

SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING DECEMBER 10, 2019

1. CALL TO ORDER / ROLL CALL

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

2. APPROVAL OF MINUTES – November 12, 2019

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

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

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

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

At 2:02 p.m. the Commission convened in closed session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion and Possible Action).

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

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

a. Anchor Hospitality

Persons Negotiating: Port: Michael Martin, Deputy Director of Real Estate and Development, Jay Edwards, Senior Property Manager
**Negotiating Parties: Derek Smith, Anchor Hospitality Group LLC

Under Negotiations: Price Terms of Payment Both

(3) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion and Possible Action).

- a. Discuss anticipated litigation matter pursuant to California Government Code Section 54956.9(d)(2) and (d)(4) and San Francisco Administrative Code Section 67.10(d)(2) (Discussion and possible action):

As Defendant As Plaintiff

Discussion of anticipated litigation by and among the San Francisco Regional Water Quality Control Board, Port, Chevron Environmental Management Company, BP Remediation Management, Phillips 66 Company, and Union Pacific Railroad related to contaminated sediments in the vicinity of the Mission Bay Ferry Landing site and Pier 64 and possible action approving a tolling agreement

(4) 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/non-Port representative: (Discussion Item)

- a. Property: Portions of: Mission Street, Beale Street, Fremont Street, Beach Street, Hyde Street and Bay Street

Persons Negotiating: Port: Byron Rhett, Senior Deputy Director and Chief Operating Officer

Negotiating Parties: John Malamut, Deputy City Attorney, and Andrico Penick, Director of Real Property, City and County of San Francisco, and Mark Zabaneh, Transbay Joint Powers Authority, Executive Director

Under Negotiations: Price Terms of Payment Both

The Port, the City and County of San Francisco, Transbay Joint Powers Authority, and the State are negotiating the terms of an exchange and termination from the public trust and Burton Act Trust of certain streets within the jurisdiction of the Port and the impressing of the public trust and Burton Act Trust for certain streets within the City's jurisdiction. In this executive session, the Port's negotiator seeks direction from the Port Commission on factors affecting the price and terms of payment. The executive session discussions will enhance the capacity of the Port Commission during the public deliberations and actions to set the terms that are most likely to maximize the benefits to the Port, the City and People of the State of California.

5. RECONVENE IN OPEN SESSION

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

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

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

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS – Leah LaCroix, Executive Assistant, announced the following:

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

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

9. EXECUTIVE

A. Executive Director's Report

- Embarcadero Navigation Center Update

Elaine Forbes, the Port's executive director - I'm pleased to report that, on November 25th, Judge Schulman ruled in the city's favor regarding the Navigation Center. The central issue of that litigation was whether the Port needed to seek State Lands Commission approval prior to approving the project. The judge agreed with the Port and with State Lands Commission that that approval was not so required. With that good news, the Navigation Center is currently substantially complete and is expected to hit another benchmark at the end of this week. Five Keys HSA, as contracted provider, joined the advisory group last week and is eager to get on site and start working. The first guests are expected to be in the site by the end of the year. The advisory

group and interested neighbors will be invited to tour the site before it opens to guests.

- Embarcadero Community Meeting #5, December 11 at the Exploratorium

I'm also pleased to announce that tomorrow night will be the Embarcadero community meeting number five for the Port's Waterfront Resiliency Program. The meeting will be in the Fisher Bay Observatory Gallery at the Exploratorium on Pier 15. The meeting will be from 5:30 to 7:00 p.m. Please mark your calendars and join us. At this meeting, the public will learn about the methodology behind the Port's Embarcadero Seawall Program investigation. It's officially called the Multi-Hazard Risk Assessment, or the MHRA.

Following brief presentations, members of the public will visit station staffed by experts on topics including historic resources, flood risk, life safety and more. This is a family-friendly event, and refreshments will be served. So please join if you can.

I would now like to play a short video that will actually show at the community meeting tomorrow, so we can do some explaining to the commission and the public here today. This massive investigation, which I have mentioned is called the Multi-Hazard Risk Assessment, is a really important part of this program because it is going to end in the spring of 2020 with us having a very clear understanding of the consequences of damage to our waterfront from both earthquake and flood. Having a clear understanding of those consequences from damages from earthquake and flooding is the first important piece for us to plan and prioritize interventions. This video is called an explainer.

Commissioner Brandon - Thank you. I like that video. It's very nice.

10. CONSENT

- A. Request authorization on the proposed street name change of the 200 block of Steuart Street to Steuart Lane. (Resolution No. 19-46)

ACTION: Commissioner Makras moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution No. 19-46 was adopted.

11. PLANNING & ENVIRONMENT

- A. Informational presentation on public comments, responses, and proposed revisions to Draft Waterfront Plan, and Draft Project Description for the CEQA environmental review process.

Diane Oshima, deputy director for the planning and environment division - I'm here to give you an informational presentation on the public comments that were

received on the draft waterfront plan, which was published in June of this year and the response work that's been done.

We had a really great engagement with the community to seek their comments and their perspectives and some of the revisions that we've made in the plan to address those. In terms of public comments that were received since June 2019 through October, we received comments in these three key categories. We had an online survey and public comment opportunity. That was a main entrée for people to be able to review the plan as well as leave their comments with us.

We had 18 public community meetings including a public boat tour, which was very successful, brought a big scope of people that we normally would not see at our public meetings. We also got a number of emails and letters and responses.

In attachment B, there are subsections one, two and three that separate these online survey comments and responses, the public meeting summaries of what we heard in those meetings and then the letters and the responses that Port staff has put together in response to the comments received.

In September, I gave you an earlier presentation. We met with all of our Port advisory groups, a number of community organizations, some of our key tenants. Last night, I was at the East Cut Community Benefits District. People are very supportive overall for the scope of the plan, the policies that are in the plan. Many of the comments that we've received are really helping us to clarify and refine some of those policies.

The staff report itself tries to give a summary of the breadth of the comments. Broadly speaking, they break into these categories. First off, in response to many comments that we got from the public as well as the Port Commission, we do have an executive summary that we prepared that's in the staff report that will be incorporated into the plan. We realize that it is a lengthy document. We're doing all that we can to try and refine further. But we also got comments and responses and revisions that we've proposed in the staff report dealing with the Embarcadero Historic District.

There were questions about the conditions under which general office and high-revenue-generating uses could be allowed in those districts, in the pier rehabilitation projects within the district. So we've added proposed revisions to the plan to hopefully make that clearer about the need for those revenue-generating activities to be able to finance the kinds of seismic improvements and historic rehabilitation and public-trust uses and public activities that we are seeking to have in those rehabilitated piers.

We got comments regarding the terms under which seawall lots could be considered for state legislation to be able to get some relief from the trust use restrictions for seawall lots north of Market Street. So we've added some language in there to make it clear that those would occur on a case-by-case basis once they've been vetted by the Port Commission.

For Fisherman's Wharf, we got comments from one of our tenants pointing out that we needed to provide better clarification for the Wharf J-10 facility to make it clear that is designated as a maritime facility and that there are still fishing-related-use interests in that area.

We have proposed changes in the plan to make that clear. We got a number of comments related to making the waterfront accessible and open to the broadest way of public and people from diverse racial, economic backgrounds pointing out that there are many people who don't have the kinds of resources to buy services and foods along the way and that, wherever possible, that we should be incorporating activities that are welcoming to all along with the economic-impact opportunities that should be availed for any new improvement projects along the way.

We have included some additional revisions to try and make that point. Both economic, social and resilience equity lenses have been integrated through all of the Port-wide goals and policies throughout the plan. We haven't concentrated it in one place. But in response to the comments that we received, we have incorporated some proposed revisions to further emphasize the point that this waterfront is for everybody no matter what your background is.

Probably the largest category of comments that we got were related to the Port's environmental sustainability efforts and the resources that we manage along the waterfront. This is a new area of interest that we're hearing from the public from many different perspectives and walks about the important role that we all play in managing resources.

People were very happy and supportive of the goal and the policies for environmental sustainability, for a biodiversity policy, which really migrate into our thinking about adaptation and shoreline-restoration planning as we move into the seawall and the flood study work as well.

The body of work is a good platform from which we can draw those public values hopefully into as many different ideas for the resilience program as possible. There were some fine-grained comments about vegetation, native plants that should be incorporated throughout any of our shoreline-improvement opportunities.

We have incorporated some proposed revisions to be clear and acknowledge what those values are. But we were really heartened by the level of support and the sophisticated understanding that our public has about the importance of our environmental stewardship programs. We also received comments from Hudson Pacific, our new tenant partner in the Ferry Building. We're doing such fantastic things already with their plaza planning and with the activities within the arcade.

They pointed out that, while they're very supportive of the proposed Ferry Building plaza policies that are in the plan now, they ask that their ground-lease interest be

recognized in the policies in the plan, which we believe was an oversight on our part and completely agree. We have proposed to include those in the draft amendments as well. We're looking forward to a great partnership with them.

They flagged some other issues in their comment letter about transportation, safety in the Ferry Building area and programming and park activation for the plaza areas, which they didn't gestate into plan revisions but they are definitely shared interests that we'll be working with them further on.

Finally, there were some revisions that are not called out on this slide. But we added some refinements as well relating to resilience and making clearer our emergency-response function as the waterfront is a protector for the public as well.

In attachment A of the staff report, there are some additional revisions related to resilience as well. All of this work, as you can tell from the breadth of the pages, was quite a body of work to go through all of these comments and to develop responses to all of them.

We've had help from the whole team throughout the Port. But in particular, I would really like to call out Jai Jackson and Anne Cook, who are with us today here in the room, Carol Bach and Shannon Alford and Dan Hodapp have also been extraordinarily helpful. Jai, in particular, really did the menial work of going through every single one of those comments. He's a relatively new member of our planning staff and probably now has the best knowledge of the waterfront plan of all of us as a result.

