

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING MAY 12, 2020

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, Gail Gilman, Victor Makras and Doreen Woo Ho. Vice President Adams joined the meeting at 4:09 p.m.

2. APPROVAL OF MINUTES – April 28, 2020

ACTION: Commissioner Woo Ho moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. The minutes of the April 28, 2020 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 Gilman moved approval. Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

At 2:02 p.m., the Commission withdrew to executive session.

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

a. Property: Pier 9

Person Negotiating: Port: Andre Coleman, Deputy Director, Maritime; Mark Lozovoy, Assistant Deputy Director

*Negotiating Parties: Matt Brasler, representing Bay Area Council

Under Negotiations: ___Price ___ Terms of Payment Both

Port staff has been approached with a proposal from Bay Area Council for a new lease for the Historic Ferryboat KLAMATH at Pier

9. Port staff are evaluating the proposed terms including the proposed price and terms of payment for such new lease and the executive session discussion will be an opportunity for the Port Commission to provide negotiation direction regarding price and terms of payment, improvements, rental rate resets, participation in sale proceeds and other factors affecting the form, manner and payment of consideration for a possible new lease, and which in turn will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City, and the People of the State of California.

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission reconvened in open session.

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

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

6. PLEDGE OF ALLEGIANCE

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

- A. 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. Please note that during the public comment period, the moderator will instruct dial-in participants to use their touch-tone phones to register any desire for public comment. Audio prompts will signal to dial-in participants when their Audio Input has been enabled for commenting. Please dial in only when the item you wish to comment on is announced.

8. EXECUTIVE DIRECTOR'S REPORT

- Update on Port activities responding to the COVID-19 crisis

Michael Martin, deputy director of real estate and development - I've been serving as acting executive director for the past several weeks while Executive Director Elaine Forbes continues to perform important work for the city's COVID-19 response. Starting tomorrow, I'll be stepping away from work for family leave. Our chief financial officer, Katie Petrucione, will be taking on the acting executive director role.

Today's report has two items. First is an update on the Port's support of the city's COVID-19 response. Significant progress has been made at the Seawall Lot 344 Backlands trailer RV site that we discussed with you at your last meeting. I want to extend my great thanks to all of the hard work put on the infrastructure, which was managed by the maintenance and engineering divisions in collaboration with our city agency partners. Port staff has negotiated final terms of an MOU that incorporate the results of two weeks of discussion. We expect that document will be executed, and residents will begin taking occupancy later this week. Community outreach has already begun. Port staff intend to continue working with the community through an advisory body staff with interested neighbors and members of the Port's Southern Waterfront Advisory Committee.

At Piers 30-32, the CityTestSF site continues to operate and has now expanded service to include walk-in appointments. As testing is extremely critical to emerging from these shelter-in-place orders successfully, we're proud to see the success of that site and its growing number of tests performed.

On a more general note, as of today, the Port has deployed 63 disaster service workers on a range of tasks. Due to some repeat deployments, this represents 51 individual staff. For context, that constitutes nearly 20 percent of the Port's workforce that has answered the call to serve the public directly in combatting the impacts of this crisis. I am extremely proud of the Port's civic engagement. We look forward to answering further calls as the city continues to battle the effects of the pandemic.

- Public health protocols and the CUESA Ferry Plaza Farmer's Market

The second item of my report I wanted to update the Port Commission on the Ferry Plaza Farmers Market operated by CUESA. As you know, the food distribution system has been greatly challenged by the crisis. But providing opportunities for people to retain fresh foods but keeping themselves and their immune systems healthy has rarely been as important as it is now. One response to this challenge, a pop-up pantry for food distribution at Seawall Lot 337, is on today's agenda.

The CUESA Farmers Market is a long-standing opportunity that many San Franciscans depend on for fresh food. This has been a time of transition for farmers markets generally where the traditional appeal to customers included the opportunity to sample merchandise and linger while browsing. As with many retailers, it's taken some time to adapt the proper protocols that balance safety with commerce. CUESA has taken questions about their practices very seriously and have been working regularly with the San Francisco Department of Public Health and the California Department of Food and Agriculture to make sure the rules they are enacting are, at the very least, meeting the new restrictions and, at best, making it much easier for San Francisco residents to access fresh food in a safe way.

More directly, CUESA has published and is implementing mandatory rules for sellers that minimize contact among people and the produce. It has also tripled the number of hand-washing stations and offers contactless curbside pickup for pre-order produce boxes. In response to new San Francisco Department of Public Health guidance issued last Friday, Port staff has worked with CUESA on licensing additional space to allow its operators to spread out further, a strategy that we've been hearing a lot about from a number of food purveyors on Port property. We've completed regulatory reviews and negotiations and expect the license to be issued so that the space can be used this Saturday, this May 16th.

Port staff will continue to work with CUESA to ensure best practices are incorporated as we all adapt to new rules over time so that we can avoid COVID-19 outbreaks while providing food to residents and business to keep the farmers afloat during these impacted times.

Commissioner Brandon - Thank you, Mike. We will open the phone to take public comment on the executive director's report from members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on the executive director's report. You will be entered into the system in the order you dial 1-0. The system will let you know when your line is open. Others will wait on mute until their line is open. Comments will be limited to three minutes per person. The queue is now open. Please dial 1-0 if you wish to make public comment.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - Yes, President Brandon. We do have a caller on the line. I'll open up the line now.

Larry Collins - This is Larry calling you from down at the boats and the distributor docks. I appreciate the fact that the farmers market is so important for the people of San Francisco to get their food from at this point where I know there's all kinds of food shortages everywhere. Salmon season started. We're catching a little bit of fish. We're not catching a lot yet. But I imagine, since Fish and Game says we're going to catch over 400,000 fish this year, that that's going to change in June and July. I'd like to talk to you about the processors and the first receivers, the distributors down at Pier 45. It says in my lease that I can't sell to the public because I'm a wholesale fish buyer. I don't really want to change that because, whenever this virus thing is all over, I'd like it to go back to the way it always was where I sell to the distributors. And they sell to the restaurants and the markets and everything else. I just

service the boats. We take care of the ice machine. We like buying hundreds of thousands of pounds in a normal year and take care of that and let the other guys that do distributions that have all the trucks and everything. It's so important that you consider what and how the fish guys are doing down on the other end of the dock. I listened the last time where you talk about deferring the rent. Deferrals isn't going to really help us out. Most of us lost 70, 80 percent of our business. I watched the crab prices go from \$4.50 down to \$2.50 when this thing first started. A lot of the boats aren't going to their buyers. They're going to the farmers markets and stuff trying to make a living. I don't blame them because the food pipeline is broken. You've seen on the news it's broken for the farmers. Well, the distribution is broken for the fishermen too. If we could get the same consideration we got during the crab disaster now, that would really help keep this fleet and all the distributors down on Pier 45 alive. I appreciate you taking the time to listen to me. Thank you.

Commissioner Brandon - Thank you so much. I appreciate you calling. Jenica, is there anyone else on the line?

Jenica Liu - President Brandon, at this time, there are no further members of the public on the phone for public comment.

Commissioner Brandon - Thank you, Jenica. Seeing no more callers on the phone, public comment is now closed.

Commissioner Gilman - Mike, thank you for the report and particularly the update about the farmers market since I have had some inquiries from the public who wanted to make sure that social distancing and wash stations were being put in place. I appreciate the update. I also want to thank the member of the public who gave public comment. I hope, at some point, the Port could explore whether we could do temporary adjustments to leases to allow direct sell to the public. If the pandemic continues in a way where distribution lines are disrupted, I think that's something we should take under consideration.

Commissioner Makras - No comments. Thank you for the report.

Commissioner Woo Ho - I have no comments. I'm glad to hear about the farmers market. I want to commend the Port staff again for pitching in so well with the city's crisis right now. We can all be very proud of all the efforts that we're trying to do to help, whether it's the homeless or the food or the farmers market but to do our best to alleviate the pain and suffering that this terrible virus has inflicted upon all of us.

Commissioner Brandon - Mike, thank you so much for stepping in in Elaine's absence. I want to congratulate you on the new addition to your family. We definitely look forward to working with Katie. Thank you for the report and all that we're doing for all of our tenants. We do have to look at fish processing

as we're looking at rent abatement and other things that we can do to help during this crisis.

