

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING MARCH 22, 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, Eleni Kounalakis and Doreen Woo Ho. Commissioner Katz arrived at 2:50 p.m.

2. APPROVAL OF MINUTES

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

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 closed session and reconvene in open session. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

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

6. PLEDGE OF ALLEGIANCE

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

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

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

9. EXECUTIVE

A. Executive Director's Report

- San Francisco Architectural Heritage Soiree - April 30, 2016 at 6 pm at the San Francisco Armory, 1800 Mission Street

Elaine Forbes, Interim Port Director - My first item is to announce an event that is occurring on Saturday, April 30, 2016. The San Francisco Architectural Heritage will hold its Annual Fundraiser Soiree at the San Francisco Armory, which is City Landmark number 108. It's located in the Mission District. This is a 1914 building. It's designed in a Moorish revival style and it's seen many incarnations over the past century serving from a training facility for the National Guard, a prizefight venue. It was the film lot for Star Wars. It was abandoned and in disrepair when the building was listed on the National Register of Historic Places in 1978. It's been rehabilitated by Armory Studios, LLC in 2007.

The event will allow for enjoyment of this uniquely San Francisco venue in a black tie event. The Heritage Foundation is a significant stakeholder on the waterfront and has a collaborative relationship with the Port and has worked on many preservation projects with the Port of San Francisco. I encourage the public and the Commissioners to attend this Soiree.

- Living Cities Cohort

On February 23, 2016, I announced that the City had an application in to the Living Cities, City Accelerator Program. At that Commission hearing, I asked for help from the public because the competition included a requirement that applicants get the word out and receive public support and we had just shy of 40 comments when we made the announcement on that Tuesday, and by Friday we were just shy of 450 comments and we won.

San Francisco was selected along with Pittsburgh, St. Paul and Washington, D.C. We will be working with this group to figure out innovative ways to finance improvements to the City's Great Seawall, now and for future generations. We're very excited about winning. I'd like to thank Steven Reel in the Engineering Group and Meghan Wallace in the Finance Group. They both put a lot of work into the application on short deadline. I'd also like to thank the 450 plus people who went in and commented on our storyboard and gave support to our Great Seawall so thank you very much.

- Waterfront Working Group meeting – Wednesday, March 23, 2016 from 6-8 pm at Pier One in the Bayside Conference Rooms

The next Waterfront Working Group meeting is scheduled on Wednesday, March 23, 2016 from 6:00 to 8:00 p.m. The Working Group will be in the Bayside Conference Rooms and the presentations will be the Sea Level Rise presentation you will hear today as well as the FEMA Flood Insurance program that the Port Commission heard last month.

- EV ARCTM3 electric vehicle charging stations

At the last Port Commission hearing on March 8, 2016, there was conversation about whether the Port would receive one or two electric charging stations. For clarification for the Commission and for the public, we will be receiving one charging station.

B. Port Commissioners' Report:

Commissioner Brandon - I would like to congratulate the Port on the Fitch Bond Rating and maintaining an A rating. I think that's absolutely wonderful, so congratulations. Also congratulations on winning the Living City Cohort. I voted during the meeting and I think I asked a few other people to vote. I'm so happy that we won that because that is so near and dear to us, what we're going to do about Sea Level Rise. You guys are doing a wonderful job. Thank you.

President Adams - First of all, I'd like to thank Director Forbes and the Port staff for your flowers during the passing of my sister. I really appreciate your kindness and your condolences, thank you very much.

I'd like to share with my fellow Commissioners and the Port staff, I talked to Larry Collins yesterday. Larry is the head of the Fisherman's Association and he talked about the bad season they're having with crab. I reached out to him to see if there's anything else that the Commission could do. We gave them some relief on their rent. He wanted to say thank you to everyone. He wanted to thank Mayor Lee, because we teamed up with the Mayor and the Mayor also took the lead on this issue. He's hoping to have an open house and he wants the public to have faith in the crab season and plan on getting down there. He said he wanted to come back personally and thank the Commission and all the fishermen and everyone at Pier 39. All the restaurants are really happy for the kindness of the Commission. I wanted to share that with my fellow Commissioners and Port staff.

Commissioner Brandon - I would like to ask that the meeting be adjourned in the memory of Willa Maxine Wilson.

10. CONSENT

- A. Request authorization to advertise for competitive bids for Construction Contract No. 2771, Port Modular Restrooms Project. (Resolution No. 16-11)

ACTION: Commissioner Woo Ho moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 16-11 was adopted.

11. REAL ESTATE

- A. Presentation on the responses to the Request for Proposal Opportunity for Lease and Operation of Surface Parking Lots in the Northern Waterfront (the "Parking RFP").

Award the opportunity described in the Parking RFP to SP+ and Hyde Park Management and authorize staff to initiate negotiations for (i) a five year lease for SWL 321, bounded by the Embarcadero, Front Street and Green Street and (ii) a three year lease with two one-year options to renew for SWL 323-324 surface parking lots bounded by the Embarcadero, Broadway Street and Davis Street; and (iii) interim parking at (a) Seawall Lot 322-1 bounded by Broadway Street, Front Street and Vallejo Street, (b) Pier 19½ on the Embarcadero at Greenwich Street, (c) Pier 29½ on the Embarcadero at Chestnut Street, and (d) Pier 33 on the Embarcadero at Bay Street. Port has a unilateral right to terminate any interim lot upon 30 days prior written notice. (Resolution No. 16-12)

Jay Edwards, Senior Property Manager, Real Estate Division - I'm delighted to be here today to present this item for you. It's been quite an accumulation of work by a project team and unbelievable response from the community in terms of the outreach, in terms of the interest and also in terms of the quality and level of the proposals we received.

First I'd like to just introduce the team, Susan Reynolds who oversaw our really efforts in putting this together through the Commission's guidance and direction on how to create this innovative partnership that has not been done before in our parking operations. We're just delighted we've been able to do this and come to you today on this topic.

Also, Bob Davis is going to talk about the community outreach that he engaged in, the extensive efforts that were made and all the effort that went into getting this type of participation for our RFP. Boris Delepine is going to present the evaluation and scoring from the panel and also the results of the RFP.

In April 2015, we made an informational presentation on this innovative partnership opportunity where we presented the opportunity for the Northern Waterfront lots which include three Seawall Lots, three sheds, approximately 900 parking spaces and how do we partner up with an established operator and an LBE parking operator that may not have this opportunity on their own. That was the initial emphasis of the RFP. We came back in May 2015 where we received authorization to issue the RFP which went out to a wide variety of respondents and potential operators. Throughout the summer, we put together this community outreach effort to make sure that we got tremendous participation from the community and that they were aware that the Port was going in this direction and that we wanted to change the way we looked at our parking operations. How do we include an LBE component here? How is it a meaningful component? How do we make this work?

In November, we issued the RFP. 50 companies were sent the RFP. We had a workshop later in November where it was well attended by not only established parking operator, but potential new LBE partners. We thought that went very well. We did a walkthrough of the sites. We talked about the opportunity

December 15, 2015 was the closing date. We received four unbelievable proposals. We were so excited to get that kind of response from eight different partners if you will. We were delighted at the results. I want to thank all the participants here who just went to an extra effort. Here is what the RFP looks like. So this is what people had to respond to. That's a lot of information to read and respond to. It was very detailed.

We did this not to overwhelm people, but to be thorough and make sure everything was done in the manner that we felt would be best representative of this new opportunity, innovative partnership. In return, we received responses like this that were just professionally done. Informative, creative, well thought out. I couldn't be happier with the response we got from LAZ/ABC; that was one

partnership. Lanier/Schuyler/Robert Simms was another partnership. Impark/Convenient was another partnership. SP+ and Hyde Park Management, those were the four respondents. I have to thank them publicly on the great job they did.

We, of course, can only choose one. Today we're here to talk about SP+ and Hyde Park Management which was scored and ranked the highest by a very well established panel that Boris is going to talk about. They took this job very seriously on, "How do you create this partnership?" And, "What does it mean?"

This is really a qualitative approach versus a quantitative approach. We had to look at if this is a true partnership, does it work like a partnership and does it feel like a partnership? Do we think the panel scored this in the manner that it should've been scored in? We're here today to talk about it and get the Commission's input.

I want to introduce SP+ and Hyde Park Management. They're here today joining us for the presentation.