I wanted to give Anne Cook a particular shout out because Anne was here with me along with Kari Kilstrom on the first waterfront plan. I'm not the only one who knows about the first waterfront plan as well as this one. She has been just the sage advisor and will be wrapping up her second round here at the Port helping us out at the end of January. I wanted to recognize all that she has done both for the waterfront plans, but also she has been key in bringing the equity lens through all of the goals and policies in this plan and then working with Byron on the GARA ordinance integration as well as with our resilience team.

The equity values that we heard through the planning process are integrated throughout all of our efforts and are trying to respond to the directives that we've gotten from you through the strategic plan as well.

It's going to be very hard for me in particular but for the Port in general to move on after she retires in January. But she has been extraordinary in her devotion to this waterfront. And I wanted to thank her publicly. While we've gone through all these comments and responses, we still work ahead. The plan is still a draft. It has to go through the environmental review process before the Port Commission can adopt it.

We have been working with the planning department to prepare for the steps moving forward to get the environmental review analysis underway. This public

comment period that we invested in over the summer and into the fall was helpful to make sure that we didn't miss anything or that we got things wrong.

We didn't want to go in with a draft plan that might have had to be corrected while we were in the environmental review process. It's not that we got unanimous public support on every single comment. There were some critical concerns that were expressed. But there was nothing that rose to the occasion of changing the direction of this plan. We're going to be starting the environmental review process proper.

In attachment C of your staff report is a draft project description that would be used for the environmental review process that the planning department has asked for us to populate so that people can take an early look at that before we get underway in the new year.

Similarly in my last presentation in September, I reported at length on the work that we're doing with BCDC to amend the special area plan so that we can have consistency between BCDC and Port policies for the waterfront plan. That work continues. We've been working actively with State Lands Commission staff as well as BCDC so that our objectives are to really align our public trust responsibilities across the agencies. We will be having more progress on that at a future date and we'll be providing those in future updates.

Finally, we're also continuing our work with the planning department to make sure that, if there are any reconciliations with the city's general plan and the waterfront plan, we will take care of that as well and to amend the San Francisco planning code so that we create a design-review process that incorporates all projects along the seven-and-a-half-mile waterfront that would undergo the design-review process, which today is only extended in the northern half of the waterfront and in the Pier 70 and Mission Rock projects.

We want, though, all of our projects along the seven-and-a-half miles to go under the design-review procedures. I got ahead of myself because I just explained all of the next steps already. It's been a really great experience to meet with people, to explain what the plan is all about, the work that you're leading for us on the historic piers RFP and then with the item that's coming up on Piers 30-32 have also been helpful for people to understand how these policies are intended to play out including all of the community engagement work around that.

It's a nice way to wrap up 2019. We thank you very much for all your help and support.

Christopher Christensen, ILWU Local 34 - I wanted to thank Diane Oshima. As most people know, I was a committee member on the waterfront plan working group for a long three years. It was a very educational and very wonderful committee to sit on. We've accomplished a lot on that committee with the 161 policies. I'm looking forward to this after almost four years finally wrapping up and being approved later on down the road. Thank you to Diane. Thank you to every

committee member that sat with countless meetings and got those 160 policies done.

Commissioner Makras - No questions. Thank you for the briefing.

Commissioner Gilman - First of all, thank you Diane and your whole staff. Thank you to everyone who sat on this planning council to come up with this. This is tremendous work. I am very supportive of this item. I have a couple of questions around three main buckets since we are doing some amendments to the plan. Most of my questions are around equity and diversity.

On attachment A, page five, objective three, page 141, we're looking to beef up the language around having access on the waterfront and activities that are affordable, more inclusive of bringing a more diverse population to the Embarcadero and the wharf to begin with but also to try to tailor those activities to attract more individuals who are San Franciscans and who are local.

I liked your amendment. I'm trying to figure out if there's a way we can make it a little stronger. While I know these are draft recommendations and we need to be broad in our language and not too prescriptive, particularly since it's under CEQA review, if there's any way that we can either reference either trying to have community benefits to help these individuals, these San Franciscans come and participate fully in the wharf.

We have many businesses on the wharf. Do you know if we promote things for the local community such as discounts for residents or free entertainment? A great example is someone who I know does a lot of activities, maybe we can speak to who is one of our highest grossing revenues as a restaurant. Pier 23 tries very hard to make sure it's integrated into the community.

I'm hoping there's some way that we can beef up this language to emphasize it for our current businesses. When folks are answering all of our RFPs that are about to hit the street, we're asking that they be in line with our values.

That's just a suggestion. Similarly, on the revision to sentence three under Fisherman's Wharf objective six, 132, around transportation and a lot of the comments that came on the transportation hub. If there's any way that we can articulate that we want to have our walkways and our streets accessible for everyone. I know that's a hard balancing act. Maybe at some point we could invite the new MTA director to come or his staff to talk about his vision for how we do walking, public transport, cars and all of these mobility devices that we're seeing on our sidewalks and on our streets.

A lot of other cities that are Port cities like Seattle, Vancouver and Sydney do a much better job of directing what's on the sidewalk and what's on the street than we do. If there's any way that we can emphasize that we need all these modes of transportation, I thought that could be helpful.

Diane Oshima - Okay.

Commissioner Gilman - I have one question for you. I think I know the answer but I just wanted to call it out. I'm looking for clarification from staff since I'm new to the commission. In the lengthy comments from Mr. Golinger, he had a concern that he felt that, in the previous plan he believes that we had a policy that frontloaded community benefits when it came to development projects and that we were sort of walking that back. I read the staff response but it was a little vague. Can you explain it to me what our practice in the past has been and, if there's a change, why it's changing? If there was no change, can you just clarify?

Diane Oshima - The 1997 waterfront plan did not preload community benefits. It did identify public value. It's somewhat open to interpretation. He didn't give a specific example of where a community benefit was called out as an upfront given in a project. I can't say that I fully understand exactly how he makes that assertion. The waterfront plan originally and still is intended to be a flexible document recognizing the balance of benefits that the Port Commission then as well as now has to grapple with and that, until you have the specifics of a site and the desired set of uses, you're not in a position to predefine what the public benefit is.

That's the short answer. I'm not sure if that's addressing the core of your concern. The public benefits in a given project are something that get identified when we do the community engagement for a given development opportunity.

For the historic pier RFPs or for Pier 30-32, we have flagged, what are those public values and priorities that are in context with what we know about that site and where we want to take that site. There are new, updated community engagement policies that are guiding the way in which we're seeking those public inputs before we have a development partner on board.

Commissioner Gilman - That makes absolute sense to me. I wanted to clarify since he sent those lengthy comments. If this is adopted under CEQA review, there's nothing that would stop us if a development came forward. This is theoretical, hypothetical for Piers 30-32, there's nothing that stops this commission from wanting to frontload community benefits when we're negotiating with that developer in the context of that project or deal?

Diane Oshima - No. There is a clump of paper in attachment B-3 that actually is an excerpt of all of the equity goals and policies that are in the plan now. I think your comments on how we can add some additional language to sharpen our focus there would be well supported by content that's already in the plan. I wanted to bring that to your attention. It's buried in the package there. We can send that over separately if you'd like.

Commissioner Gilman - That would be great. I really appreciate it. I also appreciate the demarcation that we're going to do on the Embarcadero, on Broadway leading up to North Beach and Chinatown, two of our most historic,

densest districts that should be benefitting from tourism in my opinion from the waterfront.

Diane Oshima - Absolutely.

Commissioner Gilman - I like that addition. I really appreciate all of your work. This was an incredible document.

Diane Oshima - Thank you.

Commissioner Adams - Diane, to you and your crew, clearly we owe you a debt of gratitude. I know the work that has went in to this. To get a group of people to all agree on anything is probably like Democrats and Republicans. To agree on anything is tough. You've worked through a lot of things. I might see things a little bit different than my fellow commissioner. Vancouver and Seattle and Sydney is not supposed to be like San Francisco. One size doesn't fit all. There's no city like San Francisco. Seattle fits Seattle's rhythm. Vancouver does. Sydney does. But it's something about the waterfront that we have here and how it's emerging.

We're like a boutique port. Right. I find that, for a city our size, not only do we punch above our weight, but that what we have here is really fantastic because we get close to 30 million tourists a year. This city is constantly changing. I have seen the changes because I came from the Seattle/Tacoma area. I've lived in this city for 16 years. I've seen the changes on this waterfront. This city is constantly changing. I like the vibe. I love the changes. I think it's good. I don't think we ought to ever become complacent. I think we're moving out. I appreciate what Commissioner said about community involvement.

I would like to see more commercials or the city's channel highlighting the Port more, commercials about our port. I wish my good friend, Tom Steyer would spend some of that money he's got to promote our city, our port because there's no city like San Francisco.

Even though we have the third worst traffic congestion in the world, I think we've got so much good going on down here in this port. We've got the Giants. We've got all these restaurants. Now, we've got the Warriors on the other side. We've got so many different things. We've got Uber. We have a mixture of everything. There's no other city or port like this. We're evolving.

I'm really excited. I can see the next 10, 15 years. We're in a city that the average age is 27 years old. We're going to leave this city better for the next generation. They're going to inherit a vision, a passion of what San Francisco used to be with the old school combined with the new school. I'm excited about it.

Thank you so much for the long hours you and your crew have put in and being away from your families. It's worth it just like the seawall projects and everything and people putting their input into this because, sooner or later, we're going to figure it out. We're going to get it right.

As I've said before, there's so much difference between being in San Francisco and being in Los Angeles. One thing about San Francisco, we might fight and argue among ourselves, but we get the best minds together.

We come out with something that's really good. I can only imagine that crew that you had to deal with all the different people because everybody has their own agendas. We see it as commissioners all the time. People come, and they have their agenda and you never see them again. Then, there was the true people like Corinne Woods and others that came that were at every meeting because they really cared about this community. They cared about this Port and even Jack from the Giants.

They were a part of the fiber and the fabric of this community. Thank you so much. Keep doing what you're doing. You clearly have my support.

Diane Oshima - Thank you.