9. CONSENT

- A. Request retroactive authorization to modify Construction Contract No. 2810R Hazardous Building Materials Abatement project at Building 49, and Cranes 14 and 30, Pier 70, to extend completion date. (Resolution No. 20-23)

ACTION: Commissioner Makras moved approval; Commissioner Gilman seconded the motion.

Commissioner Brandon - We will open the phone lines to take public comment on the consent Item 9A from members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on item 9A. You will be entered into the system in the order you dial 1-0. The system will let you know when your line is open. Others will wait on mute until their line is open. Comments will be limited to three minutes per person. The queue is now open. Please dial 1-0 if you wish to make public comment.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - At this time, we do not have anyone on the phone for public comment.

Commissioner Brandon - Thank you, Jenica. Seeing no callers on the phone, public comment is closed. Amy, please do a roll call vote.

Amy Quesada – Roll call vote:

President Brandon – Aye.

Commissioner Gilman - Aye.

Commissioner Woo Ho - Aye.

Commissioner Makras - Aye.

Commissioner Brandon - Resolution 20-23 has been approved.

10. SEAWALL RESILIENCY PROGRAM

- A. Informational presentation regarding the United States Army Corps of Engineers (USACE) San Francisco Waterfront Flood Resiliency Study (formerly the San Francisco Storm Risk Management Study) and an upcoming request for authorization to amend the Feasibility Cost Sharing Agreement (FCSA) with the USACE San Francisco District dated September 5, 2018 for the San Francisco Waterfront Flood Resiliency Study.

Brad Benson - I'm the Port's waterfront resilience director. I'm here on behalf of the Port staff and consultant team that is working on the Army Corps of Engineers flood resiliency study. We have a new member of the team. Kelley Capone is the project manager for the flood study. She comes to us by way of the San Francisco Public Utilities Commission. Kelley worked at the Port during the 34th America's Cup helping the Port obtain the very complicated federal permits for that effort. She's quite familiar with the Port. She joins Lindy Lowe, who is the lead planner for the flood study, Matt Wickens, who is the engineering lead. On the consultant team, we have Summer Bundy with Carollo Engineers who is the task lead. It's a very talented team.

We acknowledge the impact of COVID-19 and the new challenges faced daily by San Franciscans including the disproportionate impact to some key waterfront resilience program constituencies including small business owners, Port tenants, Bayview residents and families with young children, as we often see on our Zoom meetings. The waterfront is a source of strength for the city. We're very grateful at the staff level for voters having approved Proposition A, which is the primary funding source for the program. We're keenly aware of our fiscal responsibility, want the commission and the public to know that work has continued unabated on the program during shelter in place.

We think resilience planning remains vital to San Francisco's future. This is the draft vision statement for the resilience program, to create a safe, equitable, sustainable and inspiring waterfront. The focus of today's presentation is the Army Corps of Engineers flood study. That study is governed by an agreement between the Army Corps and the Port that the Port Commission approved in 2018.

When the agreement was entered, we considered that this would be a typical Army Corps flood study. The federal rules are to complete those studies with \$3 million in three years with three levels of federal review. We've learned that this is a very complicated urban waterfront. We're studying the entire seven-and-a-half miles of the Port. Port and Army Corps staff think that the study will take five years and \$20 million, including a \$10 million federal contribution to complete. That requires a waiver from the assistant secretary of the Army and also would require an amendment to the feasibility cost-sharing agreement.

The Port's resilience efforts nest within broader city resilience efforts. The commission has had a presentation about the hazards and climate resilience

plan. That includes a Port chapter. That plan is headed to the Board of Supervisors for approval in the coming weeks. The Department of the Environment is leading the city's very aggressive climate action strategy. The San Francisco Planning Department has just completed and published a sea-level-rise vulnerability and consequences analysis, which has been very helpful to this study.

The adaptation framework for the waterfront resilience program is intended to convey the phased nature of the work over the Port's jurisdiction. We refer to it as strengthen, adapt and envision. The strengthen phase is the focus on how the commission will determine how to spend Proposition A bond funds to address life-safety projects and improve the city's disaster response, focus on seismic risk and flood risk where we can as well.

We've heard from the public that they want to maintain the current waterfront for as long as possible. Staff intend to develop an adapt plan for Port Commission review that looks at how to adapt the current waterfront for as long as possible, addressing those seismic and flood risks Portwide. We also need to envision what a future waterfront would look like, what a future shoreline would look like that is resilient to water levels that we expect in 2100 and beyond. We've been very active with community and stakeholder engagement. We had our last Bayview community meeting on January 30th at the Southeast Community Facility with a focus on program goals for the southern waterfront.

On March 4th, at ATwater Tavern, we had a mixer for residents of Mission Bay and the Mission Creek area. That was our last in-person engagement before shelter in place. We've paused in-person meetings. The team is focusing on online engagement through a variety of modes. It's a very creative effort to keep the public informed about what's going on in the resilience program and make sure that we're continuing to garner public feedback.

We've been documenting that feedback from the public. All the neighborhoods along the waterfront express their love of the waterfront. Ferry Building is such an iconic structure. People have a deep attachment to San Francisco Bay and its marine life and obviously rely on public infrastructure along the Port.

We've been checking in about goals to get feedback on the goals and objectives for the program so that we can bring the principles, goals and objectives to the Port Commission for your review and modification. We're also developing evaluation criteria for seismic and flood risk management projects that consider multiple benefits for the public and the environment with a focus on equity and prioritizing LBE subcontracting opportunities and workforce development opportunities in these projects.

The commission regularly requests updates about LBE subcontracting participation in our contracts. Our main contract is the CH2M Hill engineers planning and engineering contract. The commission approved an amendment to that contract including a scope to facilitate the Army Corps study last September. At the time, we had 12 percent LBE participation in the contract largely due to the technical work that was ongoing at the time. Since that time, we've approved approximately \$5 million in task authorizations under that contract with 33 percent LBE participation, raising the total to date to approximately 18 percent LBE participation. It's a good trend. We want to continue on that trend line so that staff can meet the Port Commission's expectations in this area.

To provide a brief overview of the flood study, it really is a partnership between the Army Corps and the Port to analyze current and future flood risk over a 50-year period from 2040 through 2090. We're very appreciative of the staff and the experts that the Army Corps is bringing to the table. Patrick McKinley is the project manager. He is with us today. The study is looking at five sea-level-rise curves.

We intend robust community input along the way. If the Army Corps finds a federal interest in the project and Congress authorizes a project, that opens the door to very significant federal funding, 65 percent federal, 35 percent local. We're looking at the entire Port plus Aquatic Park, the national park up there, looking at five neighborhoods. We've identified what we're referring to as four reaches in the study area that are separated by high ground where you could have independent flood-risk mitigation. We're drilling down into an even finer level of detail in 15 subareas because the Port's shoreline is so varied and unique in locations.

We start by flood modeling using those sea-level-rise curves, looking at recurring flood damages over the 50-year study period. The Army Corps is lead in this effort. Through their economic modeling, they can calculate flood damages for that 50-year period in today's dollars. That's important as an input to determine federal interest through a benefit-cost ratio. The basic principle is that the proposed project to mitigate flood risk has to be less expensive or equal to the avoided flood damages and other federally recognized benefits of a project.

We've been busy at work through the multi-hazard risk assessment and the sea-level-rise vulnerability and consequences assessment led by city planning, categorizing all of the public and private assets and buildings in the current and future flood plain for the project so that we have the value of all of that public and private infrastructure and assets. That will help calculate flood damages. We're developing subarea profiles that include mapping of key assets and infrastructure that should be protected from flooding.

We're working with the Army Corps to develop a comprehensive set of flood measure fact sheets. These are flood mitigation measures used around the

country and around the world. They include structural measures like riprap, nonstructural measures such as building code requirements to flood-proof buildings and nature-based measures including living shorelines. All of those building blocks go into the alternative's development process. We're looking at a variety of scales of study that reaches to these smaller subareas. We'll be guided by objectives, considerations and asset inventory within each of those subareas.

This is looking at Pier 80. You can see that, through our flood mapping, we're able to identify entry points for water and where the flooding will come from. Then, we would apply flood adaptation measures to address that flood risk.