Bob Davis - I work with the Real Estate Department. My primary responsibility in this wonderful process was outreach. The purpose of the outreach was multiple. First, to identify as many companies, large and small, that operated in and around San Francisco. Secondly, to talk to operators that might have been in business before, or that had companies, with the intent of trying to bolster and prove the list and then the number of small and minority businesses in the parking business that would be able to bid.

I started out by taking vendor lists from every single department in the City of San Francisco. So anybody that had done any parking, large or small, we got their name on a list. Then we went through and took down all of the names of the LBEs past and present. I visited lots in Oakland where there are people who lived in San Francisco but no longer did business here but they were doing business in Oakland. Well, some of those people, we'd like to see them back as well.

I've spread the net as wide as I could. Visited meetings, went to the National Association of Minority Contractors where we set up a booth with Mr. Kim to talk to people. Other minority contractors, "Hey, by the way, if you know of anybody who used to be in the parking business who's interested in an opportunity, the Port is going to be presenting one. Please stay in touch." We went to Southeast Community Center. We went to the Candlestick Contractors, South Bay.

Every place that we could go to meetings, I went to talk about the opportunities that the Port is now engaged in around inviting small businesses to take part in this wonderful Port and our operations. I went to each and every lot, or a lot of everybody who participated in the bid process. I went to all of the chambers, the African American Chamber, the Hispanic Chamber of Commerce, the

Chinese Chamber of Commerce. I went to BOMA which is the Building Owners and Managers to talk to them about, "Do you, who do you know? Where's your list?" So that we could get basically as big a pool as we can. We've increased the pool, but we certainly haven't stopped and we hope that the Commission will afford more opportunities and we'll continue to try and increase our list. Boris Delepine, the Port's Contract Administrator - I'll talk a little bit about the RFP, the process and how we selected the top ranked proposer. First we had identified four goals in the creation of the RFP. They were: (1) We wanted to improve the financial performance of the lots. (2) We wanted to enhance the visitor experience. (3) We wanted to expand the diversity in parking lot operators through a local business partnership and (4) We wanted to explore opportunities to expand the Port's parking capacity.

As Bob mentioned, he attended a number of outreach meetings. We also held a presubmittal conference on November 9, 2015. It was attended by 15 unique parking lot operators. At that meeting, we asked the Certification Manager from the Contract Monitoring Division to attend. He provided applications and an overview of the LBE certification process.

As a result of that hearing, we were able to certify four new firms and increase the number of Local Business Enterprise firms certified to provide parking services from five to nine firms, or 44% and that's significant for a number of reasons. First, LBE subcontracting goals set by the Contract Monitoring Division are based on the number of firms available to provide a specific service, in this case Parking Lot Management. What this means is that for future contracting opportunities, whether they're issued by the Port or the SFMTA or the airport, if they have LBE subcontracting goals, those goals will increase because of the newly certified firms. On December 23, 2015 at the conclusion of the RFP process, we received four proposals that represented eight different firms.

On February 1, 2016 we convened a three member evaluation panel. The panel consisted of Lorraine Fuqua who is a Contracts Manager at the SFMTA. She's responsible for issuing all the MTA parking garage contracts. Mark Lozovoy, the Port's Assistant Deputy Director of Real Estate was on the panel as was Kimberley Beal who's a Senior Property Manager who currently oversees Southern Waterfront properties. Kimberley has an extensive background in corporate real estate, most recently with Safeway. Our evaluation panel was thorough. They were well equipped to review the proposals that we received. As Jay mentioned, this was not a low bid opportunity. This was an RFP process.

In January, we met with the panel. We handed out the proposals and we went over the RFP. The RFP was divided into two phases. The first phase was a written proposal phase that was worth 100 points. The bulk of the proposal points focused on the firm's management approach. But equally important to us was the structure of the LBE partnership. Both of those sections were worth 50 points.

After the written proposal phase, we had an oral interview phase. All four respondents from the written phase were forwarded to the oral interview phase. On February 5, 2016 we held oral interviews. Those were worth 25 points. Again, the bulk of the points were on the articulation of the structure of the LBE partnership. We wanted to put a lot of weight there and we wanted to see that succeed. SP+/Hyde Park received the highest overall score from the selection panel.

SP+ is the nation's largest parking lot operations firm. They operate 4,200 locations. They're in 400 cities and they have 22,000 employees. By contrast, their LBE partner, Hyde Park Management is a small, local, minority owned firm that operates three parking facilities in San Francisco and they have 13 employees.

The two firms signed a joint venture agreement that included shared costs, profits, responsibilities and risks. In their proposal, SP+ and Hyde Park clearly defined how SP+ will mentor Hyde Park to help develop the skills and build the relationships and capacity necessary to enable Hyde Park to increase their competitiveness in future City contracting opportunities. The panelists repeatedly pointed out that the two firms fit well together. As an entity, they felt that they matched the objectives and the goals of the RFP.

SP+/Hyde Park scored well in each of the RFP sections. First and foremost, they demonstrated in both the written and the oral phase that they thought about and they developed their approach together as a team. SP+/Hyde Park met our goal of increasing the financial performance on the existing lots with a 10% increase in revenue over current operations. They provided realistic, reasonable projections that were validated through our accounting staff.

In terms of technology and innovation, their proposal included a strong, online tech presence with the deployment of new pay stations, an online reservation system, a pay by cell phone option and site specific Web sites for each of the lots that can be linked to the Port's Web site or to the Exploratorium Web site. Tickets purchased online also have a mapping option that allows parkers to get quick access to their spots via their phones which will help get vehicles off the Embarcadero and into their parking spots quicker.

The team provided the operational experience to drive revenue through technology, efficiencies in customer service. For example, they have what they call a Parking Ambassador system where these Parking Ambassadors are onsite during peak hours and they can provide directions and information to visitors about local attractions like directions to Pier 39 for example, or to the Exploratorium.

During peak hours, they also staff up with valet parking attendants that stack cars to maximize every square foot of available parking space. Other amenities that were positively identified and mentioned by the evaluation panel were a

bike share program and a car maintenance program for monthly parkers. SP+/Hyde Park created a clear and concise response to the RFP that focused on our goals and objectives.

The panel felt that the mentorship opportunities provided by this lease including employee training, accounting and reporting, interactive marketing and exposure to audit compliance systems will provide Hyde Park with a roadmap to grow and develop skills and relationships necessary to increase their competitiveness on future contracting opportunities.

In terms of next steps, if you authorize us to go forward today, we will return with a final lease in June and then go to the Board of Supervisors for their approval. The projected lease commencement would be sometime in August. We want to use this opportunity also to mention that there are a number of additional parking RFPs here at the Port coming in the next year including a series on the Southern Waterfront lots, that have Pier 30/32, Seawall Lot 330 and coming up next year also, the Fisherman's Wharf triangle lot.

We hope to bring the same LBE partnership model back for those opportunities. We would like to also encourage the firms that did not succeed in this effort to bid again and we're happy to sit down with those firms to review their proposals to talk about the strengths and weaknesses in their proposals to help them gain access to future opportunities.

In conclusion, we were successful in defining and carrying out the Port Commission's directive to increase the diversity in parking leases and created a model that we can duplicate on future opportunities. This process will also, as I mentioned, create more opportunities for LBE parking operators as we increase the pool of available LBE firms that provide this service.

The highest scoring proposer was SP+/Hyde Park. They were most responsive to the requirements of the RFP. They will increase the financial performance of the parking lots identified in the RFP. They will also, met the goal of enhancing the visitor experience through customer service programs, new online and marketing tools. The SP+/Hyde Park team was in sync at every point in the process and they best articulated the spirit of the partnership that we attempted to create through this process.

Finally, we have new opportunities coming forward, and again we want to encourage those firms that didn't succeed during this effort to continue and participate again.

President Adams - Operators, would you like to come up?

Stephen Aiello of SP+ - First of all, we wanted to express how excited we are about the opportunity. We've worked very hard on this. It's been many months. We don't go after every opportunity. We go after the ones that we feel play to

our strengths and where we can add value. We thought this was right on with that.

We were also very impressed with the way the RFP was written especially in regards to the goal with the Local Business Enterprise. It was very clear that they wanted that to be a real partnership, one where both firms actively participate in the operation and share risk and rewards. I'm going to tell you from experience, that's actually rare in how an RFP is written. Many times it's just a goal to involve companies more on a contractual basis, but not really an active partnership. So we were excited about that.

I can tell you from our perspective, we looked very hard at which partnership, which partner would be the best for us. We interviewed three firms. With the help of Bob, some outreach, Bob Davis on some outreach, we came in contact with three. We interviewed three. Mutually we courted each other and I know Biruk will speak for himself on his part, but we hit it off from the bat.