Commissioner Brandon - Thank you. Diane, thank you so much. I know a lot of hard work has gone into this. I know dealing with the community, dealing with the advisory committee, dealing with the different sections of the committees and bringing this all together, this is just another masterpiece.

Although, you and Anne were here, I was here too for the first one and just seeing all the work that has gone into this one compared to the first one. The first one took six years. You guys did it in half the time.

Diane Oshima - It's that working group.

Commissioner Brandon – I want to thank everyone, Jai, Anne, Kari, Diane, David, everyone who has worked on this, all the community groups and our leaders who have just done such a phenomenal job in coming up with the 161 recommendations. You guys have put a lot into this, and it's absolutely wonderful.

I just have one question from the executive summary. Planning has one set of subareas, and real estate has another. I want to make sure that we are consistent with our subareas. We have a CAC for Fisherman's Wharf, the northeast waterfront, central waterfront and southern waterfront. Now, we have Mission Bay. What's the difference between Mission Bay and the southern waterfront? Because from what I understand, the southern waterfront starts at China Basin. Most of the things that I'm reading here for Mission Bay especially number five, maintain close working relationship with SFMTA, should be a part of the southern waterfront.

The Blue Greenway, SFMTA, preserve berthing for maritime -- it's all relevant to the southern waterfront. I'm wondering why we now have a Mission Bay. Where is central waterfront, but just to keep it consistent.

Diane Oshima - Yes. To your point, there is work that we can do on defining our geographies in a more consistent way. The most direct answer to your question about why a Mission Bay waterfront is because the 1997 waterfront plan had a South Beach/China Basin subarea that straddled from Rincon Hill/South Beach all the way down through Mission Bay.

The key reason at that time was because the Mission Bay redevelopment plan had from Townsend Street north of the channel all the way through Mission Bay down to Mariposa Street. That subarea and that earlier plan was trying to recognize that the redevelopment area needed to have a place where the people could really engage on that.

Now that Mission Bay is largely built out, we looked at China Basin Channel as being more of a mile divider because we've got all the Embarcadero Historic District resources to the north. You have a very different kind of waterfront to the south. We kept the Mission Bay name because of the Mission Bay redevelopment plan.

Commissioner Brandon – Right, which is over.

Diane Oshima - It is still actually a redevelopment plan even though it's managed by OCII. To your point, the southern waterfront is starting from China Basin in terms of the Blue Greenway open space. Like we have many different neighborhoods, they're a larger geography of how they join together from China Basin south all the way down to India Basin, passes through Mission Bay, passes through Potrero, passes through Bayview.

That's where we can be working further to try and refine how we describe these areas and the issues within them. There are many shared community issues south of China Basin. We actually are working right now to see where we can bring some changes in the way that we engage the community advisory groups around those overlapping and shared issues south of China Basin.

Commissioner Brandon - To keep it consistent with planning, with real estate, with the waterfront plan, what are we going to do?

Diane Oshima - Can I get back to you on that?

Commissioner Brandon - Before we go to print? Yes.

Diane Oshima - We have our Port advisory groups. We are currently talking with our advisory group chairs. Now that we've got a plan and we're seeking public input, it's provided a good opportunity for us to be able to meet with them to solicit their views on the changes along the waterfront and how that can best be addressed through the Port advisory committee meetings and discussions, which could include some changes in the way that we organize the committees and the issues that we bring to them.

It's a work in progress. I'll take that as a live question that we'll still have to come back and provide more specifics about where these alignments and consistency in references.

Commissioner Brandon - So that we're all speaking the same language.

Diane Oshima - So we can all speak the same language.

Commissioner Brandon - That would be great.

B. Request approval of a fee waiver for a revocable license and encroachment permit that allows the Aquarium of the Bay to install 16 sea lion sculptures in public spaces along the length of the waterfront for up to a 9-month period. (Resolution No. 19-47)

Dan Hodapp, Port's planning and environment division - Thirty years and two months ago, there was a major earthquake in San Francisco in October 1989. Within a few months of that, sea lions began gathering at Pier 39. Now, I've never heard a theory as to how those two events are related. But I've heard theories as to why they stay there. One is it's a protected harbor.

Another is there's ample supply of herring. Another is their love for having their pictures taken by thousands of tourists. Another is that Pier 39 gave them dock space to reside there. Pier 39 along with Aquarium of the Bay is looking to celebrate 30 years of sea lions arriving.

They're looking to do that this January. As part of that, they would like to do 30 sea lion sculptures throughout the city, most of these being on Port property, we're excited to say. That's what the proposal here today is, to request your approval of a fee waiver for this installation.

Thirty sea lions which are six feet tall. They are three foot, six foot by the base. They aren't bolted down. They're filled with sand on the bottom, so they don't tip over. They would be distributed along the length of Port property, allowing people to see them, travel from one end to the other, a couple over at Bayview gateway, one in front of Pier 70. You can see the other dots and along the northern waterfront as well. Plus, there would be additional ones at Pier 39. Why they didn't put all 30 on Port property? We have some representatives here. We could ask them. But they would provide a reason to visit Port property and see some of these. They were fabricated recently in Sausalito. They then went out and did a call for artists. They have individual artists doing each of these 30. They received over 140 entries.

There was a committee formed that included the Port and a number of other institutions to select local artists to paint these. They have 30 individual artists. One of them is a professional artist. The others are all people who have put it in proposals. They were selected based on the quality of their proposals. They are from San Francisco heavily, Marin and the peninsula. There might be a couple

from the East Bay but it's a local collection of artists. Each one is unique. It's different. It makes it interesting to go view them.

It'll be fun to look at each one. People will have their photographs taken. You can just see a little sampling of what this would be like along the waterfront. In addition to the 30, they've got three 3,000 mini sea lions for school children to color so making this more of event.

They're looking for some type of Guinness World Book of Records piece associated with this. They can explain that. There also will be a plaque on each one with a little QR code. You can shoot that on your phone. It pops open to a website and tells you a little bit about the artist, a little bit about the sea lions, an environmental message as well.

It continues to expand their messaging on it. They are part of the STEAM education program (Science, Technology, Engineering, Arts and Math) for school children that brings them forward. It's an education program looking to be the largest of that in California in 2020.

They're also doing a national media outreach when they launch this going on in January. The Port Commission passed the rent rate schedule on July 9th of this year and had criteria for locating art on public property. Some of the conditions of that: other uses would not be displaced; the Port does not expend or only minimal or incidental resources to do the art; there's a direct benefit to the Port; and that the public art enlivens and attracts people to the waterfront.

You'll find the 16 sites meet that criteria. That was the opinion of Port staff. The resolution gave the executive director the ability to do a fee waiver on certain sites as we go forward. The Aquarium of the Bay is also going to be responsible for the standard encroachment or building permit depending on the site and provide insurance, stamped drawings, indemnification and so on that we're accustomed to in seeing this.

The request is for the Port Commission to approve the fee waiver and the timeframe that's in the attached resolution. Accompanying here today are two members from Aquarium of the Bay. One of them would like to get up and talk. Chris Lowe and Dr. Ellen Dow, who I think is going to give just a little explanation of Aquarium of the Bay's part on this.

Ellen Dow - I'm the curator of education and outreach services at Aquarium of the Bay. Thank you so much for taking the time to hear us today. A few things that I wanted to highlight. I head our education staff. If you ever come to visit us, you'll be talking with the people who I work with.

The highlights I'd like to share are that the 30 full-size statues and that the 2000 mini statues have been painted by locals as well as tourists who are pretty much locals on Pier 39. They've come by at the Sea Lion Center to decorate and paint each of these sea lions.

We hope to break the Guinness World Record for the most statues in one location. This verification will take place on January 15th. We also have the sea lion anniversary coming up which is in conjunction with Pier 39.

On January 16th, Pier 39 and Aquarium of the Bay will be hosting a press conference which we anticipate national, regional and local media to be in attendance there. Aside from the 30 sea lion statues that will be at the Port of San Francisco, they will be at the Moscone Center, Golden Gate Park, Union Square and Pier 39. These are part of California's largest STEAM program. We're trying to envelop a lot of our environmental and biological messaging.

A lot of the artists from our local area have really tried to envision what the sea lions mean for us in San Francisco and their importance as an indicator species of our Bay's health.

Commissioner Gilman - I'm very supportive of this item. It's exciting to have this kind of artwork along our waterfront and in reach to other communities to draw people to it. Again, just on the equity lens and frame, I hope next year being the anniversary, that the aquarium and Pier 39 do outreach to the communities that are adjacent to the waterfront, again doing outreach to the Bayview, to North Beach to Chinatown to make sure those school children have an opportunity to come out and participate would be something I'd love a report back on once the anniversary is underway. This is a phenomenal project. I'm very supportive.

Commissioner Makras - I'm supportive. I have just two technical questions. If the executive director has the right to waive the fee and go forward, wouldn't it just be an administrative issue? Or are you going to bring us all waivers of fees that you have for the commission's approval in the future?

Elaine Forbes - No. There are too many fees. This bumped up past my delegated authority, which is why it's before you. If there had been fewer sea lions, which I'm not recommending, I could have waived it on my own.

Commissioner Makras - Okay. That was the second question. What is the fee that would be entitled to this that we're waiving?

Dan Hodapp - Commissioners, the license fee would be about \$1,500 for the 16 sea lions on Port property for this period of time. In addition, there is encroachment and building permit fees, although I don't have an exact on that. It would probably be about that amount as well so a total in the range of around \$3,000 for the entire thing.

Commissioner Makras - I would just encourage us to maybe up that delegation. We're told it takes a lot of staff to bring items before the commission.

Elaine Forbes - I'll put it under new business.

Commissioner Adams - Dan, I love your sense of humor. This is great. Like Commissioner Gilman, I clearly would like to have the kids from the community have an opportunity to see this. This is a treasure. We need to take care of it. You have my support.

Commissioner Brandon - Dan, thank you so much for bringing this to us. I'm happy that I got a chance to see it. Hopefully, I'll be able to see the live ones with Randy standing next to them also. This is a great project. I'm so happy that you engaged the kids, the community, the tourists, everyone in this project. It's a phenomenal project. I truly support this effort.