The goal is to come up with a range of alternatives. We're right at the starting point where we're going to be coming up with initial alternatives over the next few months to be able to present to the public and the Port Commission later this summer with a goal of then incorporating that public input and direction from the Port Commission in fall of this year.

By summer of 2021, we would have a final range of alternatives including a federal plan, which is the most economically efficient plan to address the flood risk and an optional local plan that can have additional benefits paid for by the local sponsor. We are going to need guidance from the commission all along the way from policy guidance such as the building code policies that I mentioned earlier, obviously review and comments and selection of flood-risk-management strategies. It's a gorgeous waterfront, all seven-and-a-half miles. There are important urban-design considerations. We hope later this summer we can start that dialogue and get that guidance from the commission.

Amendment to the feasibility-cost-share agreement. First, we're going to need a three-by-three waiver from the assistant secretary of the Army. The Army Corps is preparing that waiver for submittal late August. We hope to come back to the Port Commission at a May 26 meeting to request authority to match federal spending up to \$3 million now because the federal government has now appropriated \$3 million to this study. Because it's a five-year study, we want to cover the circumstance where there may be no federal appropriation in a given year. We would like to give the Port Commission and the Board of Supervisors the discretion to supply cash to the study to keep it going in the event there is no federal funding. But that is purely discretionary for the commission and the board and then, if the waiver is approved, authority to match federal spending up to \$10 million.

Commissioner Brandon - We will open the phone line to take public comment on item 10A for members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on

item 10A. You will be entered into the system in the order you dial 1-0. The system will let you know when your line is open. Others will wait on mute until their line is open. Comments will be limited to three minutes per person. The queue is now open. Please dial 1-0 if you wish to make public comment.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - President Brandon, we do have a caller on the line.

Susan Karasoff, a San Francisco resident - Thank you so much for updating the public on San Francisco's waterfront flood resilience study and for including earthquake response in the study. I appreciate you considering including nature-based measures for tidal rise and sea-level-rise mitigation strategies. As nature-based measures are included, please use only local native plants in these mitigation strategies. Local native plants are the base of our local biodiverse food web for local and migrating wildlife. Thank you so much for taking public comment.

Commissioner Brandon - Thank you. Jenica, are there any other callers?

Jenica Liu - President Brandon, there are no further callers on the line for this item.

Commissioner Brandon - Seeing no more callers on the phone, public comment is closed.

Commissioner Woo Ho - Thank you, Brad. This is great news to hear about this study. I absolutely support it, think it's a wonderful idea. Since we've been touching this elephant of both the seawall and sea-level rise and resiliency, and I wanted to ask a couple of questions to put it into a larger context so that we do understand as we hear bits of pieces of what we're doing and finding the right partnerships at the federal level and perhaps also at the state level. You're in the thick of this.

Obviously, we're worried about the San Francisco waterfront and that's our purview. But there are other waterfronts in the Bay Area. I wanted to know whether some of the approaches that we're taking here and if the federal government is also trying to help organize that to be consistent with other cities. Or are we sort of in the forefront being a pioneer and doing this first? Are we out the gate first on this in this project and study? Given that we have been talking about sea-level rise and the seawall for a long time and we've raised bond money, etc. are there any differences in the federal approach because I'm sure they have a very standardized approach of how they want to go about it across the country in this flood-risk mitigation effort that they have versus some of the things that we might be nuancing particularly to our waterfront and if you could point out where some of those differences are so that we do understand going forward?

My last question is related to a broader strategic roadmap. There is this study and there were some other little studies we did. If we could see the whole strategic roadmap of how we're addressing the whole issue of the seawall and the sea-level rise, so we can see how all the pieces are going to come together. Of course, it does have to be piecemeal. We're looking for funding and we know it's a huge number. We don't have all the funding in place but it is great to hear that we're getting out of the gate. We do have some matching funds coming in from the federal government. But can we put it into bigger context so that we understand both the progress that we're making and that the commission has a very good idea of the challenge that we have ahead?

I'm assuming that a lot of things that we're doing in this study we're also kind of standardizing in anything else that we're doing that's somewhat related to this so that we're not trying to use different criteria or different methodology or whatever. It's more on a strategic level because we know this is going to be an effort that we're going to have to do for a long, long time. How do we make all these pieces make sense? If you can help us in the future, perhaps keep educating us so that we understand how this is all going to come across.

Brad Benson - There were a number of questions there. Commissioner Woo Ho, I would just ask, if I miss one of them, if you would prompt me again. But I think the first question was are there similar studies going on in the Bay Area or are we first out of the gate? There are quite a few efforts like this happening around the Bay Area. BCDC is leading adapting to rising tides. They're acting as a guide to local jurisdictions around the Bay. Lindy Lowe, who is our lead planner, actually helped found that program. The Army Corps of Engineers has been in agreement with local partners around the Bay. They're doing a very big study in the South Bay Area, which is more focused on the nature-based solutions and ecological restoration in that area. I think that this will end up being one of the most robust efforts of this type. We are early on the leading edge of things. We're very hopeful that not only can we learn from other similar efforts around the country but that we can provide an example for the Bay Area.

I think that the next question went to just how do all of the pieces of the work in the resilience program thread together. That's something that we very much want to present to the commission. We're here today to talk about the flood study because we need this feasibility cost-sharing agreement. Our hope is that we're able to come back early in the summer to provide an overview about the whole waterfront resilience program so that we can explain how it fits into a broader single planning strategy.

Can you tell me what that additional question was?

Commissioner Woo Ho - I asked whether there are any differences in the federal approach and the local approaches so that we understand where there's more commonality than differences, but it would be good to know where there might be some differences in their approach versus ours.

Brad Benson - I think there's one big difference. It went to something in the presentation. That federal-interest funding is really driven around a benefit-cost ratio. What are the projected damages of flooding? Is a project less expensive or the same cost as those damages in today's dollars? That's a focus of the federal effort. We've been pleasantly surprised that the Army Corps has a keen interest in the nature-based solution. That's a similarity. The Army Corps process is rigorous in terms of going through this set of alternatives, first a focused array, then a refined array and a final array of alternatives. It's a very iterative process to land on a final project.

I think a big thing that is a focus of our program that is not a policy mandate of the Army Corps is seismic safety. We're obviously dealing with the seawall, lateral spread risk to the seawall. That's not a focus of the Army Corps in their mandate. They can count seismic benefits of a project. If you're building a flood-risk project and it provides for some seismic protection because of the way you build it, you can count those benefits. But you can't design the project just to deal with a lateral spread risk, as an example. There are some differences in the federal approach and what we're trying to accomplish in this project.

Commissioner Woo Ho - Okay. Obviously, we found them to help us fund the cost in this matching-fund basis. When you do all come back and give us the bigger context and strategic roadmap, I know that we don't know what it's going to take to execute the resilience plan in total because there's so many pieces to it and it's very long term. But as much as we can keep getting more refined in our numbers and we've always said that you have to keep looking for more funding sources. Obviously, this is a funding source for one piece of it. Is this something that you think has been a very efficient way for us to find a funding source? What is your prognosis for trying to figure out at both the state and federal level whether there are other funding sources to help us?

Brad Benson - In terms of cost estimates, I know the whole team is very excited because we've been studying the problem through the multi-hazard risk assessment and through the flood modeling in the Army Corps for quite a while. We're moving into this solution space where we're looking at mitigation strategies for these risks. Part of this early effort will be developing very high-level planning cost estimates to address both seismic risk and flood risk.

We're eager to do that cost estimation and report back to the commission in what we're seeing. In terms of other funding opportunities, first I want to thank President Brandon and Vice President Adams for making multiple trips back to Washington D.C. to help us line up this Army Corps effort and to move it along. It's great to have that advocacy from the commission. In terms of other opportunities that are upcoming, we had been looking at a resilience bond that looked like it was headed for the November ballot before COVID-19.

It had an emphasis on wildfires but it included some flood projects. We were advocating for inclusion in that. Things have changed a little bit. We're not sure if there's going to be a state bond or what it's going to focus on. We heard, given the economic conditions that we're all experiencing right now, infrastructure spending is one way to help lead economies into a recovery. We're keeping an eye on that infrastructure discussion, the shovel-ready project discussion in both Washington D.C. and in Sacramento to just try and position ourselves for that funding.