Our discussions on how we would form and work together went very well and we're very excited about some of the things we'll be able to share with them as well as their local experience and particularly as it portrays to parking lot operations and valet parking.

Biruk Tadesse of Hyde Parking - I would like to take this opportunity to thank the Commissioners and the Directors, especially the people who work on this RFP. I say especially them is for inserting an encouragement for big companies to partner up with smaller companies. Otherwise a smaller company like Hyde always stays forever as a small company.

With this, in a joint venture, we were able to come in front of you and say this today. For the last eight years, you know, we've been working as a small company. We started our parking company in San Francisco. We're still operating in San Francisco but we are still small. We're excited now to partner up with a company like SP+ which we will be learning a lot of things from them which will prepare us in the future to be able to manage bigger garages and become a bigger company.

Thank you for this effort to encourage the bigger companies to partner up with the smaller companies. Otherwise, all those small companies stays in the city, will work hard, but they will be always small. I really thank you for that effort.

Commissioner Kounalakis - When I look at the presentation and I compare it to the staff report, I see in the staff report you have the financial projections. Can you just give a word or two on how this will meet your first RFP goal which is to improve financial performance?

Jay Edwards, Senior Property Manager, Real Estate Division - We did look at that very carefully and we felt that in this case the projections that were used by

SP+ and Hyde Park showed growth. It's a 10% increase in projected revenue. Our historical experience is that it has to be a little careful.

These are public serving lots. These are visitor serving lots. These are people who are coming to the Exploratorium. They're coming to our restaurants. They're coming to enjoy the waterfront. We have to balance our financial needs with the needs of having a reasonable experience for our visitors. It's a real fine balance to how do you increase the rates? How do you do it?

We're hoping through some of these online tools that they had mentioned, that they brought to the table, through the staffing, the staffing that they engage in in running their surface lots, through marketing and partnering with our local firms, that we're actually going to increase the amount of people that are coming and parking at our lots. That's where we see the growth. We see the real growth as being more visitors versus trying to just get the extra \$5 out of a visitor.

Commissioner Kounalakis - Well, it's not much information here in terms of how much income we're currently getting.

Jay Edwards - In year one the financial projections were \$4.5 million with a base in percentage so that includes base rent. That's the gross revenue projection. Out of that, the Port receives a fixed base rent, or percentage rent, whatever's greater. They're estimating \$3 million for the first year revenue to the Port compared to \$2.7 million that we're currently receiving.

Elaine Forbes - If I may add, this action allows us to negotiate with the top scoring proposer. Staff will negotiate the lease and come back for approval. At that point, there will be much more detail about the current revenue and the revenue projections of the lease.

Commissioner Kounalakis - I was confused with the financial projections. I thought that was based on an agreement. So it's not.

Commissioner Brandon - Jay, Boris and Bob, thank you so much for a wonderful presentation. Bob, thank you so much for your extensive outreach and increasing the pool. I think that's absolutely phenomenal. I want to thank Susan Reynolds and the Real Estate staff for coming up with this innovative opportunity because this really shows that we are able to include LBEs in a lot of our projects and not have to lose money, but actually make more money in the process which I think is absolutely wonderful.

It's phenomenal that we had so much interest in this which shows that it's something that we really need to continue to do more of and that we had four great teams that came in. I know it was a very hard decision because there were so many wonderful teams. But to have the number one parking company in the country with a Local Business Enterprise, I'm just so happy that this is actually happening. We're actually still going to be able to make more money.

This was wonderful. I think that we need to do more of it. This is just a starting point for all of the opportunity that we have to engage Local Business Enterprises in a lot of our leases, a lot of our contracts. Again I want to thank everyone who was involved in this and for once again coming up with a great, successful opportunity.

I do have a question and it's about the lease terms and why they're different for the various lots. Could you please explain that.

Jay Edwards - One of the challenges in this RFP is the nature of our lots. We have two developments that the Commissioners are well aware of. It was tricky to put this together because we were unsure of the timing. Seawall Lot 321 which is the Exploratorium lot is the long-term opportunity where there's no development possibility on that. That's a really important lot for the Exploratorium.

The other two lots, Seawall Lots, 322-1 is the Mayor's Affordable Housing Project that is going to be coming here very shortly. We were trying to keep that in a kind of an interim lot. SWL 323-324 which is the Broadway lot is Teatro Zinzanni hotel project which the timing is a little uncertain. We felt that a three year lease with two one-year options would be appropriate.

The shed lots are interim lots. They can come in and out. For instance, in Pier 29½ we're doing the Pier 31 structural renovations. We're going to pull that lot out for a short period of time. Those shed lots are interim lots. It was very difficult and I have to commend our partners, all of them for trying to do these financial projections, do these staffing requirements for a changing field.

Commissioner Brandon - Regarding the partnership, what is the structure of the partnership and what is the profit sharing component?

Boris Delepine - The partnership is a shared risk/responsibility. It was, based on the conversations that I've had with SP+ and Hyde Park, and they can probably articulate it better than I. But based on the investments in there, 85/15 between the lead consultant and the LBE partner.

Commissioner Brandon - Is there any way to increase that?

Bob Davis - Through their negotiations, it was determined what level of risk Hyde Park could take, what liabilities could they take on? They're taking on \$22,000 a month as their share. It was discussed and it can be increased, but that's what they thought that they could really do given the circumstances.

As they improve, the percentage of their partnership can increase. But that's the amount of liability that they honestly thought that they could undertake realistically. What we wanted to do was not put too much responsibility on a company when they couldn't handle it and that was their negotiation. We were not a part of that. But that was how that figure came up.

Commissioner Brandon - How does that compare to the other respondents?

Bob Davis - Well, for one respondent was 51%. But when we looked at how they shared their management and how they were going to achieve that financially, it wasn't as clear. This was a clear line of thinking with a clear thought process as to how we were going to actually pay these bills, where the money was going to come from and who was going to be assuming what duties.

Commissioner Brandon - When you guys negotiate what the revenue will be to the Port, will that include what the cost will be?

Jay Edwards - One of the things about the lots is there is a pretty significant base rent that's required each month and that's what Bob was referring to. This is the minimum base rent that they'll have to pay. The upside for everybody on this is the performance based part of it. It's the greater of percentage rent or base rent.

We're hoping through this partnership that this is going to generate an upside for the partners and the Port. That's where we think that the performance levels and possibly the joint venture levels could improve.

Commissioner Brandon - So both firms are going to be responsible for the day-to-day management and operation?

Jay Edwards - Correct.

Commissioner Brandon – Both are going to have people from their various companies on the lots every day?

Jay Edwards - Yes, that's correct. It's a joint venture partnership. They're equally sharing in the resources, the responsibilities and the losses.

Commissioner Brandon - I don't want to get into their negotiations but couldn't there possibly be benchmarks and if you meet those certain benchmarks, then that percentage changes? I'm not quite sure that 15/85% is quite that fair, when, this is to make sure that there is an LBE that can grow and that can become a large business.

If you're going from one extreme to the other where you have 51% whether we gave them time to actually clarify what that means or not. I don't know.

Elaine Forbes - This was a very unique and creative way to structure this agreement. We're very pleased with what we've gotten. Should you approve this, we would then negotiate the terms. We'll be equally creative in the way we negotiate those terms to recognize the partnership, to have benchmarks relative to the partnership and to support the spirit of the RFP which is to have a firm really mentor an LBE partner and to grow that business. We will be very

creative with how we approach the terms of the lease and we'll bring it back to you and hope you'll see that creativity.

Commissioner Brandon - I really appreciate that. Thank you. This is absolutely wonderful.

Commissioner Katz - Commissioner Brandon made many of my comments. I too just wanted to thank Susan, Jay, Bob and Boris for all of your work on this. I know this has been a long time in coming and I know we've had many discussions with the Commissioners. I'm really pleased to see the way that it transpired and you were able to work with us on accomplishing something that as was pointed out is not typical, which is a public agency like ours ensuring that we look towards building future generations of leadership and communities that haven't always had such opportunities.

I want to thank all of you and other staff members for putting that into a realistic RFP. I also want to thank all of our respondents, in particular the folks before us today. But everyone that responded to the RFP. I think it really is a sign and the fact that we had so many entities responding to show that we were on the right path and I'm very excited to work with the team that was selected and pleased that everyone speaks so highly of both entities. Again thanks to everyone. Did the existing operator submit any kind of response to the RFP?