ACTION: Commissioner Makras moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution No. 19-47 was adopted.

12. MARITIME

A. Informational presentation on PASHA Operations and Local Hire Performance at Pier 80.

Andre Coleman, maritime division director for the Port of San Francisco - I'm joined by Brendan O'Meara, the maritime marketing manager for the Port and Sophie Silvestri, Andy Clark, Dan Rowlands and Mike Caswell with the PASHA Group.

Today's presentation is an informational item on the operation and employment performance of PASHA Automotive Services at Pier 80. Following this presentation, PASHA reps will provide a brief presentation on their local-hire efforts.

For a little background on the evolution of Pier 80, in 2005 Pier 80 shifted from container operations to break-bulk cargo such as steel and various other project cargos. Volumes were strong until the 2008 recession. Following the recession, volume steadily declined to a point such that break-bulk cargos alone was not enough to operate the facility. In April of 2016, the Port and the previous terminal operator agreed to terminate the terminal operating agreement due to a persistent decline in break-bulk cargos.

In July of 2016, the Port and PASHA agreed to a terminal operating agreement, for a term of 15 years with two five-year-term options. The premises includes 60 acres of paved land, two sheds and four berths.

The primary business currently at the facility is export autos with their primary customer being Tesla, a Fremont, California-based auto manufacturer. The export destinations for these autos include both Asia and Europe. We anticipate expansion into other markets. As indicated on the slide, the facility has handled imports. In 2017 and 2018, there was a significant increase in imports. Those were spot business opportunities and not necessarily a regular occurrence.

However, given the substantial growth in our export volumes, the current focus is centered on exports. As for auto volumes, since the inception of auto operations at Pier 80, the terminal has seen significant growth in auto volumes year over year.

As you can see on the slide, the facility moved a little over 4,500 autos in 2017, a significant increase to 24,000 in 2018. Then in the 2019 calendar year, there was significant growth with 146,000 autos moved through the facility.

I'm happy to report the substantial growth arrived sooner than anticipated with vessel calls increasing to an average of one vessel per week. Additionally, the substantial growth in 2019 is attributed to both Tesla's release of the Model 3 to the international markets and autos being exported directly to Europe from the Port of San Francisco.

Previously, autos bound for European markets were exported utilizing East Coast ports. So the Port and PASHA worked collaboratively to develop an operating plan to facilitate success in exporting directly to Europe from the Port of San Francisco.

Pier 80's activation as an auto terminal has provided a boost to historic ILWU longshore and clerk jobs in San Francisco. During a typical auto operation, PASHA employs 50 to 60 ILWU workers. As you can see by the graph, with the growth in volumes, longshore work hours have increased significantly, of course with 2019 being our highest year of volumes.

The ILWU has played a huge role in the terminal success. The workforce is well versed and very efficient in executing the operating plan at Pier 80.

With regards to local hire performance, PASHA currently employs 14 full-time employees, four managers and 10 full-time auto processors. In conformance with the local-hire agreement, 50 percent of the auto processors are residents of District 10.

It should be noted in the staff report the local-hire percentage was incorrectly reported as 29 percent. That percentage factored in the four manager positions, which is not a condition of the local-hire agreement.

On this slide, you'll see captured in the processing hours chart on the left is a six-month snapshot of processing hours during 2019. On the right, you'll see a six-month snapshot of auto volumes. As you can see, with fluctuations in volumes, it considerably impacts processing hours. To accommodate these sharp increases in volumes, PASHA employs supplemental labor through San Francisco-based temp agencies with a focus on District 10.

In supporting the Port's strategic plan, the strong growth in auto volume at Pier 80 supports the productivity component of the Port's strategic plan by increasing annual shipping volumes and revenue to support capital improvements at our maritime facilities.

Since 2016, as you've seen in the slides, volumes have increased in excess of 100 percent at Pier 80. The other three deep-water berths are regularly utilized as lay berths.

Lastly, here is a photo of the facility with 4,000 autos positioned for load out. You'll see there's a railroad vessel there ready to receive those autos and, additionally, the utilization of the other two berths for lay-berth opportunities, which is an additional revenue source to the Port.

This photo was actually shared on social media by Elon Musk in February of this year highlighting Tesla cars being exported from San Francisco to Europe. With that, I'll turn it over to PASHA reps for a brief presentation on local-hire performance.

Sophie Silvestri - I'm with PASHA Automotive Services, your terminal operator. As Andre stated before, I'm joined by PASHA Stevedoring and Terminals management here today. I just have a few slides on our brief history at Pier 80. For members of the public, we're a third-generation, family-owned-and-operated company. We started here in San Francisco in 1947. It's a very important and a historic moment for the PASHA family to return to San Francisco over 69 years after we had started the business here and are very proud to revitalize Pier 80 in partnership with Port of San Francisco and increasing auto volumes as you've just seen in Andre's presentation.

The first-source hiring agreement was signed in 2016 for us to make our good-faith efforts and hire referrals from the Office of Education and Workforce Development, prioritizing District 10 referrals and provided adequate referrals meeting our minimum criteria. Our goal is to hire these referrals, so we can maintain 50 percent of new hires that are residents of District 10. There is a photo of the first call at Pier 80 when we were terminal operators. That's the PASHA Hawaii vessel, which we own and operate a Jones Act vessel. That is what the terminal used to look like. There it is today.

2019 in review, we continue our good-faith efforts. Our human resources department has regular collaboration and meetings, outreach with CityBuild and Office of Education and Workforce Development. Beyond that, we've engaged in other activities, a series of three public meetings that were just completed in recent months and then outside efforts so that we can continue to get to know the community better and see if there are other resources available to continue our engagement and find good hires from the District 10 community.

As Andre mentioned, we currently are at 50 percent for our auto-processor positions. I note that some of those are temps. This is our current recruitment. A lot of this information you've seen before in the staff reports that we're required to send on a monthly basis per the first-source hiring agreement.

This is data that's aggregated from some of that raw data that you've probably seen in long spreadsheets just to make it a little easier. This is a snapshot from

one staffing agency partner. It's not representative of everyone. I wanted to give you an idea of how it's been going in 2019. Thirty-five percent of those who were invited to interview were hired. That was for a lot of our temporary labor force with our current customer spikes in production. The rest are detailed as to why they were not hired.

2016 to present - the blue lines represent percentages of why folks have left over the last three-and-a-half years. We have 28 percent of those who have been hired over the last three-and-a-half years still actively employed. I will note that the first-source hiring agreement is for the auto processors that was signed by PASHA Automotive Services. This is not in the data that you would receive because it's not a part of the agreement. But PASHA Stevedoring and Terminals (PST) has two managers that are residents of District 10. One of those individuals was promoted. They used to work for PAS. They now work as a manager on the vessel side. We find it important to hire out of District 10 whether it's PAS or not.

So looking forward, PST is working very closely with the union to increase D-10 hiring including a recently established opportunity for an apprenticeship program, which we think will be great for us to continue to find good talent. We've also established three new partnerships with local agencies. We're also looking to some non-profits. The Boys and Girls Club of San Francisco has a job-readiness program. We'd love to take some of the graduating seniors from the Boys and Girls Club. There are five in District 10. Maybe some of them want to stay around and work in their communities. We'd love to engage in that. There's a trades fair that we'll be participating in early 2020 for that. We are always looking for new business. We have cross-divisional collaboration to seek new opportunities with our current customer as well as with new customers. As you know, more value-add work will equal more jobs.

We're part of a community. To note a few things that we've done over the last three-and-a-half years: We've supported the Boys and Girls Club of San Francisco, particularly the five in District 10, targeted our impact and have plans to deepen our impact in that community through the Boys and Girls Club. We also worked with Kayaks Unlimited, a non-profit organization that takes kids out in kayaks in the water in Islais Creek. We were able to donate a container to them to store their kayaks with the Port's help with a crane. We've been an Imprint City event sponsor and also done a fair amount of Teamsters' Assistance Program event sponsors. I'll end by noting that, although we've only been there for three-and-a-half years, we feel like we're just getting started. You've seen the terminal change a lot in three-and-a-half years but we're in this for the long run. We're excited to be here. We're a resilient company in a cyclical environment. We know that the current makeup may change. We'll continue to seek to employ District 10 residents, as always, and welcome any questions you may have.

Ellen Johnck, co-chair of the Maritime Commerce Advisory Committee – Wow, the Comeback Kid. In 2015, I went to the ribbon cutting for this. I'm so happy to meet and reconnect with members of the family. It was just great. I feel like hugging them. The growth of the PASHA operations is positively thrilling,

electrifying. This great news is a beacon for the maritime mission both present and future at the Port. I want to thank you for your efforts in the community, the local hires, this idea about the Boys and Girls Club. I think that's terrific. Finally, I just want to say that Andre's comment about what the productivity means here at Pier 80 and the flow back into the Port's strategic plan and capital investment program, we have to continue to acknowledge the reverberation of this kind of success. On behalf of MCAC, this is terrific news. I'm happy to see the continuing future success of the PASHA operations.

Christopher Christensen, ILWU Local 34 - I have been working as the head clerk over at PASHA since February. I have worked every ship as the head clerk and the growth has been amazing. I do know, with the local-hire system, with them working with CityBuild and the Office of Economic and Workforce Development and Joshua Arce, now that those 13 individuals are unionized with the ILWU Local 6, that a lot of them now are looking to stay and retain their positions within the PASHA family. In talking to Mr. Arce and Shamann Walton as well, they are very excited with the potential that CityBuild has to offer because CityBuild is mostly training individuals for union jobs. They are excited to keep their partnership alive with PASHA and to keep the 50 percent local hire in District 10 alive. On the growth of PASHA, the ILWU has been extraordinarily excited and has much benefitted from the 60 jobs that the PASHA terminal gives the ILWU day and night. An average ship takes about six shifts, day, night, day, night, day, night to fully load. 60 times six is quite a number of employees that need to come over there. We are excited for 2020 and the growth of the PASHA family within the Port of San Francisco. Hopefully, they could expand farther than Pier 80 eventually and among other things. We are excited and ecstatic. There are many of the employees that go over there that know the importance of how important a working San Francisco port is for the livelihood of the people who live in San Francisco in that district as well as many of our members who also live in that district. We thank you for your full support. The ILWU has given full support to the PASHA terminal or any endeavor that they choose to embark on in the near future.