Commissioner Woo Ho - Yeah. That sounds right. Absolutely. I think that we're expecting that, especially in Washington, that the next phase of what they want to do for the economy is to invest more infrastructure. It's been delayed for several years already but now is probably a good time. There seems to be probably support on both sides of the Congress. I should say, not just the House but just in both to do that because that would help the recovery in terms of jobs and everything else to get everything back on track. It's needed. Everybody's infrastructure is so worn out across the country.

Brad Benson - Yes. A number of Port staff remember the 2009 American Recovery and Reinvestment Act leading out of the 2008 financial crisis. It is a strategy that is very effective.

Commissioner Makras - Thank you, Brad. Good report. No questions on my end.

Commissioner Gilman - Thank you, Brad. I'm really happy and supportive that this is moving forward. I think resiliency now more than ever is something that we need to be laser focused on. Four months ago, we didn't think we'd be in a pandemic. While we can watch our seawall and sea-level rise in a different way, it just shows how much and how critical this is. Just two things for staff to know to possibly track, Leader Pelosi did release a \$3 trillion package. The bill is 180 pages but hopefully, we can figure out if there's anything around infrastructure that would be applicable to what we're trying to do, just something for the Port staff to think about. Folks should know there is conversations in Sacramento on a statewide infrastructure bond. I encourage the staff and to see if Commissioner Adams is aware of it. Conversations have started with labor.

I think we should make sure that we're tracking that to see if there's any way that we can use any of those bond funds at the state level or any of stimulus four to help move our projects forward. I'm very excited for the study and the work you're doing.

Commissioner Brandon - Brad, thank you so much for that report. This is a huge effort. I want to thank you and your team and all the consultants that have done an amazing job to date. I think that this project is so huge. I think Commissioner Woo Ho hit the nail on the head about the broader strategic roadmap and how to make sure that, with resiliency, flood, earthquake, that

we're looking at everything and engaging the best policies and strategies to move forward.

I want to go back to our last meeting with Senator Feinstein where she recommended that because this is a huge project, the commission have their own consultant. This is not a come-back-once-a-year-and-update-us type of project. We have to be involved and understand it throughout the process. I know we're going to meet prior to the next meeting. I want to restate that I think we need a consultant that is actually looking at everything. I'm so happy that we have such a great partnership with the Army Corps and that they are working with us on this particular effort. I think it's absolutely wonderful. I think there's a great team working on this project.

As far as the LBE participation, it would actually be really great to see who is participating. So with these reports, it would be great if you could give us a list of the LBEs that are actually working on this or all the consultants just so we can see that going forward. That would be absolutely wonderful.

Brad Benson - We'd be happy to do that.

Commissioner Brandon - Thank you so much. This is a huge project. It's going to be a long-term project. It has many moving pieces. I want to make sure that we're all on the same page going forward.

11. REAL ESTATE AND DEVELOPMENT

A. Informational presentation on Proposed Extended Tenant Rent Deferral Program.

Crezia Tano-Lee on the real estate and development team - I'd like to thank Michael Martin, Rona Sandler, Tyrone Navarro, Cora Sapaen and Demetri Amaro in their assistance in helping me to craft and prepare the data for this presentation. I will be providing an informational presentation on considerations for extended rent deferral and further tenant relief.

My presentation will cover the following: background information to date, the April revenue that we've collected, the proposed program, our analysis of that program and discussion with you, the commissioners.

The following key events of COVID-19 have led us up to this point in time: the mayor's emergency declaration on February 26th, the initial shelter-in-place order on March 16th, the commercial eviction moratorium on March 17th, the statewide shelter-in-place order on March 19th and the tenant relief policy for general fund departments issued on March 27th. It should be noted that many of these orders have either been extended or modified during shelter in place in order to adapt to the fast-changing conditions of COVID-19.

As of today, the Port has implemented the following relief efforts. We launched a broad-based rent-deferral program on March 27th, which was subsequently ratified and extended by the commission through the end of May. In April, we cohosted with the Office of Economic and Workforce Development a 60-minute webinar for Port tenants that provided an overview of existing small-business-relief programs. Seventy-six people participated in that webinar. Of those, 10 tenants contacted OEWD for more information. Now two tenants are receiving one-on-one technical assistance from the department.

As the situation continues to evolve, many of our staff, in particular our hard-working property managers, engage in ongoing individualized outreach and discussions with tenants about their current operations and plans for reopening. Real estate staff are systematically tracking communications. To the best of our knowledge, at least 35 percent of our tenants are operating either under normal or limited conditions.

In terms of our current rent-deferral program, it covers nearly all of our tenants with a few exceptions. It does not modify any lease provisions. It waives late fees and default interest on rent payments from March 1st through May 31st if paid by June 30th. It establishes Port policy of forbearance in pursuing eviction proceedings for unpaid rent due to the impacts of COVID-19. New tenants executing leases for new space on or after April 1st are not eligible for relief.

This deferral does not apply to MOUs with city departments, lay berthing agreements and berthing agreements for small vessels at South Beach Harbor. In any scenario where a Port tenant has subleased some or all of its space including master tenants, such relief will only be available to the extent that the Port's tenant has offered equivalent relief to the subtenants.

Staff proposes an extension of the current broad-based deferral program through July 31, 2020 to allow for the anticipated relaxing of shelter in place. As you know, April was the first full month of shelter in place. The next series of slides provides a complete picture of April revenue. The table on this slide, which is in your staff report, outlines performance by revenue type.

Key highlights of this table are that, one, of the 541 invoices, the Port received 259 payments representing a 48 percent payment rate. Secondly, revenue is down across all types with parking seeing the largest decrease in payments received. Of the approximately \$6.1 million that was invoiced, \$3.3 million was paid, representing a 52 percent collections rate.

In looking across our portfolio geographically, revenue shortfalls were spread throughout all portfolios. The Fisherman's Wharf portfolio experienced the largest percentage uncollected at 80 percent. The China Basin portfolio experienced the largest amount uncollected at \$1.2 million. When we return on May 26th, we should be able to see a better picture of April and May

combined. I should also note that, in March, upon the issuance of the shelter-in-place order, the Port released a tenant-economic-impact survey. The survey asked 13 questions aimed at understanding the impacts that tenants have been facing in light of the pandemic; 127 tenants participated, reporting losses of over \$90 million, representing an average loss of 67 percent in tenant revenues.

Jobs impacted were just over 3,500. 49 businesses reported that they were certified LBEs. It's needless to say that the impacts of COVID-19 are significant to our organization and to our tenants, requiring us to partner with our tenants in ways we have never done before. Therefore, we are seeking feedback on the following extended rent-deferral program for Port tenants to provide relief beyond the expiration of the current broad-based deferral policy. For your consideration, the proposed extended rent-deferral program does the following. It moves from the broad-based rent deferral and forbearance to an opt-in program. It waives late fees and default interest on rent payments from March 1st through December 31st if paid by the end of the calendar year.

It also requires that tenants continue to comply with all lease obligations during the deferral period. I'd like at this time to reemphasize that this proposal moves away from our current broad-based application of deferral to an opt-in program that would be conditioned upon the submittal of key documents.

The discussion at the April 28th Port Commission meeting included the idea of limiting eligibility for extended deferral beyond the current policy based on the criteria reflective of a business that is likely to recover. In considering that feedback, staff reached out to both public and private landlords to understand their strategies. As a general matter, landlords have been more willing to provide broad-based deferral relief for a range of reasons including public-equity concerns and the mission to look at the broader impacts to the leasing portfolio.

Based on that research, Port staff recommends a hybrid of that process. We recommend that any extended rent-deferral program remain broadly available to tenants and that qualification-based approaches be reserved for targeted dialogues regarding forgiveness of rent. Therefore, we propose that the following submittal requirements be put in place: a statement from the tenant which describes the impact of COVID-19 and their need for relief; the statement should also describe their business plan to get back to normal operations, provide current revenue projections in light of current economic conditions and projects anticipated cash flow that demonstrates their ability to resume rent payments on or before December 31st; additionally, proof of submittal to federal, state and/or local relief programs and a summary of their current status.