Jay Edwards - The former operator at the lot sold their parking operations in San Francisco and so they didn't participate.

Commissioner Woo Ho - A lot has been said and I agree with a lot of the sentiments and thank you for the staff and for coming up with this. When this item was first presented to the Commission, it was a step in the right direction and it shows that we obviously want to participate in how policies and community are involved.

I do hear what Commissioner Brandon says and in the spirit of the RFP, we need to let the parties involved come to some agreement on what works best for them. We should not have a heavy hand in that negotiation. This has to work at its pace and properly and appropriately. The thought behind it is certainly the right thought which is to give our LBE enterprises the chance to grow. Sometimes you ask somebody to run and they're still crawling and they're not quite ready to run. That's dangerous too. It sounds like what Bob said, there's been a lot of discussion in terms of the liability and the ability to be comfortable with the responsibility. Because it's easy to talk about percentage of profit, but it also is a lot of responsibility to maintain and manage. My own sense is that we want to honor the spirit of what we're trying to do here. The mentorship is great. We should not try to be too directive in dictating to terms of the agreement, but allow the parties to work that out and come back to us.

Commissioner Brandon - I agree which is why I look forward to the benchmarks.

President Adams - I stand in support of the committee's recommendation. I really like it that it was a very competitive process. You heard the Commission, we're looking forward to you coming back with the terms so we can discuss that. Good job. Due diligence was done on this.

Unfortunately sometimes in life, what makes one man happy makes another person sad. I know there were some people that were unhappy about the scoring, but that's how it goes. I want to say to staff, "Good work." And to the operators, "Congratulations and welcome aboard." We look forward to working with you.

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

12. ENGINEERING

A. Informational presentation on the San Francisco Sea Level Rise Action Plan and Port Sea Level Rise Projects.

Eunejune Kim - I serve the Port as Chief Harbor Engineer. The informational item before you is San Francisco's Sea Level Rise Action Plan. As you know, climate change has been a concern for decades. It is now widely accepted that rising sea levels are considered to be one of the greatest impacts of climate change. Coastal cities and ports are some of the most vulnerable developed areas. The potential for Sea Level Rise is enormous and the scientific community has been researching this issue extensively.

There are many variables which affect Sea Level Rise, leading to much uncertainty to the magnitude and rates of projected Sea Level Rise. However, the scientific community is in agreement that the ocean levels will be rising at an accelerating rate. According to tidal data near the Golden Gate Bridge, sea levels have risen approximately eight inches in the past century. Recent research predicts sea levels to rise up to 66 inches over the next century.

San Francisco is surrounded by water on three of four sides. The city and its infrastructure were developed prior to knowledge of Sea Level Rise. Given the complexity and significance of Sea Level Rise, Mayor Ed Lee recognized a need for formal collaboration across City departments. Mayor Lee established the Sea Level Rise Coordinating Committee in early 2015. This committee consists of representatives from 12 City departments whose assets and operations will be impacted by Sea Level Rise.

With me here today is the Co-chairs of the Sea Level Rise Committee, City Engineer Fuad Sweiss and Director of Citywide Planning Gil Kelley and Senior Planner Diana Sokolove who will give a presentation on the Sea Level Rise Action Plan.

Fuad Sweiss - I'm the City Engineer and Deputy Director for Public Works. I must state also I am a State Commissioner that serves on the Seismic Safety Commission. I'm here joined with Gil Kelley from the Planning Department.

As Eunejune said, the Mayor appointed Gil and I as co-chairs for the Sea Level Rise Committee in February 2015. The committee has representatives from various City departments such as Port, Airport, MTA, PUC and Economic Development. For over a year, we met on a monthly basis to discuss this issue of Sea Level Rise and its impact on the City. Also we met with the Mayor three times to hear directly from him about his concerns and vision and what he would like us to do through this, to accomplish through this Commission.

The committee with the help of a consultant, AECOM, produced two reports which are before you. One is the full report which is about 95 pages and an Executive Summary that summarizes the full report.

Sea Level Rise is a very important phenomenon that will impact not only San Francisco but many cities throughout the world. Scientists predict that the sea level will rise by about two feet by 2050 and 66 inches or five and a half feet by the end of the century, by 2100. When we take into consideration other factors such as the hundred year storm and king tides, the sea level could rise by up to 108 inches or nine feet.

Given that San Francisco is surrounded by water on three sides, such an impact, such a phenomenon or the sea level will impact many parts of the city. Our committee looked at the science of Sea Level Rise, and we also looked at what is the cost of inaction. What if we don't do anything? I'd like to turn the presentation over to my colleague Gil to complete the presentation.

Gil Kelley, Director of Citywide Planning from the Planning Department - This document before you represent a Call to Action. It does not prescribe any particular solutions. That's the first point to understand here.

Our intent was to elevate the understanding of the issue, both in terms of the general public and city departments. As Diana will explain in more detail, it calls for four major actions. One is that each of the major capital departments needs to do a thorough assessment of their facilities, their assets that are vulnerable to Sea Level Rise. Now that we know what the potential long-term inundation map looks like, we need to find out what's in there and what's at risk and what is the degree of that risk. That's the homework assignment for all the agencies. I'm happy to say the Port is well on its way to understanding that as is the Airport and the PUC. Other departments need to catch up with that. Secondly, it asks us to have a conversation with the rest of the region because this is a regional issue. It's one, as Diana likes to say, "one big bathtub." What you do in one part of the bathtub affects the displacement of water elsewhere around the Bay. We can learn from each other as we experiment with broader solutions.

It also asks us ultimately as a City to produce a Long-term Adaptation Plan. We won't quite know how to do that until we get some of these other parts done. But we're anticipating that will be done in the next two to three years and that gives us the prescription of what needs to be done in the long-term. That document will embody the solutions and the more detailed processes and funding ideas for how we actually address this issue long-term.

The plan is also calling for the launching of a region wide design competition, which we're calling a Design Challenge because there won't be a single winner. You'll hear more about that later as we get closer to the launch in the fall. Basically the notion there is that while individual agencies and individual cities may have particular responses to protect their facilities, the water will go everywhere in between. We need some bigger and more creative solutions.

Particularly when it comes to things like the Port piers, much of the Northeast Waterfront and also the Southern Bayfront. We should be creative as to what those long-term solutions are. Both in terms of the design and the funding of those. Opening this up to a set of bigger ideas and a Design Challenge, we think is a nice way to both get at some long-term solutions and also engage the public viscerally in this sort of issue and make it real for people.

That's, in a nutshell, what this document is trying to do. We're at the beginning of the process not at the end. The nice thing is it's a slow-moving emergency. We've set the end date or the horizon of this study at the end of the century, 2100. We know the seas will continue to rise after that and that'll be for another generation to figure out those solutions. We do want to emphasize the notion of making adaptable solutions. There may be some things that work for 2030 and that can be adapted for a higher sea level in 2050 and then even further into the future by 2100. It's a very ambitious effort that's in front of it but we think we've got a good start with this Action Plan.

Diana Sokolove - I am a Senior Planner with the San Francisco Planning Department and it's an honor to be here before you today. I was fortunate enough to staff this incredible committee, the Sea Level Rise Coordinating Committee of which Fuad and Gil chaired, convened as Eunejune told you, February 2015.

It was exciting experience to work on this Action Plan together with all of the different departments that touch Sea Level Rise or are impacted by Sea Level Rise in some way, including the Port. We all worked together. We collaborated. The plan before you is the result of that great collaborative effort.

These are our Sea Level Rise projections for San Francisco that are in the plan. These projections are the same projections that are in our Capital Planning Guidance. They're all the same projections that are in our CEQA Guidance and all of our Development Approval Documents to date. These numbers are very consistent with all of the numbers that have been developed by the City over time and are revisited continually and will be revisited once the

National Research Council puts out another report. These numbers are consistent with their 2012 report. They looked at 2030, midcentury and end of century numbers. If you add storm surge and king tides, you're going to add another about 40 inches to these numbers. It's a dire situation.

Commissioner Katz - Lots of oceanfront property.

Diana Sokolove - Exactly. As Gil mentioned, it is a slow-moving emergency. If you look at these photos, this is the king tide on the left hand side, a photo of the Embarcadero. You can see the water is pretty close to street level at grade and this was a king tide back in December.

On the right hand side is a photo of Ocean Beach and since this photo was taken, about a month ago, this particular area actually has fallen into the ocean over the bluffs. The K-Rails have fallen in, a piece of the parking lot's fallen in. This is, this is a slow-moving emergency but it's also something that we are seeing the effects of today.