Commissioner Makras - Thank you for the report. Do we get notifications of all of the ship traffic that we get in any format?

Andre Coleman - We do. We have a weekly vessel schedule that is distributed to various maritime tenants. It is updated weekly as we receive vessel berthing applications and it's distributed Friday evening. We are in the process of reformatting that vessel schedule to bring it more current, but yes we do.

Commissioner Gilman - This is all really exciting. I don't know if I'm as excited as Ellen over there but this is really great. I had just more of a curiosity question for the PASHA group. I'm really supportive of this enterprise. You had showed 30 percent not accepting jobs due to wages or schedule. I'm just curious what your starting wage is and if you have any data that shows if they're declining shifts due to the fact there might be graveyard or swing versus day. It was a curiosity question. If you don't have it, you can send it offline. It was in your bar chart, that

15 percent of people declined it due to wages. Can you tell us what your starting wage is?

Andre Coleman - We can send that to you.

Commissioner Gilman - Okay. I'm just curious. I used to run a 24/7 operation. Getting people to work grave and swing is really hard. This is great work. Thank you so much for everything you're doing to revitalize Pier 80.

Commissioner Adams - Andre Coleman, today was your first presentation.

Andre Coleman - Yes.

Commissioner Adams - I could look at you. Your mouth was dry. Your hands were a little nervous. You were looking over there at Director Forbes. You were looking at Commissioner Makras. Good job.

Andre Coleman - Thank you.

Commissioner Adams - I personally want to acknowledge someone, and that's Mike Caswell. Mike Caswell is a senior executive for the PASHA family. He has been with them for a long time. One thing about PASHA, they are a family. It goes all the way back to old man George Pasha. Today it's run by George Pasha, Jr. When it first came in, it was John Pasha, who I've known very well with him in China, Shanghai and stuff like that. They're in Hawaii. They're in Aberdeen. They work out of San Diego, Long Beach. The PASHA family and what they believe in is a brand of a commitment to the community, to maritime. They understand the industry. They understand people. I would really love to see us get up to a half a million vessels. I think that would be great as we continue to rise and raise our bar. But something that Commissioner Gilman said to me is job abandonment. I was wondering about that. This thing is three years old now. It's been a slow growth. It's constantly been growing because maritime is so important. What do you think it is? Mike, you should get up and say a few words, being one of the senior executives from PASHA. You've been in the industry 30, 40 years. You know what it takes. We'd like to hear from you. I appreciate you giving the youngsters the role. But sometimes, we got to hear from the old-timers, the old-school guys.

Mike Caswell - I thought I was going to get out of this. Thank you for the kind words. We've just recently done a couple of things that are going to be very beneficial to help the retention of employees. One of them is we negotiated a contract with the ILWU Local 6 about two hours ago. That's going to help. We've also contracted two more local temp agencies in addition to the one that we had. So that'll help as well. One of the biggest challenges we had in the retention piece for the 30 percent abandonment was the cyclical nature of the auto production because what happens is, when they produce autos for export, it'll go for three months. Then, the next month, it'll go for domestic production. We don't see any of the domestic production but we're trying to get involved in some more of their

value-added services like tire changes and polishes and some of those things that will increase and enhance the value of the car.

Commissioner Adams - I know that recently Tesla just opened up a plant in China or something like that. I know a lot of cars go to China. At one time, I know BMW was looking at going into Pier 80. What is your plan moving forward that we attract like Toyota and other car carriers, GM or whatever to go through the Port of San Francisco? What would make us attractive as a North American hub that carriers would want to come through the Port of San Francisco and Pier 80 and would want PASHA to be their stevedoring company to get the cars across the ocean or wherever they've got to go or imports/exports? What do you see? What do you think we have to do? I would think tariffs also might be hurting us right now, the tariffs that the president has on China and a lot of these things could be hurting us because shipping is down especially like in the Port of Los Angeles and even up and down the coast. Our cargo is down because of the tariffs. Is that something that's hurting us? Is it making our partners in Europe and other places not wanting to do business with the United States because of the tariffs?

Mike Caswell - That is part of it today. We've seen that in Los Angeles as well as other locations. Part of it is the infrastructure that would attract a customer to come into this port. You have to have the deep water. You have to have the improved wharf and the siding in order to put the ships up against the dock. So that has to come together. We've seen a lot of support. We appreciate the Port's support and what they've done to help improve Pier 80. We also have some other items that we'd like to ask your consideration on for the other pier improvements. But I think quality of the labor productivity means a lot. I neglected to say that, as recently as a couple hours ago, we did put in a 40-hour workweek guarantee for those employees.

Commissioner Gilman - That's great.

Mike Caswell - That's going to help out a lot with the retention piece.

Commissioner Adams - Thank you very much, Mike, and to the whole team.

Commissioner Brandon - Andre, Sophie, thank you so much for your presentations. I really want to commend all of you for the great success out at Pier 80 with the export piece of it. It's phenomenal that we have a working pier, and we have so much activity going on there. I want to thank you so much for the work hours with ILWU and putting so many wonderful people to work. I think it's all phenomenal.

I'm just a little curious regarding the local workforce. It seems like, from your presentation, that you have put a lot in place for your presentation. But I'm wondering, over those three years, what have you been doing? I saw that you had three meetings in the last month with local people that you just collaborated with, three new local agencies. I'm just trying to understand, since we had so much hope for this project in 2016 and the 50 percent hire and, putting up to 150

people to work and that whole effort. I understand that the import piece is not where you want it to be or where all of us want it to be. Right now, your 100 percent focus is on export. We're not really engaging the community in this operation. At this point, I want to know what are the financials of this? Are we making a profit? Are we investing? What's going on out there? Because we gave a lot of considerations because of the efforts that were supposed to come to fruition and I understand it's a growth process. I understand things don't happen overnight but just wondering where we are with the overall contract.

Andre Coleman - To answer your question in regard to the revenue at the facility, year over year, as you've seen in the growth in auto volumes, revenues have increased significantly. Currently for autos, the tariff rate is \$24 per automobile. Included in the auto revenues, lay berthing and then dockage and other opportunities that occurred actually this fiscal year.

Commissioner Brandon - In dollars and cents.

Andre Coleman - As far as cargo-terminal revenues for the Port: fiscal year 2016-2017, it was approximately a little over \$600,000; in fiscal year 2017-2018, \$1.7 million; and fiscal year 2018-2019, \$2.1 million. In fiscal year 2019-2020, we are projecting revenues to land somewhere around \$2.3 million.

Commissioner Brandon - Have we made any investment?

Andre Coleman - We have talked of strategies as far as investment into some of the pier improvements that you heard Mike speak to. We've had those discussions as of recent. As far as fiscal year 2018-2019, given the revenue numbers from those years, there's been a little over \$85,000 set aside to the southern waterfront beautification fund so a little bit of what we're doing currently.

Elaine Forbes - I would like to add a comment because I was here when the PASHA agreement was approved in 2016 with the concept that there could be up to 150 jobs, permanent 40-hour-a-week jobs for the community. What you're hearing from PASHA Automotive and from Andre, our maritime director, is that there needs to be work at the facility that is a value add to the automobiles whether for import or export. But for sure, import comes along with that value-add component, which drives permanent job numbers. To continue on President Brandon's questions, either today or in the future, we'd like to understand the strategy for growing those value-add components of the work because the Port is doing very well in revenues from this operation. The ILWU is doing very well in terms of job hours, and the growth is exceptional and that's all wonderful. But we don't want to leave behind the community in terms of those permanent jobs. We know we have 10 now but certainly, we were looking for more. We want to understand what we can do, understanding the geopolitical environment of Trump tariffs, etc. but what we can do to drive more value-add work at PASHA because that is incredibly important to the Port in terms of why we approved the agreement and what we're looking for in the community so either now or with a report that we can look at in the future.

Sophie Silvestri - For the record, as Executive Director Forbes was saying, the import component typically will have higher level of processing activity. The reason for that is import cars have customization for various regions in the U.S. market. Since these are export vehicles and they are on just-in-time delivery and they are both here at Pier 80 and overseas, they're factory installations. There's still required processing that we have on the facility. It's just not the parts-heavy, time-consuming-type processing work. But there are three-to-five-year contracts with other OEMs. OEM is original equipment manufacturer. Those are PASHA Automotive Services customers. When those three-to-five-year contracts come up with our competitors is when we have the opportunity to respond to RFPs. We're starting to see some of those sweet spots right now, just the nature of this business. We'll continue to do our cross-divisional collaboration for business development and working with some of the vessel companies which are PST's customers. We welcome any joint marketing the Port wishes to do with us and any other suggestions that you may have. But just to answer the question or further on why there's a lower level of required processing activity, that is one of the reasons why.

Commissioner Brandon - What are the three local agencies that you're now collaborating with?

Sophie Silvestri - I do not have the names of them. Our human resources department does. I'd be happy to send those to you.

Commissioner Brandon - Okay. And it's the Office of Economic and Workforce Development.

Sophie Silvestri - Right. Not education, my mistake. I misspoke.

Commissioner Brandon - No problem. I think you've answered most of my other questions. I was going to ask what temporary agency you're dealing with but you said you're expanding that and adding two more so that you'll be able to find more people.

Sophie Silvestri - Yes, ma'am.

Commissioner Brandon - I was going to ask what's the path for the local employees to management but you also answered that. You have managers living in D10, which is wonderful. I look forward to the follow-up presentation on the strategy and it's good that now you're guaranteeing the 40-hour workweek. You may be able to find more people that are interested in the position instead of the temporary. I appreciate all of your efforts. I appreciate all that you're doing out at Pier 80 and that it is such a success at exporting.