If no applications were filed, a statement explaining why they could not submit would also be requested. Port staff recommends this program that takes an opt-in information-collection approach. With the requested submittal documents, Port staff can utilize information to further frame tenant relief strategies. It is apparent that, when shelter-in-place orders from the state and the city are further relaxed, there will be significant change in how business is conducted. New guidance from the state was just released today.

Staff is beginning to review that guidance and see how it applies to our tenants. What is certain is that, in order to allow for our tenants to regain their footing, we and our tenants must nimbly adapt to the new normal. What is even more evident is that there is no one-size-fits-all strategy. While there is logic in requiring a tenant to show a business plan, many tenants may have difficulty in developing a credible projection of their operating profile over an extended period of time and gauging customers' appetite for being out and about along the portfolio.

Further, some tenant categories may not have the expertise to navigate the challenging approval processes for relief programs. In learning more about the payment protection program, it has highlighted the inconsistency in how the process is being conducted and the disparity in how the funds are being distributed to small businesses. While we want to know that our tenants are doing all they can to stay afloat, it would be doubly penalizing if rent deferral were conditioned on the successful submission of an application.

Port staff believe that the collection of this financial data can be illuminating and help guide our path in times where the future is very unknown. This data can guide what further tenant relief we can provide in order to stabilize our portfolio. Therefore, in digesting the feedback from the April 28th commission meeting and framing out the extended deferral program, it was clear we needed to pair the opt-in program with an opt-out process.

In conducting research, the city attorney recalled that the Port Commission adopted Resolution 09-04, which can be a tool for those who wish to opt out. The resolution authorizes the executive director to terminate leases and licenses with a term less than five years and monthly rent less than \$10,000 and where the executive director finds a lease or license is no longer in the Port's best interest and where Port staff can negotiate the return of premises to the Port on terms and conditions that are beneficial to our organization.

For those tenants who opt out of the deferral program because they do not see a future for their business at the Port, a mutual termination could provide significant benefits to the Port in terms of certainty, control and limiting costly legal action later. Port staff believes that the proposed extended rent deferral program and the utilization of early termination tools to be the most advantageous set of relief measures to deploy next. It will allow the Port Commission and staff to develop further relief strategies.

Now, transitioning to the horizon of future relief strategies, Port staff continue to identify ways to facilitate the Port Commission's ability to manage rent forgiveness, which requires lease amendments. Currently charter section 9.118 states, "Modification of Port leases with anticipated revenues of \$1 million or more or a term of 10 years or more must be approved by the Board of Supervisors." Providing deeper and broader relief such as rent forgiveness or a restructured payment schedule would trigger a lease amendment under section 9.118.

This presents a challenge to the implementation of an efficient program. While this does not impact our entire portfolio, it does cover many of our major attractions and real estate establishments. With some limitations, the Board of Supervisors may delegate emergency authority to departments in certain specific circumstances to enter lease agreements that would otherwise require approval under this charter.

Port staff is working closely with the city administrator and other city landlord agencies to develop legislation that, if submitted and approved, would delegate authority to city departments like the Port to amend existing agreements without seeking approval by the Board of Supervisors first. This delegation would greatly improve the ability of the Port Commission and staff to manage strategies across our portfolio.

In the coming months, Port staff anticipates the following next steps. On May 26th, we would come back to the commission to seek authorization for the extension of the current broad-based deferral through July 31st. On June 9th, we would come back to the commission seeking approval for the proposed extended rent deferral program. If approved, we anticipate the application period of the extended deferral program to be between June 15th and July 15th and, on July 31st, the closing of the broad-based deferral program and, on August 1st, launching of the extended rent-deferral period through December 31st.

With that said, it is likely that, before the end of May, the current shelter-in-place order will be amended. More guidance will be published that may affect the timeline shared with you and the actions we take as an organization moving forward.

I thank you so much for your time and consideration of the proposed rent-relief measures before you.

Commissioner Brandon - Thank you, Crezia. I really appreciate your presentation. I would now like to open it up to public comment. We will open the phone lines to take public comment for members of the public who are joining us on the phone on item 11A. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on item 11A.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - Yes, we do, President Brandon. We have one caller on the line.

Larry Collins - I'm really sorry that I keep commenting but it seems like I'm the only one from down Pier 45 that's here. I know there's a lot of other people that should be here. I appreciate the work you guys are doing. Since the virus and the shelter-in-place stuff has started, it's just been a completely different reality down there. Things have been changing slowly over the last couple years. I've watched a number of companies down on 45 go under. This is just throwing gasoline on the fire. Although I appreciate the deferral option, mine's about \$5,000 a month. I'm not making that right now. I haven't since this whole thing started because the supply chain is broken. I do really appreciate the help that you're giving us. But if I've got to pay all the \$5,000 a month at the end of the year or something, that's going to be all of our money gone because I run a co-op down there. We run the ice machine, which we put \$30,000 to \$50,000 a year to keep the ice machine running. It's not our ice machine. It's the Port's ice machine. Things are really changing even without this pandemic.

The fish business is nothing like what it was when I started fishing 35 years ago. The fact that you have this protein coming into San Francisco is food security. A lot of places in this country don't have the kind of food security that we have here with our salmon in the summer and the crab in the winter and the black cod and the rock cod and tuna and everything that comes in here. We need to keep this fleet safe and the guys that can unload it safe. We need to cherish this local ability that we have to feed our local population. It's going to take more than a deferral for most of these companies down here. It's going to take a forgiveness because everybody's going out of business.

Commissioner Brandon - Thank you, Larry. We definitely look forward to working with you.

Commissioner Brandon - Jenica, is there anyone else on the line?

Jenica Liu - President Brandon, at this time, there are no other callers on the line wishing to make public comment on this item.

Commissioner Brandon - Seeing no more callers on the phone, public comment is closed.

Commissioner Gilman - Thank you, Crezia, for this update. I appreciate the thoughtfulness that Port staff have put into the opt-in program and the opt-out

program. I think that is a really clever way to approach this problem. I just had a couple of questions. One question was, in developing the protocols for opting in, I was just wondering if we did any stakeholder engagement about whether the statement of how COVID impacted their business, a projected business plan, proof of whether or not they had applied for any state, local or federal stimulus funds. I was just wondering if we went to any of our stakeholders in a focus group or to get feedback from them about whether that would be a barrier or something simple for them to provide us.

The other question I had was that, looking at the chart on where we're seeing the biggest loss in revenue, it's around percentage rent on those businesses or on parking. I'm just wondering if the staff has done any kind of analysis that, if this trend continues as-is, what the total loss of revenue would possibly be at the close of calendar year 2020.

I say that only because while we go through these stages of reopening, the reopening guidelines for the most profitable tenants from a Port perspective have some of the most restricted guidelines and may not even be opening this calendar year. I was just curious if we had done projections if the trend continues on our participation rent of what that hit would be to the Port. Those are my main two questions. I'm overall very supportive of rent deferral.

At a later date, I might even be raising rent forgiveness versus seeing empty storefronts and shuttered businesses along the waterfront. President Brandon is the only commissioner who, in my understanding, has been part of the Port when there was a massive downturn. I'm sure she can reflect on what it was like when we didn't have a vibrant waterfront from both north and south sides of our Port. It concerns me that so many of our businesses are going to be facing barriers to reopening.

Crezia Tano-Lee - Commissioner Gilman, it sounds like you have three questions. Your first was, was there tenant engagement on the submittal requirements? Unfortunately, no. We did not. In our survey, we did ask for our tenants in what type of relief they were looking for. Rent deferral was one of them. In terms of other outreach, we did engage pretty heavily with the airport to understand what their process looked like and understand that our tenant and our portfolio is extremely different from the airport. The Port is a very special unicorn when it comes to being a commercial property landlord. It's hard to draw comparisons there. But I do know that several of our property managers spend countless amounts of time with our tenants to understand what they're going through. Many of them are conducting these projections now. But again, this is for consideration for this body. If you felt like it was a big ask of a tenant, we have opportunities to change course.

Commissioner Gilman - Since I'm not a tenant on the Port and I don't run a business like that, I don't want to make an assumption it is or it isn't. I was just more curious if you had done that.