This map is in the plan. It shows our Sea Level Rise Vulnerability Zone. What it marks is the end of century numbers with no action taken by the City or the development community and that's not necessarily realistic, but for planning purposes, that is what we've set as our mark to plan for Sea Level Rise mid-century and end of century.

The map also shows several of the development projects that are in play right now. All of those projects have been through the CEQA process, and most of them have been through the CEQA process, not all them. But the ones that have already looked at Sea Level Rise and proposing measures, adaptation measures and have adapted capacity to work with our numbers over time.

The cost of inaction was a major piece of work that was called for by the Mayor to look at what would happen if we actually did nothing. These are in today's dollars, and they show replacement costs for public and private property. I wouldn't necessarily say that these numbers are all that conservative because they actually don't take into account key pieces of information such as loss of ecosystem services or even job loss or productivity loss in the city. Through this Action Plan we hope to do a more thorough economic analysis to understand what would happen to San Francisco if we did nothing.

This is a depiction of all of the outreach efforts that the City has undertaken to date and is planning to undertake. The Waterfront Land Use Plan, the Update that is being undertaken by the Port of San Francisco is definitely highlighted there. It's a really important piece of work. It is engaging your community with an understanding of Sea Level Rise and for short-term purposes, looking at what the City could do with the piers and other properties to address sort of short-term, like public health and safety issues.

We are looking as part of the Sea Level Rise Action Plan at a more long-term program for Sea Level Rise. That's something that we'll be talking to your Working Group about tomorrow night and hoping to engage your Working Group in a good dialog about what's happening and get their thoughts on what we could do in the future to protect our shoreline.

One of the most important first steps in adaptation planning is looking at what's vulnerable and what's at risk. The left hand column shows the departments who have done a really thorough analysis of vulnerability and risk. The Port is obviously highlighted there so we're really excited about that. We want to take all of that data and really combine it with other departments' data and understand where our low-lying areas are and how to overlay some of the risk assessment work that's been done so far. We still have some work to do as you can see in the right hand column.

This slide is the centerpiece of our Action Plan. It shows what we're calling the Adaptation Wheel. It starts with reviewing the science which we've done and then assessing vulnerability and risk. And as I mentioned, a lot of that work has already been done. Some of it still needs to be done. The Action Plan looks at different ways that the City could develop adaptation measures over time.

One of the ways to start doing that is first looking at our risks and our vulnerabilities, and as I mentioned, combining those in a multi-sectorial analysis so that we understand where all of the different pieces of infrastructure come together, where our low-lying areas are and starting to prioritize how to move forward in planning for those areas.

The next step under, "Develop Adaptation Plan," would be one of the biggest steps is, as Gil mentioned, our Design Challenge. That's a regional Design Challenge. It's not just for San Francisco but it's looking regionally and in San Francisco how to bring the best minds together to understand what we could do to create a resilient future here. The Port will be a major contributor to that Design Challenge. We meet with the Port very regularly and are excited about that kind of collaboration for the waterfront.

Finally, the Citywide Sea Level Rise Adaptation Plan would look at how the city can adapt over time to Sea Level Rise. We hope to have that completed, as Gil mentioned, in the next two to three years so that we have a plan forward. We want to make sure that the public understands where we're going with this. There would be a very rigorous community engagement process that would go along with that.

This is a great opportunity to have a collaborative effort to look at cutting edge ways that we can adapt our communities to Sea Level Rise by maintaining access to the waterfront and especially helping our vulnerable communities who are already at risk and possibly on Bay fill and certainly in our vulnerability zone. This certainly is going to take quite a bit of local and regional cooperation. Mayor Lee is particularly excited about the opportunity to work with other

jurisdictions around the Bay. We've gotten endorsement not only from the City of Oakland and the City of San Francisco but also the City of San Jose to work together leading this charge and making sure that what we do on our coastline reflects well with what other folks are doing around the region.

This is a bit about our governance structure. We hope to continue under the leadership of the Mayor's Office. After we've done many of our presentations, we'll reconvene the Coordinating Committee and the Mayor will attend and help kick off Action Plan implementation.

We hope to continue the coordinating effort that Gil and Fuad have started by continuing to meet with the Sea Level Rise Coordinating Committee. As we go through our vulnerability risk assessment work and our adaptation work, we hope to bring in other public and private advisors who can help us develop a cohesive strategy that meets the needs of all of our stakeholders in San Francisco.

These are some photos from the Rebuild by Design competition that were held on the east coast post Hurricane Sandy. The design competition that we're thinking about launching in September is very reminiscent of this design challenge as well. These are just some of the photos of the results of that competition.

Eunejune Kim - The Port has been incorporating mitigation measures for Sea Level Rise since 2009. I'll briefly go over some slides which depict what we've done so far. These are some pictures of Pier 3 and the Embarcadero near the Howard Street Extension which are some low areas of the Port. These areas experience temporary flooding during larger storm events. Just to illustrate that the Port does have some vulnerabilities that exist today under certain conditions.

If you recall, last month Uday Prasad and Brad Benson gave a presentation on FEMA's draft Flood Insurance Rate Maps. These Flood Insurance Rate Maps depicted the vulnerabilities of San Francisco to the 100-year flooding event. This flooding event is a 1% chance of occurrence in any given year. It's called a base flood elevation so you may hear of it many times. It refers to an elevation that incorporates tides, storm surge, wind waves and precipitation in areas that, more land-based areas.

King tide is a very high tide that occurs several times annually and it's based upon the alignment of the earth, moon and sun with the moon being closer to the earth during those times than regular times. Mean high or high water is the higher of the two daily high tides averaged out over 19 years of statistical data. Mean low or low water is the average of the lower of the lower tides averaged out over 19 years. North American vertical datum, called NAVD 88 is the reference baseline to have a consistent comparison for vertical elevations. These are just common terminology that will help with the rest of the slides.

This slide depicts the daily tide variability and how it will affect potential flooding on pier decks when they are below the base flood elevation. If you can see that brown spot that's on the right side of the slide between base flood elevation and pier deck? This shows the timeline of the intensity and the duration of flooding that occurs. When the flooding event occurs during the tidal time, you will see temporary flooding. As sea levels rise, these curves will go up too. The intensity and the duration will increase accordingly and may even occur in both high tide times. There's basically a variability based on tides.

This slide was presented to you last month also with the FEMA Flood Risk Map. The darker blue zones show the areas where there is a higher wind wave component and the lighter shows the flood zones with the wave component less than three feet. The brown areas are the areas of 500-year flood zone which is a 0.2% annual chance of flooding in any given year which is much lower than the 100-year flood zone.

Points of Entry of Predicted Flooding. This map was produced using elevation data and identifying low points. These low-lying areas are important for us because flood mitigation measures can be concentrated at these points and won't be too expensive. They can consist of small improvements, minor improvements such as flood walls or curbing. These are just under conditions of minor Sea Level Rise. As we have higher levels of Sea Level Rise, we'll have to incorporate more regional types of mitigation measures.

These bars represent the existing pier deck elevations. The blue represents the base flood elevations. As you can see the base flood elevations are higher than the pier deck elevations at only a small portion of the piers. The majority of these piers that are under the base flood elevation are in the South Beach area - Piers 26, 28, 30/32 and 38. The base flood elevations at these locations are higher than the pier decks primarily because of the wave action at this location. The dark bars indicate the disparity between the base flood elevation and the pier deck elevation.

This is a slide of Pier 1 showing where the typical high tide is at 6.2 feet and the base flood elevation at 10. Our deck is at 11.7 feet so we are only 1.7 feet above the base flood elevation at Pier 1.

This is Piers 30/32. Piers 30/32's deck elevation is 0.8 feet below the base flood elevation. So during the 1% chance of flood event, which we haven't seen yet, the waves will overtop the top of the deck on Piers 30/32.

This slide depicts Sea Level Rise at the year 2100 with 36 inches combined with a base flood elevation, the 1% chance of occurrence. The flooding starts to follow where the original Bay line was. It starts to creep in because that's how the elevations and topography have been set. In long-term planning, we must consider where the line of defense will be. If the line of defense is placed Bayward, we could save the existing infrastructure without rebuilding. If it is

placed landward, then the development that occurs beyond that, such as all our finger piers, may need to be abandoned.

Also depicted here are the openings for the BART and Muni tunnel tubes. The good thing about these openings to the BART and Muni transportation tunnels is that they have a small footprint so minor improvements could protect them from flooding as long as they're performed before the flooding happens.