Sophie Silvestri - Great.

Commissioner Makras - I'm looking at your page two. I heard different numbers than what the report says on page two. It says gross revenue \$2.177 million for

2017 and 2018. You indicated \$1.7 million. Are we talking the same thing or are they different numbers?

Andre Coleman - We are not. In the staff report, that was gross revenue. In the way the terminal operating agreement is set up, it is shared revenues. On the staff report, you're seeing the total gross revenue. The figures I just provided to you were net revenues to the Port. The Port shares of revenues.

Commissioner Makras - Our share of the \$24 per car?

Andre Coleman - The total revenues to Pier 80 per the agreement. It's shared revenues. As the volumes increase, the shared revenues becomes more favorable to the Port. In addition to the autos, there is also lay-berth revenues associated with the agreement as well.

Commissioner Makras - Great. What would be helpful as a follow up and it can be just given to us -- one of the charts showed three meetings taking place in November 2019 for community outreach program. Why don't we just look at all of them since this program started, so we can really see what we've done over the three-and-a-half-year cycle? That may teach us something.

Andre Coleman - We'll provide that in the follow-up report.

Commissioner Makras - This is to PASHA or to anybody if I'm missing something. If we have 60 full-time employees here working that are union members, are there other employees? Are we filling it any other way? Or is that just the workforce we need, and it's fully being loaded up?

Andre Coleman – The ILWU labor associated with the PASHA stevedoring is currently the load-out operation of the vessel. It is dependent upon the volumes loading that particular vessel for that operation.

Those numbers may fluctuate given the export volumes for that operation. As I understand it, on the processing side, given the limited processing that is currently taking place, that number is at 10 full-time employees. When those spikes do occur, PASHA utilizes the staffing agencies in San Francisco to supplement their full-time labor.

Commissioner Makras - For me, it would be helpful to have an employment chart showing all of this to us and, if it fluctuates, tell us how much it fluctuates, which are union, which are nonunion. I can get a better understanding because there are commitments initially. In a perfect world, we want to meet and exceed our objectives because, at the end of the day, rent is a part of that. The concessions are part of what we bargained for. I want to see how good we're doing.

Sophie Silvestri - We can help provide with that information. On the temporary workforce, this year was approximately 60 individuals. They focused their temp hiring on District 10, of course. We also want to note that all of those individuals, if

they really liked the work that they had during that spike in production and they want to come back, the staffing agencies ask them how it went and maintain records of these individuals so that, when we have open positions, we want to make sure that we give these folks an opportunity to apply for the full-time roles.

Commissioner Makras - So would it be accurate for me to conclude that we have about a 35 percent retention on employees collectively? If you put up your chart, 28 plus, six get promoted.

Sophie Silvestri - Yes. Exactly. If you're looking holistically at the enterprise, yes.

Commissioner Makras - That's throughout your experience? Was it different in the beginning? Or is this a constant pattern of resignations and abandonment of jobs and all?

Sophie Silvestri - This is pretty standard from 2016 to present. Of all of the District 10 hires we've had since the inception of the terminal operating agreement, 28 percent of those hires are still active. Six percent have been promoted to management in our other division. It's pretty typical because the spikes in production have been, as Andre showed, pretty consistent with the front-end months of the quarter being very busy and the third month of the quarter where our current customer does their domestic delivery program.

Commissioner Makras - I'm going to be very curious a year from now to see how the 40-hour-a-week changes this, if that's a real component of people moving on, steady pay.

Sophie Silvestri - I'll be happy to come back and report that too.

Commissioner Adams – Andre, I'm going to let you off the hook. I remember when Katie got up and had to do her first one too. I'm going to ask you to follow-up on what Commissioner said. I want you back here in six months.

Andre Coleman - I'll be here.

Commissioner Adams - Great job. Thank you very much.

13. REAL ESTATE & DEVELOPMENT

- A. Request authorization to issue a Request for Proposals (“RFP”) for the development, lease and operation of a mixed-use project at Piers 30-32 and/or Seawall Lot (SWL) 330 generally located along the Embarcadero between Bryant and Brannan Streets, consistent with the goals and policies of the Draft Waterfront Plan and the Port’s Resilience Program. (Resolution No. 19-48)

Peter Albert, Port's real estate and development department - It was almost exactly a month ago that I was here. We did an informational presentation on the proposal for the RFPs for Piers 30-32 and the Seawall Lot 337. We had a really

rich conversation about a lot of issues. We talked a lot about the background, the information that was going into developing the RFP, strategy that we have.

What I thought I would do today to help you get to some of the really important changes in the conversation is to highlight what are the updates that we've had since that November 12 conversation. At the same time, it's helpful possibly to refresh on some of the points here. I'll go fairly quickly through these slides focusing on those changes that enshrine what we talked about last November. For example, we'd made some changes to the background section of the staff report.

That reflects for starters the conversations we had on November 12th. There were some specific requests from the commissioners such as looking at the criteria for evaluation for a respondent that we would change the priorities.

You would see us ask for the diversity of the consultant team upfront at the top along with their community outreach history and their successful history with local business enterprise programs. That's one example of a change you'll see now in the staff report.

Another would be clarifying in the scoring panel that we also want to see expertise of the panel that's reviewing the respondents include architectural design and financial expertise. That's one point you'll see in the staff report. We're also going to clarify what recommendations we got from the commission. I'll go through these more broadly. I wanted to hit these updates upfront so that you're seeing we didn't let these things go in one ear and out the other.

Looking at the scoring panel reviews and the recommendations, the commission asked us about the actions you would take with the results of the scoring panel reviews. Finally, if you look at the staff report itself, you'll see all of the changes and corrections that we put into the report reflecting these.

If you're wondering about the report itself, we underlined the changes that were substantial so you don't have to read the report all over again. You can zero in on those underlined changes knowing what reflected from what you said.

We striked through the other elements that were deleted. I'd be happy to answer any one of those. I just wanted to make it as easy as possible for you to go through that report.

Commissioner Brandon - We really appreciate that.

Peter Albert - On the background, I won't rehash what we talked about on November 12th. This outline is helpful to point out that we had a lot of informational items with the commission. We talked a lot about the development history for Piers 30-32 and Seawall Lot 330.

You had asked us to come back with some more information on the cost estimates. We provided that and the structural conditions of the pier. We did that. I'd also like to emphasize the outreach that we did in 2019 and this was fairly important. At your request, you wanted us to make sure that we were working with the Central Waterfront Advisory Group. We had three meetings with them in 2019. We had a meeting with the Maritime Commerce Advisory Committee in 2019. We had meetings with the community groups, the South Beach/Rincon Hill/Mission Bay neighborhood. What we did in those meetings was we made sure that we got their input to help us shape the community values that I'll be talking about later on. That was a recommendation directly from the commission.

When you have these meetings with the community, you ground them in context that's helpful for everybody. The waterfront plan has been updated at the same time. We looked at the nine Port-wide goals as guidance for helping us shape these community conversations.

Specifically in the waterfront plan, there's references to the South Beach subarea. We included those objectives in the South Beach subarea. There's a table of acceptable uses for Piers 30-32 and for the seawall lot. Those were all presented. They're very much a part of the conversation we've had with the community. I've got backup slides for you if you want to go into those.

We talked a lot about the Port resilience program, looking at seismic, looking at sea-level rise as important factors to consider and the local business enterprise goals and the city workforce development program as guidelines for working with the developer. That got us to the community values and working with the community specifically. The waterfront plan the commission adopted has process recommendations for soliciting development that ask us to work closely with the community advisory groups to get their feedback on the key values they really care about when it comes to development.

This is a good snapshot of what those values are that came out of these meetings. I grouped them in three groups. The first are the values that are common to both Piers 30-32 and the seawall lot because there's a lot of values that go above and beyond any one site. They just focus on this part of town.

For instance, funding and economics, there's that struggle between we want to get revenue. That's an important asset. But we also want to serve the public good and have diverse uses. The community felt very strongly that we should be able to find a sweet spot between those goals. The urban design opportunities are really exciting. These are large properties on the Port that are unbuilt. There's this opportunity to have signature, creative architectural design coming out of that. That was important to the community.

In the general land-use categories, there was a real focus on diversity and access to all people who would enjoy the waterfront and the land uses we choose but to pay attention to the transportation impacts. You hear again and again how transportation was a concern to the community including some of the variety of

issues of quality of life, congestion, gridlock pollution, a big focus on sustainability coming out of the community work looking at how the development here can support sustainability goals.

Again in transportation, there were three nutshell priorities that came out of our work with the community: focus on safety, focus on environmental sustainability for the transportation modes and then focus on quality of life because gridlock and congestion are a real concern for the community.

For the value specific to Piers 30-32, we heard strong support for continuing the potential for the maritime berthing of Piers 30-32, that it's a natural self-scouring facility, a rare asset in the waterfront. Yet, at the same time, there could be an opportunity for the Pier to also be public open space and viewing access for the bay.

While this is not part of the historic district, the other piers that you'll hear talk about are part of the Embarcadero Historic District. There's a requirement that it be compatible with some of the historic district design considerations. That was echoed by the community. Sustainability again, whatever we do in Piers 30-32, there are targets for sustainability we want to meet and a real excitement and interest in a museum, arts or cultural facility on the pier.

There were two specific references there. One is that this is such an extraordinary site. We hope that facility brings attention to this prominent location and, at the same time, that the users who get to use these, it should be diverse and should be accessible to all San Franciscans.

As for Seawall Lot 330, this is unusual in that it is in the neighborhood. It's not across the Embarcadero. It's right in people's backyards. There was a real interest in how it fits in with South Beach including the very design of the ground floor, the sidewalk activity, a lot of support for housing, that that could be a housing site and interest in a hotel because of the revenue-generation potential of a hotel with the very strong caveat that transportation has to be managed carefully that cannot be contributing to gridlock that people suffer with on a daily basis.

Again, the community feels that there can be a project that meets those two goals and we share that enthusiasm. If you put these all up into an equation what is a successful development, you see these items all adding up.