Crezia Tano-Lee - Our thinking is that it would be more of a statement. It wouldn't necessarily be a hard, "you must show us your financial projections, your methodology, etcetera." Again, we can be nimble in how we structure this program. You had a question on percentage rent and parking total loss revenue for the 2020 calendar year. With this presentation to this commission, there is a team of Port staff across all divisions that are looking at financial projections.

Commissioner Woo Ho - Thank you for a very thoughtful presentation. I know it's hard to balance the fact that we obviously still need to sustain ourselves financially as well as want to help our tenants succeed in the long term. It's a delicate balance in that we're trying to find the right balance and to find a way so that we are working successfully together. Generally, I would say the outline of the program is good.

While I don't think we want to have an onerous process, but by having a business plan, that we do know whether the tenant has thought through how they can succeed and not have a deferral only to find out at the end of the year that they're not going to be able to succeed. I think we want them to have more than just hope. For many businesses, depending on what the guidelines come out from, at the local and state level, some of them may find it extremely difficult from an economic model to succeed because it won't be the same parameters that they've used in the past.

I'm thinking in particular for restaurants because, if they can't have full capacity, what capacity can they continue to survive at? They're going to have to figure that out. We'd rather have them figure it out sooner so that we can move on. We also should be thinking -- not knowing at this point until our tenants tell us -- what would some of the space that I assume that we will be taking back at some point because there will be some tenants that we'll see that it's very difficult to succeed.

They may want to terminate their leases early. We should be thinking not just to say, okay, we'll put another restaurant in. It may not be that that's going to be a model that we can continue. We need to think through, in our real estate portfolio, what can the space be used for in the new norm because it is going to be a new norm going forward?

It's not a temporary norm. It's not going to be just partitions for a few months or X capacity. It's probably going to be for much longer. I think we need to have that as a contingency plan on our own strategically of how we would utilize the space if space is offered up to us, and it isn't the same purpose anymore. Because if the existing tenant can't make it work, we're going to take a greater risk with a new tenant because at least the existing tenant we knew what their success rate was.

If they're afraid that they can't make it work under the new rules, then we should know that and we want them to let us know. The fact that they

terminate their lease early, which in normal business conditions would not be allowed and that we're going to let them say, tell us now if you think that that's not going to work. We're asking them to think it through with us and to let us know and not to drag it out until the end of the year before they tell us it's not working. I think that's part of it.

I think Commissioner Gilman asked the question. At some other commission meeting, you gave us the baseline rent that we are not receiving payment. But I guess we're missing the percentage rent and any other parking revenues. We are missing some other revenues that are not in this calculation you gave us today. We should just know how much revenue we're losing and, understand there's no percentage rent right now if they're not operating. We should know what that number is so that we're informed not only are we losing the base rent but how much we're losing on the overall revenue and, again, just to have the full picture in front of us.

I think there is no one size fits all. We have to work very proactively with our tenants and help them to figure out whether there is a way forward for them and if they have access to all their possibilities. The reason we want a business statement is to understand how committed they are because some people will be committed and to make this work whatever way they can. Others will say, well, I'll try.

I think it helps us to see that they put a little more commitment, not the numbers. It's to understand their commitment to make this work because it is going to be a lot of hard work for everybody.

Crezia Tano-Lee - I'll be sure to include the percentage rent and parking information in our next presentation. I did want to speak to your comment about ensuring that we don't get to December 31st, and we're left with an enormous outstanding amount of debt. What we are thinking is that we're going to use this application period and encourage tenants to say, if you don't see December 31st look promising, this is a real time to consider your business operations.

We want to create program thresholds that clearly say, if you're in it with us, we're in it with you and don't leave us empty handed. We are extending quite a bit to you in partnering on this. We want to be partners on December 31st and continuing into the future.

Commissioner Makras - I support all the key terms that you've outlined with the exception that I believe that everybody should be eligible for the relief. I don't think that we should have a cutoff date of April 1, 2020 to make those parties ineligible. I would just caution how we approach and how we look at early terminations. We would not want to give people a way out of their lease and then find out that they're applying for another spot on the Port wanting to be our tenant in a different location and negotiate a different rental rate or go somewhere close.

I think terminations of leases should be a very high bar before we would terminate. Offline, I'll share some of my thoughts with the real estate team, so they can consider those in their thought process.

Commissioner Adams - I think my fellow commissioners pretty much hit all the points that I wanted to speak on. Once again, Larry Collins was on again. I appreciate the presentation. I hope that we can do all we can to help our tenants in these very trying times.

Commissioner Brandon - Crezia, thank you so much for the report. Thank you to the real estate team for doing so much to support and work with our tenants. I know that, during these times, things are changing weekly if not daily. So just trying to keep up and make sure that we are here for our tenants is a great relief to us. Thank you.

- B. Request approval of waiver of special event rent for Seawall Lot 337 Associates, LLC under Lease L-16417, for the San Francisco-Marin Food Bank's use of a portion of Seawall Lot 337 for Pop-Up Pantry events from May 8, 2020 until no later than the termination of the Mayor's Emergency Declaration, as a component of the City's public health response to the COVID-19 crisis. (Resolution 20-25)

Michael Martin, deputy director for real estate and development- Here before you to talk about the proposed pop-up food pantry that would be instituted at Seawall Lot 337. This week's item regarding rent waivers for COVID-19 activities, food insecurity is one of the things that we have been hearing about and hearing interest in using Port property to address. Many are faced with hunger for the first time due to a loss in wages due to the sharp increase in unemployment. Seniors have been advised to reduce trips. Lack of access for people's regular options to access food pantries, etc., have temporarily closed due to the shelter-in-place orders.

The San Francisco-Marin Food Bank distributes free fresh seasonal produce and lean protein, grain and shelf-stable items to anyone who is struggling to buy food. They are currently serving 20,000 more households per week than before the pandemic. Obviously, the issues I just described are very much in evidence there. The San Francisco-Marin Food Bank is evidence of the challenges the food system is seeing, currently serving 20,000 more households per week but also down 90 of their 275 regular pantries. They've proposed a pop-up food pantry at Seawall Lot 337. The proposal would be to operate it as a drive-through site to facilitate deliveries of large quantities of food safely. It would initially operate on Fridays from 9:00 to 1:00, serve 300 to 1,200 families, be accessible without a reservation and ensure that all operations are in accordance with applicable orders addressing the pandemic.

Seawall Lot 337 is currently under lease to Seawall Lot 337 Associates, LLC in conjunction with the Mission Rock project. The parking lot operation does allow for special events, which are allowed under that lease as a permitted use. The Port generally receives for those special events. The pop-up pantry would qualify as a minor special event, which, under the terms of the lease, if we assumed two pop-up pantries per week, that would generate approximately \$1,260 in fees per month so a very limited amount. Actually, that would be an expanded-use profile than what they're proposing here.

Staff has come back to propose a rent waiver for your consideration. The conditions of that rent waiver would be: to ensure that the services are being provided to the public at no charge; the tenant is not collecting rent; the tenant provides detailed site layouts of activities; and the calculation of waived rents so that the Port can account for those and seek relief later. This rent waiver would be limited to the period of the mayor's emergency declaration.

Therefore, for those reasons, we recommend approval of the attached resolution.

ACTION: Commissioner Adams moved approval; Commissioner Woo Ho seconded the motion.

Commissioner Brandon - We will open the phone lines to take public comment from members of the public who are joining us on the phone for item 11B. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on item 11B. You will be entered into the system in the order you dial 1-0. The system will let you know when your line is open. Others will wait on mute until their line is open. Comments will be limited to three minutes per person. The queue is now open. Please dial 1-0 if you wish to make public comment.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - President Brandon, there are no members of the public on the phone wishing to make public comment on this item.

Commissioner Brandon - Thank you, Jenica. Seeing no callers on the phone, public comment is closed.

Commissioner Woo Ho - Thank you, Mike. Obviously, we are all very supportive. It's wonderful to see that there is productive use of our facility since that parking lot is probably not being used at all and to use it for the purpose that we need during this pandemic. I totally support the item. The only thing that I wanted to ask about and having watched on TV all these

horrendous lines of cars across the country lined up for hours to go to a food pantry, I'm wondering if there's lessons learned for them and since they do have a limit of how many they will be able to distribute. How are they going to direct traffic? How are they going to let people know and how are they going to have some better system of managing the queue?