In 2012, the Port hired URS to perform a Sea Level Rise analysis to estimate what the sea levels would be and the impact to Port's infrastructure going out to 2150. This graph predicts the different scenarios where you have low greenhouse gas emissions on the bottom line of the green. The top line of the blue is the high case scenario. For the piers, the typical deck elevations are between 10.5 and 13. As you can see, by the time you get to 2100, whether it's the low scenario or high scenario, most of the pier decks will be inundated. All of them will be inundated as you get further out.

The Northern Waterfront Seawall Project which will be presented by Seawall Project Manager Steven Reel at the next Port Commission meeting is basically a seismic vulnerability analysis of our Seawall. Future improvements to the Seawall will incorporate Sea Level Rise through mitigation measures, improvements or through adaptive capacity. The exact improvements have not been determined yet because it is such a high level study at this point in time.

Brannan Street Wharf park was designed in 2011 and constructed at an elevation to accommodate 16 inches of Sea Level Rise according to the estimated flood elevations considered at that time. The new draft Flood Insurance Rate Maps actually indicate that this area is subject to current flooding during the 100-year flood event.

As I mentioned earlier, there is a lot of uncertainty to the Sea Level Rise projections. As we move forward, especially recently with the release of the draft Flood Insurance Rate Maps, the areas on the Southern Waterfront have a higher potential for flooding according to the most recent models due to the higher wind waves than previously predicted.

The Downtown Ferry Terminal South Basin Expansion Project is under design. The proposed design is incorporating an elevation that is three feet higher than the surrounding grade. The three feet is expected to prevent overtopping for the 50 year project life and it considers the worst case scenario of 66 inches of Sea Level Rise at 2100, basically Sea Level Rise curve of the high case scenario that was mentioned by Diana earlier.

Here is a profile of the proposed expansion area. The proposed deck is at 15.5 feet. The typical high tide is at 5.5 feet. The base flood elevation is at 11.4 feet so that freeboard is designed to accommodate the Sea Level Rise.

The Bayfront Restoration Project was constructed in 2010. This is the first Port project that considered Sea Level Rise. At that time, the elevation of the riprap was installed to accommodate 16 inches of Sea Level Rise.

Recently, the lease for Pier 1 was extended. In the lease extension, Port staff required provisions that required the tenant to perform improvements to accommodate Sea Level Rise. The contemplated or proposed improvements include temporary access closures, waterproofing or relocation of utility infrastructure from beneath the piers, and short perimeter floodwalls at low-lying locations. The improvements will be mandated when it is deemed necessary by the Port.

Crane Cove Park is a GO bond funded project and is under design. The shoreline will be designed to accommodate 28 inches of Sea Level Rise with occasional flooding thereafter. The roadway, sidewalks and buildings will be elevated against the 100-year flood and 28 inches of Sea Level Rise. Where the park conforms to the existing shoreline, there will be less elevation because it has to conform at a slope that can be maintained as it enters the water.

The Pier 70 Forest City development is a mixed use development project. This project includes a number of Sea Level Rise mitigation measures. The new buildings will accommodate 5.5 feet of Sea Level Rise. The Bay Trail would allow for two feet of Sea Level Rise plus future total water levels. The design zone between the water's edge will be, is at a lower level as it goes in to conform but it will still meet 2050 Sea Level Rise requirements and will allow for adaptive management for future raising over the longer term.

Seawall Lot 337, Mission Rock is the Giants' proposed development. At this point this development is planning on incorporating 55 inches of Sea Level Rise. This was considered for the 2100 scenario at the time of entitlement.

As we move forward, the types of adaptation measures that we can incorporate will depend on how fast sea levels rise, the rates and the extent. Interim flood management, pure flood management measures can include relocating utilities to the topside when the utilities are located underneath the piers, they are very difficult to maintain. There are only small windows of time where you have the space to get under there to maintain them. As sea levels rise, the space and the windows closes. Over time, we're going to have to start relocating utilities above deck, installing solid edge railings around the piers such as short perimeter curb walls and temporary flood barriers at doorways.

Long-term shoreline adaptation will have to be coordinated very carefully with the citywide adaptation planning. This will require a lot more funding than the interim flood management measurements and also a regional collaborative effort, because this is a regional issue, not just for the Port.

In summary, FEMA indicates that current flood risk at limited low-lying areas of the Port. This level of flooding is currently manageable and is considered

nuisance flooding. City facilities near the waterfront, such as SFPUC outfalls and opening to Muni may be impacted to Sea Level Rise by 2050. City Planning and Public Works are leading efforts towards a Citywide Sea Level Rise Adaptation Plan which will be the next phase of the City's Sea Level Rise Coordinating Committee. The Port will be participating with them and will engage closely with our community to keep them apprised of what's being planned.

The Port has been incorporating Sea Level Rise mitigation measures into the planning and capital projects since 2009. The projections back at that time were a little bit different than they are today, but Sea Level Rise was considered since 2009.

Commissioner Katz - First off, it's a little disheartening that we don't have more public comment and this is something that we're all tasked with which is continuing to increase the awareness of the public of what we're doing and what's happening. But that's a whole other issue to address.

I do want to thank all of you for your presentation and work on this. As you know, this is an issue that's been near and dear to my heart and I've been talking about it for quite some time and so I'm very pleased to see the efforts and of course want to thank all of our Port staff for their participation working with the rest of the City and for the guidance and for all of you working on this.

As you know, we had a presentation approximately two years ago, on Sea Level Rise and the thing that struck me most of all at that time again was the surprise exhibited by so many people of what we're facing and the magnitude. It's frankly getting worse as we investigate it and realize the kind of impact. I want to thank all of you for undertaking this and demonstrating how we all have to work together, all the City departments and also on a regional basis to figure out a solution.

In terms of the Call to Action, it seems a little bit light in some of the directives. I assume there's going to be more of that continuing to be developed. I was wondering if there are any big plans underway in terms of how we'll start implementing some of those actions.

Additionally, and probably most significantly, looking at funding sources immediately, I guess it's a balancing act of doing a full assessment which we actually have. Obviously, this has gone a long way, but assessing what needs to be done and planning that out properly but also making sure that we get the funding source in the pipeline so it'll be ready when we are. There's certainly competition for federal dollars around the country. I guess the saving grace is perhaps we're not quite as bad off as Miami but that's not much solace for any of us. But there will be limited federal funding so I want to make sure that we're doing everything we can to track the funding that's coming down the pipeline so we'll be ready to use it when we have projects and plans. Similarly with state funding and I know that will come in large part as we do some of our regional

planning. I'm tossing out a variety of questions that I'm not sure who will answer all of it.

Additionally, what kind of regional planning is really going on? I know San Francisco certainly is sort of the center of the region. We're taking on more of it but what are we doing to include particularly some of the smaller communities that may not have thought about it but will be impacted and will need to look at solutions coming in? Because certainly, and if nothing more than the financial impact to San Francisco that will impact the entire region even though we've just done that significant assessment for the City.

Then from the science standpoint, you mentioned we're going to continue to update the projects. But it sounds like we're relying on some older projections that have been put into place from the scientific community. My sense is we're continuing to see more and more dire predictions as we do greater calculations. What are we doing to update the projects and incorporating that into our thinking? I know we've done some ranges that are trying to anticipate that. What are your thoughts on the direction that those projections will be going in? I know my sense and from everything I've heard is it's not going in a direction that we'd like to see but I want to make sure that we are incorporating worst case scenarios.

In terms of best practices, around the world I know a number of other communities, obviously the Netherlands have had to face this for much longer. Other communities have put certain projects and programs into place. Do we have some focus on best practices around the world and using some of those experts to help us?

Step five was obviously the one I was focusing on a bit here, but the timing of some of those further recommendations. When do we anticipate we'll see some specific or more concrete steps of what we can and should be done. As was noted, we have our Waterfront Land Use Plan Update. In terms of directives there, we want to make sure that we have both specificity as well as flexibility in the updates. Any guidance we can have on that front would certainly be appreciated.

From our perspective as we plan, we've been very good here at the Port. For many years now we've required that all new projects incorporate the impact of Sea Level Rise and that staff presentations have included that. If I recall, it's been at least three years if not more that we've required that but we have two issues that we need to address, both planning for our existing tenants and projects, what do we need to do on that front? How are we addressing that?

We probably have a little bit of a better handle in some respects on future projects that we can be more proactive there but how are we going backwards to figure out what we're going to do about some of our longer term leases? Who's going to the responsibility? What kind of planning we need to do for that impact?