I want to talk a little bit more about the economic benefit to the Port. It's right above the bottom line there. It leads to a successful development concept. In that, there are some factors that we know make this an interesting and possibly challenging site. The structural condition of the piers is certainly consideration. We have this opportunity now to look at an RFP for either site or adjoined site facility. That's something we talked about before.

We could be looking at an RFP on Seawall Lot 330, one on 30-32 or one that puts them together and that tension or that exciting opportunity between generating revenue and meeting the acceptable land uses for the plan. But the benefits are very important, that we would remove a liability. A deteriorating structure on the waterfront would be addressed, that we would be investing in the Port assets beyond this property and possibly Port-side.

We'd be looking at a reliable revenue stream beyond the initial capital investment and one that the Port can participate in on the upside and that this is also an opportunity for private investment for the seawall and other seismic improvements that are essential to the Port.

We talked a lot last month about minimum qualifications. I don't probably need to break that down again. It's self-explanatory but the point of this that was so helpful in the conversation was we don't want to raise the bar so high that we're dismissing qualified groups because we have too exacting minimum qualifications. We do want to be talking to people with strong track records and good demonstration of community support.

We talked about this 100-point strategy to look at issues like the quality of the design submittal, the strength of the financial proposal, the capacity of the respondents, the experience and the organization of the team. That goes back to that reprioritizing of a good history of community outreach and local business enterprise that would be coming out of the team.

In addition to those 100 points, we knew that there might be something important that comes out of an oral presentation for the team. That's what that 30 extra points are. It allows us to balance a written submittal from the development proposals along with an oral interview. That allows them to bring out elements of it that we might not pick up just looking at written submittals. Now, in the review and selection process, this is a proposal we talked about. It is worth going point by point through this again.

The Port staff will determine which of the proposals we receive that meet the minimum qualifications. We'll do that for you. That's our homework. We will also contract with a third-party consultant to look at the financial and technical feasibility of the proposals.

The scoring panel will convene. It'll review the proposals. It'll review the consultant report. It will score the responses. Then, we come back to the Port Commission twice. In the first time, it'll be an information item only. We'll present the executive summaries of the scoring panel processes. We'll produce the results of the scoring panel. That's also an opportunity for the teams themselves to get up and give a short presentation at this informational hearing.

Then, the second commission meeting will be an action item. That's where we would request the authorization to enter into an exclusive negotiating agreement

with the recommended proposals. This is also a snapshot of where we were on November 12th.

This is a good summary. I'm hoping that I'm reiterating this correctly. At that second meeting, we will provide the following recommendations for commission action. Because they are two sites and because of this interesting proposal, we can look at the different RFPs site specifically or together. We would ask you to act on one recommendation of the top scoring combined Piers 30-32 and Seawall Lot 330 project, if any. We always have to say if any because we don't know what responses we'll get. But also, one recommendation of the top scoring Piers 30-32-only project and one recommendation for the top scoring Seawall-Lot-330-only project.

President Brandon, you also asked us specifically what would be a situation, for instance, if we got one for the seawall lot but we didn't get one for Pier 30-32. We think that's consistent with the strategy and that you could proceed with one you're satisfied with the seawall lot. We would come back to you with proposals for opportunities for Pier 30-32.

At that time, you would be asked to take actions either authorizing us to enter into exclusive negotiations with one or more of the recommendations or if you'd like to terminate and restart the RFP process. If we go with that route, then what we have is the schedule outlined here that, in January 2020, we will release the RFP. We're following closely behind the RFP for the South Beach historic piers. There's a lot of good synergy happening between that project and what we're doing here.

In March 2020, proposals would be due. Port staff would use the minimum qualifications to screen them. By April 2020, we would convene the scoring panel. In May 2020, we would present to you the results of the scoring panel process including the scoring. It would be an informational item. In June 2020, that would be that action commission hearing where you could authorize us to enter into exclusive negotiations.

And again, if you have any questions about the stuff I breezed over really quickly, I've got these great background slides. I could rehash that stuff too but just wanted to make sure you hit the highlights.

Dr. Matthew Ajiaka, President of the San Francisco African American Chamber of Commerce - President Brandon, it's a pleasure to be here today to address this issue particularly. I'm curious as to the definitions of the stakeholders in terms of how the group defined the stakeholders for this project because it's important that we include other voices. When you're talking about sustainability and you're looking at economic, social and environment, the way you define your stakeholders is very important. I'm curious as to whether your stakeholders are strictly the people within your advisory groups. Or do you stretch beyond that?

You talked about the museum, arts and cultural center that you're thinking about. How is that going to be integrated to some of the concerns that we have

especially when you talk about art migration? We would like to see something in there that talks about how you could use that as a way to emphasize the fact that we were always here as people leave. With your 30 points in your interview, you might want to consider looking at that as a way to find some creative proposals that not only look at the social side of things but also look at economic and environmental part in terms of your sustainability because it's important that you don't forget people that were here before in your museum piece.

If you have the communities participating in your proposal as opposed to your advisory groups, you might be able to get a more diversified opinion or diversified viewpoints because, when you talk about diversity, equity and inclusion, you cannot just look at your focus on your advisory groups because that's already your sweet spot. But there are also other community voices that need to be heard so that you can have a system and program that is diverse, inclusive as well as equitable. Those are my questions.

Commissioner Brandon - Thank you. Peter or Mike, do you want to respond?

Mike Martin, real estate and development - I'd field some of this for Peter because we have been working with you on these waterfront plan recommendations about how to engage the community. The commenter's points were well taken. There's a couple things going on here though. The work we've done with the advisory groups is to set up the competitive process, the RFP for what we're looking for. We've tried to highlight to the potential proposers that very diversity of equity of inclusion and recognizing what's been here both on the waterfront and the city at large is obviously important. As we talked about last time as well in terms of the scoring panel, that's another thing that we want to be reflective of the diversity of interests in San Francisco.

That's going to be your way to understand better the proposals that are coming and where they're living up to those values that the community put forward as part of the advisory group process.

Just another point, as Peter noted, we did go outside the Central Waterfront Advisory Group to look to the neighborhood group as well as well as to the Maritime Commerce Advisory Committee. But we see that those values that have been expressed thus far and we've described here are an invitation to a larger group of potential proposers to come back and show us what they can do. Part of the RFP process's challenge is to try to get our RFP out into as many of those communities as possible so that they can come together on something that is obviously challenging but hopefully can also life up those things that were referenced just now.

Commissioner Gilman - Peter, Mike, thank you guys so much. I am supportive of the item. I appreciate your reordering to put under the qualifications that experience around diversity, community outreach and LBE programming is important. I wanted to thank you and say that I appreciate that. I want to clarify for the public due to public comment, while museum art space has been identified by

the community as something they want, there could be a scenario where none of the proposals come in with that usage. We're saying that the community wants that usage. But since we're going out to developers, we can't dictate what they present to us, correct? There's no guarantee there will be a museum on the site. I just want to clarify that.

Peter Albert - In the conversations I've had with the community, one of the advantages of getting their values helps anyone who's looking at bidding on the proposal that what they're getting is they know that they're already entering a community that's got more receptive, open arms to them because we're reflecting their values. I think, the most important part of the community values. I think that helps anybody who's interested in a possible development on the site.

Commissioner Makras - Peter, I thought the presentation was great to carry it and not repeat what we've seen. It was very well done. Could you put up page eight on your presentation? I just want to get a clarification. On land use and urban design, it talks about including as part-time use of berth access. Could it be full time? Are we limiting ourselves to part-time? Or is that just the way it was written?

Peter Albert - The idea was, if there was an element of access, it's only needed to support the berthing access. Let's take, for example, that they might have an access path that goes out to the berthing facility. When that's not in use, it could be open space. It could be a viewing opportunity much like we see with the Exploratorium or the cruise terminal. It's not limiting the berthing access. It's not limiting the berthing facility. It's opening up that access to the berthing facility as a multi-use facility when it's not needed for servicing the boats.

Commissioner Makras - Excellent. Next, on the scoring, on the written part we have 100 points, and on the oral we have 30. Will the written scorecards be known to all of the people doing the oral interviews? Or will the score be hidden from them and the oral being independent without the knowledge of scores?

Elaine Forbes - It will be one panel that will review the written and will do the oral. So they will know. I don't know that they'll know tabulations but they will be aware of the written elements as well as the oral elements.

Commissioner Makras - May I suggest that they don't as a better way and a more level playing field? And then, the oral stands on its own. The written stands. Then, you put the two together because, if everybody knows the scores and you're a panelist and you really believe one's better, then you may advocate for that knowing the numbers. I think we'll get a fairer score.

Peter Albert - That's an interesting point. You're asking to make sure that we keep the written review separate from the oral so that there's a more objective approaching to looking at those scores.

Commissioner Makras - That's right. When all the orals are done, it'll take the combination of all of them and tally them up. That's the only time the people interviewing would really know how people fare.

Commissioner Adams - Peter, this is a long time coming. I am really hoping that we get all types of bids. I'm hoping that it's very competitive. I don't want to pigeonhole anything. The commission should have an open mind. No telling who may come forth. I mean, for years, they've been wanting to do something at Piers 30-32, and it just hasn't come to fruition. It's going to take a visionary, somebody that's not only got the money but has got the vision and has a certain passion to really make this thing happen. The Warriors wanted to go down there, and it wasn't to be. Also, it's got to be something that the community can embrace. It's going to be a lot of work.

You could almost get to a point where you'd have to put it out again because enough people don't step up, or you can't find the right person that, like you said, has the financing, has the vision and that would be a good fit. And what would be a good fit? I run by it every morning. What would be a good fit for Piers 30-32? I've thought a lot of things. But I'm really curious of who steps up out of the shadows, who is out there and what it looks like. In your mind, you can't say what you think it would be. At one time, the Warriors was going to put down \$100 million into the pier. What do you think would it take to make something like this work?

Peter Albert - First of all, I run by that same site. Sometimes, they leave the gate open, which is my signal to go out and sneak out on the site and run around it. I'm looking at it from almost every angle. I was working closely with the Warriors, as you remember. I was actually working with the America's Cup. I could see what information was coming out almost real time that was changing the way people were feeling about the development proposal.

