceeding or meeting their Contract Monitoring Division goals.

Details on all current contracts and their LBE performance are also included in your report attachment. This is another view of the breakdown by LBE type for

payments during the reporting period. The bulk of them went to non-LBE firms. We had a small amount of payments compared to other years or other reporting periods. For example, \$800,000 or 40% of the non-LBE payments went out on our dredging contract. Overall LBEs received 51% of payments.

This compares awards and payments made within the first half of this fiscal year against the previous two Fiscal Years. Again this last six months versus the previous two Fiscal Years. As I mentioned earlier there were fewer awards and fewer payments. However, the LBE percentage did increase.

Now switching to the Local Hire Ordinance. Construction projects over a million dollars are subject to the City's Local Hire Ordinance. Since the inception of the ordinance, there have been 14 Port projects subject to the program. All 14 have met the City's Local Hire mandates.

There were four open projects subject to the ordinance during this reporting period. All four of those projects have since closed and each met their Local Hire requirement. Though in the case of the Blue Greenway signage contract, the prime, Cal State Constructors was granted a conditional waiver for providing offsite hiring credits on another City project.

Though we didn't have a lot of new contract activity, we're going to be very busy in the coming months. The new as-needed Engineering RFQ was issued last Friday. It's a \$6 million contract with a 20% LBE goal. Proposals are going to be due in mid-April. Our as-needed Real Estate RFQ is coming in the next two weeks. That's a \$3 million contract also with a 20% LBE goal. On the construction side, we have a micro LBE set aside that's on the street now, it's valued at around \$250,000.

In the spring we have our Port Modular Restroom contract for various locations around the Port and that's going to be a million dollar contract. The LBE goal has not been set yet and that's just an example of the few of the contracts. There'll be many more coming. All of our contracts, RFPs and RFQs are advertised on the Port's Web site under the business tab.

In conclusion, during the reporting period, we had a smaller volume of contracts, though 76% of dollars awarded went to LBEs, 51% of payments stayed with local businesses. All of our projects are meeting their local hire requirements. We have a number of upcoming LBE opportunities.

Commissioner Woo Ho - Thank you very much for this report. It's very clear and I appreciate it. I want to just understand, is Women Business Owners a subcategory within LBE? Is that the way we categorize it?

Boris Delepine - Yes, that's correct.

Commissioner Woo Ho - So I'm glad to see that, and I'm just going to speak up for that. I'm glad to see that 29% in the last quarter but obviously a very small

amount. When we look at the historical amount of payments, it looks like it's a tiny segment. It's only 2%. Is there anything that we do to try to reach out more to Women Owned Business Enterprises in the future, perhaps, make this more of a goal for us to improve upon?

Boris Delepine - The LBE program is a race and gender neutral program. However, whenever there are opportunities, we email, call and notify all LBE certified within the specific --

Commissioner Woo Ho - That's why I asked whether Women Owned Business Enterprises were a conscious sub-segment of LBE. But you're saying we cannot list it.

Boris Delepine - Or give a preference but we can report out.

Commissioner Woo Ho - Okay. I understand that. I appreciate that we have exceeded the 20% goal that we have set and I know that Commissioner Brandon will be very happy to talk about this as well since this is one of her passions for the Commission. I hope that we can see some more diversification going forward. It sounds like we can't do anything consciously but whatever we can do unconsciously to diversify would be a good thing to do.

Boris Delepine - Understood.

Commissioner Katz - I want to thank you for the report also. And as always, I've seen some improvement or I've seen significant improvement. My understanding is we're doing better than most other City departments in this area and we've set some higher goals for ourselves than were mandated. But where do you see areas that we can improve and what are your thoughts and suggestions on how we could improve some of these numbers?

Boris Delepine - That's a great question. A lot of this depends on who's certified. And increasing the number of certified firms in the City increases the LBE participation and increases the subcontracting goals that are set on a specific contract. For our Parking RFP that's going to come before you next month, we went out and did canvassed and Bob Davis who works for the Port encouraged firms to become certified.

We had four new firms certified. It increased the overall pool by 40%. Those are areas where we have time to look at a specific scope and encourage local firms to become certified. It increases the overall subcontracting amount and the participation. I think that would be a primary focus.

Commissioner Katz - Following up on that and following up on a successful effort we had a couple years back to meet with representatives from the various different Chamber groups representing different communities. Perhaps it might be time to do something along those lines, again following up on taking a playbook, you know play from the success we had on the parking contract and

see if not only could we do more outreach, but perhaps set something up to make it easier to sign up.

I know that's one of the barriers often. It's not a horrible process but it's not easy as well. It might be helpful if we could figure out a way of bringing some other folks in from the City and perhaps setting up something here at the Port where we could bring in the firms and encourage them to sign up and get certified and go through that process and have some staff on hand to help facilitate it. Doing something beyond just doing the outreach and urging them the businesses to become certified but seeing if there's maybe something we could do to provide some more affirmative support on that front. A combination of outreach and support services.