Gil Kelley - That was a lot. Thank you, Commissioner. In many of your questions, there was the kernel of an answer contained in it. First of all, on the nature of the inexact science and the nature just of changing conditions, we have tried to build in -- and that sort of wheel that Diana referred to is not just a one stop at each click -- but actually, that's a kind of wheel that we revisit including the beginning part of that which is evaluating our knowledge of the Sea Level Rise conditions.

We are using the latest consensus from the IPCC and so, while that is always a few years in the making, we're using that as the baseline knowing that the likelihood that those projections will change, we'll have to keep up with that. You're also right to say that we haven't seen those lowered. They generally rise.

For example, the consensus models don't yet take into account the full impact of methane gases from agriculture and so forth around the globe. Nor have they fully mapped the depth of the Arctic ice masses. So we're probably going to see higher numbers in the future.

By picking an endpoint with the highest reasonable -- it's not perhaps the absolute worst case -- but that high end range, we think we've provided ourselves for quite a few decades at least, a pretty good working range. We will, of course, revisit as we go along but we're not underestimating with that deep range, we're not low balling for now but you're right to point that out.

Secondly with regard to funding, that would be a major undertaking. What I would say is that about a year ago, the City adopted capital planning guidelines which means that each project coming forward for budgeting in the City system has to show that it has addressed Sea Level Rise. That's not every single project in the City, but that's most of the major ones that go for funding. This study also wants to capture the private side and that will rely heavily on changing regulations as we go forward, both planning and building regulations. That is one of the nearish-term actions, once we know a bit more on that.

For the meantime, in that regard, because a lot of this will depend on private dollars and private investment, the major projects coming forward on the private side need to go through the CEQA process (California Environmental Quality Act) as part of their development application and that process is using these same numbers. As you saw with regard to Pier 70 for example, that project is taken care of. At least the 2050 or 2060 flood with the ability to adapt in the future.

In terms of getting other, more robust funding streams, the best we can say at the very moment is that we're trying through the effort of cataloging department by department the assets at risk and their value, and their typical replacement schedule. Between that and this larger design competition which will help fill the

bigger gaps, we're putting ourselves in the best possible position for federal and state funding.

We're constantly tracking, "What are those resources?" As you mentioned, there's no great big federal pot of money just waiting for us. As you indicated with Miami's situation and with increased flooding in the Midwest, a renewed federal interest is potential for this kind of infrastructure, because lots of boaters are at risk.

We are doing that and one of the actions in here actually calls for a regional body to track that and get very smart about that. Including potentially the Cap and Trade funding from the state. We don't have immediate answers for you like we suddenly have a whole pot of money, but we're trying to track that right along with the design and engineering thinking at the same time.

With regard to the Waterfront Land Use Plan Committee, we will be there tomorrow evening as you know. I wanted to thank the Port staff, because they have been with us every step of this including actually having two members of the staff on the committee itself, as well as the Planning staff we've been working with a lot.

We have been trying to dovetail the Design Challenge work thinking that at least one or two of the segments of shoreline that the Port controls will be candidates for that Design Challenge work. Very specifically, we've been trying to dovetail, at least at the north end here, with the Seawall Study and the evolving recommendations that come out of further engineering phases there so that we have a better idea of the conditions and costs and can posit potentially alternatives or augmentation to the Design Challenge of that work. We think the timing works out. We're not going to let the Design Challenge delay any immediate life safety work that the Port wants to proceed with.

Commissioner Katz - I think you got most of them; just minor follow-up points or issues. I know it was touched on in the presentation, but some of the public/private partnership opportunities and will there be any efforts to modify or change regulatory restrictions on that to allow for more opportunities?

Gil Kelley - Yes, and potentially but let me talk about two maybe extremes in that. One is that we're looking at public/private funding arrangements where in the future, some of the special assessment districts could either be created anew or could be extended beyond their current or immediate shelf life to contribute financially to longer term offsite improvements for Sea Level Rise. That's one piece of it and that we're also looking for example in the Design Challenge that we're mounting is actually a multimillion dollar enterprise in itself. We don't want the City or cities to be on the hook for that necessarily. We're trying to raise through foundation and even business means, most of that money for the challenge.

With regard to your other question about smaller communities, we've started with the three big cities. Berkeley is another 100 Resilient City member who will be coming on very quickly to sign. Diana primarily has been reaching out to the counties. We've been in conversations with San Mateo County, Marin County and Santa Clara County and special districts there. The next wave of that engagement will be to some of the smaller jurisdictions. We're looking for communities that represent a variety of both landscapes and community types. For example, East Palo Alto or Richmond and not just San Francisco, Oakland and San Jose could be involved in the competition work.

Commissioner Katz - You touched on another one of my questions. You talked about the design competition. It seems that we should be taking advantage of some of the rich technology community that we have and seeing how we can design or design thinking. It's certainly a loaded term but we want to make sure that people recognize that it would incorporate technologies.

Gil Kelley - Absolutely right. In fact, we don't have anything to announce today but we've had some conversations with a lot of the tech folks about their participation.

Commissioner Katz - As we're looking at building up some of the areas, have we started looking at where all of this fill is even going to come from? Because it's potentially a massive amount of fill that we're going to need to start thinking about obtaining even to do some of the implementation.

Gil Kelley - I have to be honest. We have not figured that out yet. That's part of the work ahead to do. It's a good challenge. I remember the other piece of my private partnership thinking which is actually, on the public side, the conversations with BCDC. BCDC has been quite promising in terms of revisiting some of their regulations to allow a variety of mitigation needs including potentially horizontal levees.

You notice from Eunejune's presentation that the overtopping of the piers at the southern end is higher than it is at the north end actually because of the wave action driven a lot by the winds and so forth. Being able to mitigate some of that wave activity further out into the Bay with horizontal levees that might provide both a defense like that and also enhance ecological value as we try to reclaim some of the wetlands and so forth, could be one of those things that might be allowed if BCDC were able to flex regulations. You can see some of the private development incorporating those kinds of means as well.

Commissioner Katz - Again thank you everyone. I know this is a start. It's a daunting task but I'm very impressed with all that's gone into it.

Commissioner Woo Ho - Thank you. Well, I want to say that since our last report, I appreciate the tremendous progress in terms of understanding the issue and the vulnerabilities and taking inventory of the assets of the city. You don't have to convince us that we have a problem as we obviously know that.

Hopefully, as the word is shared with more of the people in the city, both in the public and the private sector and in the community, the better off. But that's not where the solutions are going to come. They're just going to be aware of the problem.

I know that you have a timeline for adaptation and implementation, and from having thought about this and looking at the studies that we've done so far. I really appreciate that as we look at projects, we're trying to address them and as each project goes through planning right now, you're trying to give some guidance back to the owners of those projects to be able to prepare for this, at least for the next 50 years while we still look at the science and understand what the projections are going to be.

The question that I have is trying to understand on a global level how much of the problem will be addressed by that versus having to go building by building, project by project on the waterfront? You may not know the complete answer, but is that the biggest factor that we can consider and of course, where is the funding coming from?

There's a lot of issues related to it but if we know that takes care of X percent of the issue, and then we still have to deal with everything else. I think we want to know now so that we understand the problem, is where the solutions can come from and not necessarily saying, "What are all the solutions?" But, where are the solutions? Where are the biggest solutions? What can you do in the interim besides addressing project by project as they come for planning in terms of what they should incorporate?

What are some of the other interim measures that can be taken to address this step-by-step? Because this isn't going to be one big, "Do the next thing for the next three years." It's going to be obviously a lot longer and bigger and there isn't enough funding to do it in any one major fell swoop. I'm trying to understand because as we look at it, just at a global level, where is the biggest bang going to come from in terms of Call to Action, implementation, adaptation?

Eunejune Kim - The seawall, because of its location, having that as the line of defense and raising that to address Sea Level Rise is not ideal for the Port. Because all the Port's finger pier assets would be abandoned by that. We don't know where that line of defense is going to be at this point. Any improvements we do to the Seawall, we will make sure that it has adaptive capacity by making it stable enough to accommodate a raised wall on top of it should it be decided that will be the place where we have to keep the flood waters out. Ideally, we'd have some other components such as a breakwater or horizontal levee further outside. That way we could retain our assets and have our historic finger piers intact.