Also, we don't want to have unexpected congestion in the neighborhood as well. Since there is no reservation system, there is no way of knowing how many people are going to show up. But they need to know, once they do show up, that there is a system of managing the traffic and also to let the people who are waiting, if they're not going to be able to get any, then they should be told early on and not to sit there for hours.

Michael Martin - All good points, commissioner. We're definitely working closely with them on those issues. The Giants have a transportation guru on their staff who actually helped with the Mission Rock project design and is helping with thinking about those queuing questions. The plan is evolving. On some level, we're going to have to get out there. We're expecting the need to be great. We'll have to work with those outcomes a little bit. But your considerations are very top of mind for everyone. We want to make sure that this is not a problematic process for the people trying to access the food.

Commissioner Makras - I support the item. No questions. Thank you, Mike.

Commissioner Gilman - I support the item. I have no questions. I'm actually happy that Mission Rock is using their assets to help in this pandemic.

Commissioner Adams - I'm in full support. I have no questions. Mike, good presentation.

Commissioner Brandon - Mike, thank you so much for the presentation. What is the population that they will be doing outreach to? How will people know that this is available?

Michael Martin - They have their own network of people accessing their services. They are using that as a way to push out their information. I'm not aware of a broader communications effort beyond the people that have expressed to the food bank already. My hope is, once we get this off the ground and it becomes more available, we'll be able to use word of mouth in our own channels to communicate it. If this item is approved, we'd like to push out a notice to all of our advisory groups to spread the word among their stakeholders and their contacts as well.

Commissioner Brandon - Great. A lot of families with food insecurities don't have cars. I'm wondering how we're going to address people that don't have cars that really need food.

Michael Martin - This is an item we've talked about with them as well. We're going to see what kind of response they get on the drive-through approach. But this is why we talk to them. They are open to potentially expanding to another day a week that wouldn't be drive-through only. Because of the challenges they've had in distributing food generally, they're trying to get larger amounts of food into people's hands. They don't feel like a walk-in person could necessarily grab as much food. Their goal is to serve as many people as possible. We're trying to learn the logistics of this. I expect them to expand their services if there is that kind of demand.

Commissioner Brandon - Great. Thank you so much. I appreciate it. I appreciate the Giants stepping up and doing this.

Commissioner Brandon – Amy, roll call vote, please.

Amy Quesada – Roll call vote

President Brandon - Aye
Vice President Adams - Aye.
Commissioner Gilman - Aye.
Commissioner Makras - Yes.
Commissioner Woo Ho - Aye.

Commissioner Brandon - Resolution 20-25 has been approved.

C. Informational presentation on an amendment to the Pier 70 Special Use District Design for Development to allow residential buildings with a 90-foot height limit to contain up to 9 stories, as approved by the Planning Commission on February 6, 2020.

Christine Maher - I'm the Port's project manager for the Pier 70 development project. Before we launch into this item before you today for consideration, I wanted to share with you the good news that construction at Pier 70 has been able to continue during the shelter in place in compliance with the city's public health order as a mixed-use development with at least 10 percent affordable housing.

I'd also like to note that, through the end of 2019, our development partner, Brookfield, has awarded \$107 million in contracts, \$39.7 million or 37 percent have been awarded to LBEs, exceeding the 17 percent project goal. Seventeen million, or 16 percent, have been awarded to LBE firms located in the three zip codes nearest the project, namely 94107, 94124 and 94134. Now to the D-for-D amendments. Ryan Wassum, a senior planner for the Port working on Pier 70 and Mission Rock will be presenting this item.

Ryan, myself and Rebecca Benassini will be available to answer any questions on behalf of the Port. Also available for questions from the Brookfield team are Catherine Reilly, Swathi Bonda, Jack Tse and consultant

Dwayne Jones. Finally, I'd like to note that the proposed D-for-D amendment will not impact the two development parcels A and E2 that were appraised earlier this year.

Ryan Wassum - I'm a planner with the Port's planning and environment division. I'm going to walk you through the informational presentation for the proposed Pier 70 special use district D-for-D amendment. Like Christine said, Port staff and the Brookfield development team are here to answer any questions you may have after the presentation.

To provide a brief overview of the Pier 70 SUD development, we're going to focus on the first phase of the development out of three phases. Phase one includes a total of seven buildings. Near-term buildings include Building 12, Building E2 and Building A, Building 2 and Building D in the mid-term and Parcel C2A and C2B rounding out phase one.

The Pier 70 SUD design for development, also called the D-for-D, was adopted by the Port Commission and Planning Commission in 2017. The D-for-D established vertical and horizontal design controls and development requirements within the special use district. The amendment request, which was recently approved by the Planning Commission in February, would allow residential buildings with a 90-foot height limit to build up to nine stories versus eight stories, as outlined in the D-for-D,

This could be achieved by effectively reducing residential floor-to-ceiling heights on all floors except for the ground floor, which must contain a minimum height of 15 feet for the D-for-D. The proposed amendment allows for multiple benefits including flexibility design and development for residential parcels. It helps maximize development capacity by potentially allowing an additional floor of units and also improves financial feasibility for a residential project.

To provide visual context, here's a graphic showing flexible development potential for a residential parcel with a 90-foot height maximum. At the top of the screen, you can see that an optional ninth story could be incorporated into the project by reducing the floor-to-ceiling heights for residential floors. In particular, this example shows an average floor-to-ceiling height of around eight feet eight inches for residential floors.

It is important to note that only residential and flex parcels with a 90-foot height limit would be affected by the proposed amendment. This includes Parcel D, C2A and C2B for phase one. And for later phases, this would include Parcels E1, Parcel C1A to C1C, Parcel F, Parcel G and Parcels H1 to H2.

Staff would like to highlight that the proposed amendment does not change or alter overall massing, bulk or building envelopes, as prescribed in the D-for-D. Building heights. The maximum building height would still remain 90 feet,

required minimum ground floor ceiling heights of 15 feet, overall development capacity for the SUD and Pier 70 SUD final EIR nor would it affect the development capacity for Parcels E2 or A, as Christine earlier described as Parcel E2 has a height limit of 70 feet maximum, not 90 feet, and Parcel A is limited to office uses, not residential.

In summary, staff is supportive of the proposed amendment to the D-for-D because this modification: implements the Pier 70 mixed-use project by providing flexibility in design and development for residential parcels; improves the financial feasibility of 90-foot residential buildings within the project by increasing the number of units that can be built; is consistent with all requirements of Section 249.79 of the planning code; is also consistent with the San Francisco general plan and also the DDA.

Lastly, it does not alter the maximum development capacity of the site or the project previously analyzed in the final EIR plus, it's consistent with the final EIR.

Commissioner Brandon- - Thank you, Ryan. We will open the phone lines to take public comment for item 11C for members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on item 11C. You will be entered into the system in the order you dial 1-0. The system will let you know when your line is open. Others will wait on mute until their line is open. Comments will be limited to three minutes per person. The queue is now open. Please dial 1-0 if you wish to make public comment.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - President Brandon, at this time, there are no members of the public on the phone wishing to make public comment on this item.

Commissioner Brandon - Thank you, Jenica. Seeing no callers on the phone, public comment is closed.

Commissioner Makras - Yes. In principle, I'm good with raising the height limit. A couple of questions first -- how many more units is it going to produce in the project?

Ryan Wassum - It will allow an additional story for these residential parcels specific to a 90-foot height maximum. However, we don't have an estimated total because we don't have specific plans yet for some of the parcels coming in down the road. But we do know it can't go above and beyond what the EIR analyzed. I don't know if anyone from Brookfield wants to elaborate on that.

Commissioner Makras - If you cap out the unit count by the EIR, you will still pick up the square footage. You're basically going to get about 12 percent more real estate by adding the floor. Would that be accurate?

Swathi Bonda, Brookfield Properties - I'm the developer specifically for the Parcel D project so happy to chime in. As was mentioned, it is a little difficult to prognosticate exactly how many additional units will be generated by this because of individual buildings' massing and uncertainty around future buildings' plans. But to give an example for Parcel D, which is a project that is currently undergoing schematic design, adding an additional ninth floor while still remaining within the 90-foot height limit that's stipulated allowed the number of residential units to increase from approximately 134 units to approximately call it 148 units or so. So it depends.