Boris Delepine - One of the professional service contracts that we did award during this period went to a LBE for that specific purpose on construction contracts. We awarded the micro LBE contract to The Thier Group to do education and outreach related to construction contracts over the next two years. They'll be actually going out and encouraging firms to become certified, leading meetings, helping us outreach related to construction opportunities.

Elaine Forbes - I think the outreach efforts that you bring up Commissioner Katz were very successful for us. Not only did we let the Chambers and the local business know of our interest, we heard about their problems with the process, that they'd tried to bid one time before and had given up. We got a lot of good feedback about how important it is to sit down with firms after a competitive solicitation and tell them how their process, how their application fared in the review so they don't lose interest and continue to bid on projects.

We've also done more partnering work. The Contract Monitoring Division has launched a partnering program so small businesses can team up with larger firms. The most important thing that you're hearing from Boris today is that when we know an opportunity is coming up, we're taking advance time to do outreach and to remind firms that are not now registered to get registered and compete for this work. And that is where we will really see a difference in our numbers if we have the advance time to do that work.

Commissioner Katz - Kudos to those efforts. If we can keep that up and if there's anything we can do to further advance on that. But, pleased to hear about it.

Commissioner Kounalakis - I have no questions. It was a very thorough presentation. Thank you.

Commissioner Brandon - I'm very happy with this report. Other than following up on Commissioner Woo Ho and Katz's comments. I'm happy that we're going to do more outreach to women and minorities and hopefully that will attract more firms to participate in our contracting and our procurement services. I

think it's absolutely wonderful that we are exceeding all of our goals and we're doing so well. Congratulations and thank you very much.

Boris Delepine - Thank you.

President Willie Adams - I have to say thank you too. I appreciate the presentation. I know from the time that I've been on this Commission how near and dear this has been to Commissioner Brandon being on this Commission for 18 years. The Port has really tried to reach out more to the community and have more diversity and we have to keep pushing.

Some of the smaller firms have got to team up with the bigger firms and learn how the process happens. Sometimes you don't get it the first time, but you've got to keep trying. You've got to understand how the game works, and you've got to keep coming. To me, I believe that competence is above all. You've got to be competent. You've got to do the thing. You've got to turn it in on time. You've just got to know what you're doing. A lot of these bigger firms, they've been doing it for years and years and when you're a new, minority firm, you're just learning. I think the programs that we had, I did enjoy when the Chambers of Commerce got together and they were informed and stuff like that. You did more of an outreach in the community as far as media reaching out and I really appreciate the effort. We've come a long way and we will continue to follow that path. I just wanted to salute you and say thank you.

Boris Delepine - Thank you very much.

12. NEW BUSINESS

Elaine Forbes - I heard that we should come back in six months to report on the EV ARC Charging Stations and their success. Does the Commission have any other new business?

Commissioner Woo Ho - I was just looking at the forward calendar. I quite frankly don't remember when this topic was brought up before, how we left it for the future. I'm just wondering at some point, not to calendar it but Piers 30-32, we would like to know where staff stands with what to do with those piers.

President Adams - Elaine, can you tell me and maybe the other Commissioners here might know more than me. I remember when this Warriors deal went down, the George Lucas Museum was looking at going in Piers 30-32 and it seems like there was no opposition. It seems like it was something that could've happened and it didn't happen. Then I understand he was going to go to Chicago. Now I'm seeing that the Chicago voters aren't thrilled about it. Is this still up for play? I'm just throwing it out there because I heard they might be going to Oakland. I live in the neighborhood, I'm not being partial or nothing. But it's just sitting there and I know it's like \$100 million to redo that pier. That's a lot of money. Would they still revisit it or has anybody reached out to him?

I remember I had asked President Katz and I think she did reach out, I don't know. But is it still up for play? Maybe I should ask my fellow Commissioners, maybe they know or is it something that just wouldn't work, being that Commissioner Woo Ho said something. I think to maybe reach out to him.

Commissioner Woo Ho - I think that's something that probably needs to be coordinated with the Mayor's Office. I'm sure the Mayor's Office would be happy to have another conversation if they thought there was any probability.

Eileen Malley - I was going to mention that, because it's not on the agenda, it wouldn't be appropriate to have a discussion today. But if you would like to have a discussion, you should request that be put on the agenda.

Elaine Forbes - We've heard clearly to put this pier on the agenda and we will do so. We'll put it on the agenda and we'll talk about it and we'll go from there.

13. ADJOURNMENT

ACTION: Commissioner Brandon moved to reconvene in closed session; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

The Port Commission reconvened in closed session.

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

ACTION: Commissioner Brandon moved to not disclose anything discussed in closed session. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Commissioner Brandon - President Adams, I do have one item under new business that I forgot to mention and that is Pier 80. I remember we had a presentation in December regarding Pier 80 and Pier 29 to use as temporary facilities for homeless and that was only in the case of all other beds in the city being used. I keep reading all these newspaper articles about trying to make Pier 80 a permanent shelter for the homeless. If we can get an update on that, it would be wonderful.

Elaine Forbes - Absolutely.

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

President Willie Adams adjourned the meeting at 5:58 p.m.