The interim measures that we can take moving forward over the next probably 30 years or so is addressing those low-lying low points where water can get in

and continuous monitoring of flooding problems and of the science and addressing them as we can, the low hanging fruit. Looking at the long-term strategy, it's going to take a regional effort and this Rebuild by Design is part of that regional collaborative effort that we're going to be taking on soon.

Commissioner Woo Ho - One other question I had is obviously this is not an issue that's unique to us in the United States or anywhere. It's a problem globally. Who would we look to? I know we've looked at Netherlands and in terms of Holland and the canals and the issues that they've had just historically over the centuries. But who are the standard bearers? Who's leading in terms of doing things in terms of addressing the issue? Not studying the issue, but actually finding solutions to the issues? Is there anybody that is really out there ahead?

Eunejune Kim - I think Holland, the Netherlands is one of them. They have a lot of area of land that's developed and below sea level. We have a Mission Creek study that was commissioned in 2014 that's a joint venture with the Dutch government. That's some kind of funding effort.

The study that was done, it's in the final stages. It hasn't been published yet but it will be very soon. This goes over the different scenarios of where the line of defense will be and it studies the low-lying area of Mission Creek and the different impacts and cost benefits of choosing different ways of addressing Sea Level Rise.

Elaine Forbes - If I may add a couple of items. We discussed the Living Cities Cohort and in terms of funding and financing, the Mayor's Budget Office, the Office of Public Finance and the Capital Planning Committee will be joining me with the Living Cities Cohort for 18 months to figure out, "What are all the ranges of ways that we can finance the Seawall improvements?"

I think Mr. Kelley said it right. This is a problem but it's somewhat of a patient problem in terms of figuring out solutions to Sea Level Rise. You'll be hearing about the Seawall in more detail at the next Port Commission meeting. I think that we will be staging both understanding the problems and how to address the problem, what are our solutions and how to finance them over time.

We will be addressing the Seawall and the seismic risk first. We will be figuring out Sea Level Rise over time and in phases. It's not easy to not have all the answers now, but it's a problem that we will shape over time as we figure out solutions.

Commissioner Woo Ho - Thank you.

Commissioner Kounalakis - Thank you very much for the presentation and for all of your hard work on this. My main point would just be that even though it is a slow-moving problem, there are immediate decisions that have to be made depending on what projections you go with, right? So a developer coming in

and wanting to do a project on one of the piers and make a substantial investment is going to need to be given building requirements based on where we think water levels are going to be and how it's mapped by FEMA.

My main question for you is that before those kinds of standards can be put in place, we'll have to go from a Call to Action to the Action Plan. I'm wondering if you can walk us through what that process is going to look like.

Eunejune Kim - Projects seeking entitlement for development currently go through the environmental review process and planning for Sea Level Rise is part of that process looking at the project's life and the impacts of it, the importance of the facility itself. They're all incorporated and so before they get either a building permit or entitlement, they have to incorporate Sea Level Rise mitigation measures into them.

One of the questions that Commissioner Katz asked was the long-term leases. We did modify the lease language for the Pier 1 long-term lease extension. We don't currently have a program going back to the existing long-term leases that are not coming up for renewal but that's something that we have to consider moving forward. To answer your question, it is important.

Elaine Forbes - If I could just clarify a bit more. Right now with current project, they need CEQA and Sea Level Rise is considered in those project approvals. For public projects, they go through capital planning and we need to address Sea Level Rise in terms of the lifespan of the assets, but we're trying to figure out all the spots in between the development projects. Because even if we address it development by development, there's obviously all the spaces in between. So that as we talk about Sea Level Rise, we'll shape potential solutions, have community dialog around those solutions and figure out implementations.

We are definitely today dealing with flood risk. Including in our leases language related to flood risk and the ability for us to compel our tenants to address flood. Again, this horizon of the issue. Flood is today. Seismic is today. Sea Level Rise, we have more time to prepare. But you're right, there are current day actions that we must respond to so we are planning and positioning ourselves correctly. We are doing so through our development projects at this point.

Eunejune Kim - Correct, I think the development projects are the easier projects to address Sea Level Rise because you can incorporate requirements to address it. However, the city as a whole is pretty much built out. So the most important part of the Sea Level Rise Coordinating Committee is instituting policy and ways to address all those areas that are old and developed already and currently at the level they will be vulnerable to Sea Level Rise. And so that's a huge funding and mitigation effort. It's so much easier to address proposed projects right now but they would be like small islands among the rest of the areas.

Fuad Sweiss - Two major developments in San Francisco such as Treasure Island and Candlestick Point, they already took Sea Level Rise into consideration. The base of those two developments is three feet higher than what it would have been.

Commissioner Kounalakis - Were they using the same assumptions that we just heard, 66 inches over between now and the end of the century?

Fuad Sweiss - I believe so but they're raising the base of the development area by three feet such as the Treasure Island development. Also the Seawall that will be improved around the island could say is adaptable, it can be raised further in case these projections are much higher than what we know today.

Gil Kelley - One of the earlier answers we gave on best practices. Nobody is doing this perfectly. The Dutch probably have the most experience. We have Dutch advisors as part of our Advisory Group. New York has done some very imaginative work post Hurricane Sandy. You saw a few images that Diana showed. The group that actually ran that Design Challenge is also a paid advisor of ours, so they're helping us with that process. We expect that this call for designers will be international and we'll get some of the best minds to respond.

Because we want these solutions to actually be coming in part from the communities themselves and have that sort of codesign process. We don't often think of this city as leading the pack in terms of innovative design but New Orleans has also been living with water since Hurricane Katrina. I spent a little bit of time there post Hurricane Katrina. They actually, to their credit, invited the Dutch as well as a couple of American organizations that brought a lot of expertise in. Where they kind of landed was they are a city that needs to live with water.

It was partly a matter of hardening the defenses around, with levees and so forth that the Corps of Engineers was responsible for rebuilding and replacing. But also, ways to actually incorporate water into the city landscape and drain it slowly and that kind of thing. It kind of revolutionized the thinking about neighborhood design and about infrastructure within those levees.

I think there's a lot of talent out there that is just itching to get its hands on San Francisco's waterfront and on the Bay Area. These will be publicly vetted designs. It won't be just a "Tah-dah!" moment, "The show's over." But there'll actually be a very engaged process with a lot of local design talent as well on those teams.

Commissioner Brandon - Thank you very much everyone for such a wonderful presentation. It's a lot of information and a great need. It's wonderful to know that we have such a knowledgeable committee involved to help us with the long-term planning and the solutions for Sea Level Rise. I'm very happy that the Port has been engaged in the process since 2009 and that we have

incorporated it into all of our long-term projects and with realistic numbers to be able to work with our development partners to combat it now instead of waiting until the solutions really come.

We're doing our part with the new asphalt batching plant that we will have in the Backlands area that will help contribute to the development and help with the foundation for Sea Level Rise abatement. Thank you very much. That was a very wonderful presentation. It's good to get this every now and then just as Commissioner Katz said that we need to get the public involved and knowledgeable and understand that this is a real issue. It's great that it's a regional coordination so that we are all using the same resources to combat this.

President Adams - First of all, I want to commend the Mayor for taking this issue forward. This is something that's a tough, tedious, slow process. I feel good that tomorrow night you're going to meet with the Waterfront Working Group.

Eunejune, this is the first time I've ever heard you make a presentation. You did a great job. You're very articulate. You've kind of got a shy side to you but I enjoyed you talking. I'm really happy that you're one of the committee members. We've got Brad, Diane, Uday, David that will help us.

This is something that we have to continue to do because it's like a pilot program and it's continuing to evolve. I know Leslie asked a lot of questions, but I don't know if there's any one solution to it. But we've got to find out what works best for San Francisco and it's good that we're being proactive. I really appreciate that and we're taking the lead on that.

I would ask that you come back within a year or nine months to give us an update on what's going on. I hope more that the community will know more about this and we've got to tackle this problem. It's funny how there's a lot of people including some politicians in D.C. that don't believe in Sea Level. It's hard sometimes trying to convince people. Commissioner Kounalakis knows what I'm talking about that there is a problem. Just like global warming, there were people that'll tell you these things don't exist. But at least in San Francisco, we're active and we know that it's as viable just like we're going to hear about earthquake vulnerability. This Commission and the City, we're being proactive and we're being responsible.

13. NEW BUSINESS

Elaine Forbes – Per Commission's request, we will add the Sea Level Rise item on the forward calendar in nine months or so.

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting in memory of Willa Maxine Wilson. Commissioner Katz seconded the motion. All of the Commissioners were in favor.

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