What's interesting to me though is the economic climate was so different back then. There's all these moving targets that are happening around. What's interesting is that there's already a lot of people interested in this RFP process. I understand that the press is interested in that. What I think only helps the conversation is the confidence that the community has expressed what it cares about because that eliminates one level of uncertainty. If I were a developer, I'd be a lot more comfortable talking to people knowing I'm welcome and knowing what touchstones I have to hit. The second part of it is I am interested in what happens when you allow the flexibility with the different RFP proposals. I think that could lead to some very interesting and creative proposals we weren't really taking very openly when we were bundling them together and obscuring one with the other. That said, I'm interested in what comes out of this process.

This is why we're excited about RFPs. You get the best minds on the subject. Hopefully, it's a very creative team. I do love the urban design opportunity here. It's a rare opportunity to transform part of the Port property. I'm eager to get this RFP out and see what we get.

Commissioner Adams - Could we get some outsider, someone from out of state or locals? Could you see even international? Do you think it's that type of deal? Could it have that kind of appeal?

Peter Albert - There was interest in the last hearing. Cirque du Soleil even showed up with an interest on it. Now, they're from Montreal. So technically, that's a separate country. I'm interested in how that plays out for this. When I was working with the Warriors, what was so stunning was the reference at this site to places like the Oslo Opera House, the Sydney Opera House, these fantastic signature buildings that are in such a prominent location. But what the community was concerned about was really relevant, the idea of episodic traffic and congestion and impacts on quality of life. By marrying their values in a smart TDM strategy to whatever development proposal we get and putting that out very upfront, very transparent, we would eliminate a lot of the uncomfortable guess work. We would really only get the serious players coming up and talking to us.

Commissioner Adams - Would it be something that say it wouldn't intimidate the Giants, it wouldn't intimidate the Warriors, it wouldn't intimidate Fisherman's Wharf, something that went in there that the public could go, "I can get behind something like this"? I'm just throwing out a scenario, where if it was something similar to Fisherman's Wharf, would they feel that there's a competition there? Sometimes, we're competitors too.

Peter Albert - The Warriors example is a great one in that what worked so well ultimately with the project with Mission Bay was they invested in community facilities that lifted the entire community. For instance, we're now talking about the Mission Bay Ferry Landing. That's something that's going to help UC. That's something that's going to help Mission Bay residents. Even Dogpatch residents are excited about that. If you look at the RFP process and you look at some of the goals that we're articulating, a great project would do something to lift the whole community up. It would be something that even the Giants and the Warriors, who are very much a part of this community, would say, yes, these are the kinds of things that would actually help us with our fan base, with making our location more exciting. There's a win-win out there. But you have to view them as members of the community.

Commissioner Brandon - Peter, thank you so much for this presentation. Thank you so much for simplifying the staff report with our changes and recommendations. I think that there's going to be a lot of interest in this RFP. I am looking forward to seeing who responds.

I do hope that we can keep Piers 30-32 and the seawall together because we may just lose Piers 30-32 if we don't take advantage of the opportunity now. I do hope that whoever responds to both. I'm excited and looking forward to seeing what the responses are. Thank you and everyone else for all the wonderful work you've done. You've been here five times this year on this project so we don't have a lot of questions left. Thank you so much.

Peter Albert - It's been a pleasure.

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 19-48 was adopted.

14. ENGINEERING

- A. Request authorization to (1) file with the California Building Standards Commission, the Port's amendments to the 2019 California Building Standards Code and the local findings that support such modifications; (2) repeal the current 2016 Port of San Francisco Building Standards Code (which includes the 2016 Port of San Francisco Building, Existing Building, Mechanical, Electrical, Plumbing, and Green Building Standards Codes), effective midnight, December 31, 2019; and (3) adopt the 2019 Port of San Francisco Building Standards Code (which includes the 2019 Port of San Francisco Building, Existing Building, Mechanical, Electrical, Plumbing, and Green Building Standards Codes) with an effective date of January 1, 2020. (Resolution No. 19-49)

Neil Friedman - I'm the chief building inspector for the Port. I'm here to ask for your approval of the 2019 Port building code that I presented as an informational item at the November 12, 2019 Port Commission meeting. Since that time, we have completed our code revisions and posted the draft Port code on the Port's website. I hope you've all had an opportunity to look at it. We also created a public notification in the San Francisco Examiner for comment on the code for a two-week period ending December 6th.

We did not receive comments on the revision. We're assuming we're good to go. With your approval of the 2019 Port code, Port staff will send what are termed local findings to the State Building Standards Commission. Local findings are justifications of variances to the California Building Code. Following acceptance of these findings by the state, the Port code will be implemented beginning on January 1, 2020.

At my last appearance, I noted that, among others, there were pending changes in the areas of green energy, structural provisions in the existing building code and permit fees in the regular building code.

The following is a brief presentation on those changes. First, the Port's green building standards now encourage and incentivize the construction of new, all-electric residential and non-residential buildings. This is part of an effort to eliminate the use of natural gas as a fuel source while encouraging the use of an ever-growing supply of electrical energy from natural, non-polluting sources such as solar and wind. A provision has also been added to the administrative portion of the green building standards that allows the chief harbor engineer to grant waivers from these standards.

Second, the Port will now follow the guidelines of the 2019 California existing building code and no longer require a full seismic upgrade of buildings based on

an increase in occupant load. You can imagine what the impact of this will be for development of the Port. The previous Port code followed a more restrictive standard that was part of the San Francisco building code created by the Department of Building Inspection. Under that standard, an occupant load increase of 10 percent for the entire structure that also resulted in an increase of more than 100 occupants for that structure would have triggered a seismic upgrade.

With this code revision that we're proposing, to follow state standards this occupant load increase would no longer require a seismic upgrade. A second part to this that remains in the state code requires a seismic upgrade if an occupancy is introduced in a structure that would trigger an increase to a higher risk category.

The risk categories are on the screen right now. There are four of them starting with very low hazard to human life and ending in essential facilities such as fire and police stations and water facilities and power stations. Most, if not all, the pier sheds and bulkheads fall into risk category two, which is considered not very hazardous to human life. And it's because the occupant load is relatively low. There's no essential facility that impacts other facilities such as fire and police stations.

Changing piers and bulkheads to offices with increased occupant loads would no longer move the structures into a higher risk category and would no longer be a trigger for seismic upgrade. There is one exception to that, and that's if we allowed an assembly occupancy with more than 300 persons on a pier. That would trigger an increase in the risk category from a two to a three. But we don't anticipate that happening. Currently, there are special events that have more occupants than that, but they're very short term. They're monitored usually by the fire department for exiting purposes.

Finally, the 2019 Port code will increase building permit fees. For the last approximately 12 years, the Port has not had an increase in building fees. This is an effort to partially match what the San Francisco Department of Building Inspection uses. They had a fee study done in 2015 that rationalized their fees. It would be safe to assume that we could follow them at this point.

As an example, a \$50,000 permit valuation would actually result in a slight decrease in fees but would then be made up for by a plan review fee that would increase. For a \$50,000 project, we would end up an increase of approximately \$500. Our hourly plan review fee will also increase from \$80 to \$173. Our hourly inspection fee will go from \$80 to \$158.

In summary, with your approval, we will adopt the 2019 Port building code and repeal the 2016 Port code, and the effective date will be January 1, 2020.

Commissioner Makras - Walk me through the net result of some of the energy-efficiency agreements we're making here. Does it preclude gas from cooking?

Neil Friedman - It will not preclude it. What we're doing is incentivizing use of electrical energy. The preclusion of gas is down the road somewhere but not right now.

Commissioner Makras - So this won't wrap us up in affecting all of our new restaurants because one of the state codes is pulling out of gas?

Elaine Forbes - I would like us to get back to you on that question, Commissioner, because, while Neil is correct that what he's proposing here would not preclude natural gas from cooktops, there is an ordinance in front of the board of supervisors relative to natural gas and to electrification. It has reach to municipal buildings. I think we should do some due diligence and see if there's other reasons why natural gas may be precluded in the future. Isn't that right, Neil?

Neil Friedman - That's correct.

Commissioner Makras - I'm going to support the item. But if the net result affects using gas for restaurants and stuff in our operation, then I will ask our director to bring us a calendar item to address the impacts separately.

Elaine Forbes - This item is not impacting natural gas and prohibiting it.

Neil Friedman - That would also trigger a change in the code. At that point, we would have to come back to you to create a new finding that we would send to the State Energy Code Board.

Commissioner Gilman - Neil, thank you so much. I have no questions.

Commissioner Adams - I have no questions, Neil.

Commissioner Brandon - Thank you so much for the report, Neil.

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. Resolution No. 19-49 was adopted.

15. NEW BUSINESS

Elaine Forbes - I have several items under new business. First, I'm going to invite the new MTA director to come to the Port and share his vision for transportation on the waterfront. I think that's an excellent idea.

We are going to report back to you on outreach to diverse communities regarding Pier 39's 39th anniversary. We will be reviewing delegated authority as it relates to the fee waiver but probably will look more broadly at delegated authority and come back to you with any recommendations for modernization to current delegations to me.

We also have an item for PASHA to talk about some of the strategies in producing more value-add work in auto processing and looking more specifically at the labor agreement, looking at local agencies they're working with and community outreach over time.

Finally, we will be providing you information about city legislation as it relates to natural gas.

Commissioner Gilman - I was hoping we could get an update on the photography studio since it's been about 60 days since the last conversation.

Elaine Forbes - Yes.

Commissioner Gilman - I was hoping we could close today's meeting on Thursday's two-year anniversary that we lost Mayor Lee. I was hoping that we could close our meeting in his honor. Mayor Lee put us forward first to become commissioners and was not able to see that process through, I thought it would be a lovely way to honor him and his family.

16. ADJOURNMENT

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

Port Commission President Brandon adjourned the meeting at 5:37 p.m.