Commissioner Makras - So you're going to get the extra floor either in unit count or square footage of enlarging units as long as you stay within the cap of the EIR.

Swathi Bonda - Yes. That's correct.

Commissioner Makras - Does the EIR cap out on square footage of the project or just unit count? Because there's an inherent inconsistency then between the two.

Christine Maher - I believe what the EIR does is, for residential, it's the number of units. Then, for commercial, it's square footage.

Commissioner Makras - Okay. The ninth floor that we would add across the project, how many square feet does that total? How much bigger is the total real estate count in square foot? What's the estimate for all of the parcels.

Swathi Bonda - Similar to the square footage question, it's a little difficult to predict exactly how the square footage would increase across all parcels because of variation and uncertainty around project design.

Commissioner Makras - I'm aware of that but you're coming to us with a proposal to increase it. Obviously, you've done your schematics. And you understand what you're targeting because the ask is in front of us. How many square feet larger is this project by adding the additional story?

Swathi Bonda - I don't have the square footage of each individual floor in front of me at the moment. But I can pull that up and answer.

Commissioner Brandon - Commissioner Makras, do you have any other questions while she's looking that up?

Commissioner Makras - Yes. What compensation falls down to the city if we approve this change?

Christine Maher - Presumably, what would happen is we would have a higher appraised value when we go to appraise these development parcels because there would be additional development capacity. Again, the Port would get a higher land value.

Commissioner Makras - Well, that didn't go too good for us on the last round for higher land value. So there's no compensation for this decision making. It is just the formula of the underlying transaction.

Christine Maher - That's right.

Commissioner Makras - I'll turn my next question to our staff. Have we modeled the differential in value between the current proposal versus the increased-square-footage proposal?

Christine Maher - We have not.

Swathi Bonda - The additional square footage for Parcel D that's generated by adding the additional ninth floor is approximately 18,000 gross square feet.

Commissioner Makras - 18,000 for the entire site?

Swathi Bonda - Specifically for Parcel D, which is the project that's currently under schematic design. The remaining parcels have not commenced design.

Catherine Reilly, from Brookfield – We would have to do some analysis. We could provide for the project overall but we would need to make some assumptions if we were doing commercial or residential because this extra floor only applies if a property is used for residential.

Commissioner Makras - It's either going to be a per-unit count, or it's going to be a square-footage enhancement to the existing unit count. But at the end of the day, it's a 13 percent larger building if we go forward with what's proposed. Would that be accurate?

Catherine Reilly - For Parcel D, it will have a larger square footage with the proposal. Yes.

Commissioner Makras - Madam President, that concludes my initial questions. I'll speak to the commission about it. From where my questioning is coming, I'd like the commission to explore the economics of expanding the transaction and participating from a monetary perspective because the project will be a larger project. I believe that the Port should participate in the revenue of that.

Commissioner Gilman - Thank you for the presentation. I, like Commissioner Makras, generally am okay with increasing height. I do have one question though. I apologize if I missed this in the staff report. Since you will be having higher unit counts and I understand that it will be within the envelope of the EIR, I'm curious how that's affecting the affordable housing requirement. I wasn't here when negotiations took place. I've always been remiss that the affordable housing component is in stage three of this project overall. I'd like to understand how unit count can go up and how that interplays with the affordable housing requirement.

Christine Maher - For the parcels that are rental parcels, there's a 20 percent inclusionary requirement. If there are more units in those buildings, then there would be more inclusionary units as well. A number of the residential projects that we're talking about today are condo projects. For that, there is an in-lieu fee and it's based on the number of units. With a higher unit count, it would be a larger in-lieu fee.

Commissioner Gilman - I'd like to understand either from Port staff or from the project sponsor what calculations they've done on how much additional in-lieu fee will be given to the city or, if it's in the rental parcels, how many more units that would yield on the affordable side. A little bit along to Commissioner Makras' line of questioning, I'm sure that some sort of schematics or number crunching has been done. If you're asking for this height, there's a benefit to the project. There must be an understanding of how many more units are going to be achieved on the market-rate side. I'd like to understand what that equates to in both categories of in-lieu fee and in affordable housing units.

Christine Maher - We'll have to get back to you with that information. I suspect Brookfield probably does have that for Parcel D. But that's the only parcel that has schematics at this point in time. We would need to do some, as Catherine from Brookfield said earlier, rough numbers on the other parcels to get at that. But that's something that we could definitely come back with.

Commissioner Gilman - Okay. Thank you very much.

Commissioner Woo Ho - Following up on some of the questions and answers, I need clarification. The way I read the staff report was, yes, you have the 90 feet that is the permissible height. My understanding was that you actually got an extra floor by reducing the height of the other floors other than the ground floor. So you weren't increasing the height from what your original design was but you were reducing the height in each of the other floors to be able to get to an extra floor. Am I not understanding this correctly?

Christine Maher - That is correct.

Commissioner Woo Ho - So it's not increasing the height of the project because 90 feet is 90 feet and that you actually had higher ceilings before. You're taking some feet out of each floor to get to another floor so that we get

the extra square footage or the extra units. I think you said it was going to be like eight feet something now. What is the standard height in apartments and condos these days? Just to know how it compares to what the standard that people are using in new construction.

Swathi Bonda - The floor-to-ceiling height on the floors that are above the ground floor, which will, of course, remain at 15 feet, is eight feet eight inches clear. Per our research and per our marketing and brokerage consultant, the standard height or the permissible height or marketable height is eight feet six inches. We are well within market for a condo product at an eight-foot-eight-inch clear ceiling height.

Commissioner Woo Ho – What was your original height?

Swathi Bonda - Original height was approximately 10 feet.

Commissioner Woo Ho - So you took quite a bit off then, 14 inches per floor.

Swathi Bonda - Yeah. A good bit but still within what is acceptable and marketable in the San Francisco condo market. Our 10-foot ceilings were very gracious for the market.

Commissioner Woo Ho - I had assumed along the lines of Commissioner Gilman's question that you would have to also increase your affordable housing component, whether it's through the fee or whatever, the number of units. Commissioner Makras was trying to understand if this extra floor was going to allow you to perhaps offer the penthouse level design or whether it was just going to be another floor with the same square footage. I think your units are one, two and three bedrooms. Right?

Swathi Bonda - We have studios, one, two and three bedrooms. Currently, where we are with schematics, it's intended that the top floor be similar in finish level as the lower floors. But we are in schematic design and are working through what the finished package is and the product differentiation will be.

Commissioner Woo Ho - Is this building going to have the ground level, the community space? All these new buildings now have a lot of community space. Is that also part of the design?

Swathi Bonda - The ground floor will include some loft-style units. There will be residential units that are located on the ground floor as well as amenity spaces. As planned, we intend for there to be a gym space, a fitness center space, as well as various lounge space located on the ground floor.

Commissioner Woo Ho - As a follow up, we would like to understand, as a result of having this extra square footage, etc. depending on the final design, is to come back and let us know how does that impact land value. I don't

know when that's going to be determined. Can Port staff tell us when we think that will be determined so that we understand that?

Christine Maher - We will look at getting something for you for when we come back as an action item. We can put some information into the model. Again, we're not going to know until we have appraised value for these parcels but we can definitely come back to you with an estimate.

Commissioner Woo Ho - That is probably the primary benefit that the Port will have as a result of this in addition to obviously, as the developer, feel that you are able to accommodate and get extra square footage under the height limit. But I think we also want to make sure we understand if the Port is equally benefitting at the same time either through affordable housing as well as better economics for the Port.

Rebecca Benassini - Certainly, commissioners. That's exactly what we can do. We were anticipating beginning appraisals on the first parcel that would be affected by this change should it be passed in August. We are now looking at working with the developer to determine when that building should go given the economic uncertainties we have. We'll come back with a fuller picture of all three phases and how this will affect parcels, keeping in mind that phase one and phase three are primarily affected.

Then, we can key in on Parcel D only because that's the building that has advanced or has enough design associated with it to be more exact. Perhaps, in the next staff report, we'll give an overall total phase estimate. We'll key in on the one example that we have the most information on.

Commissioner Adams - Thanks for the presentation. I think my fellow commissioners asked a lot of questions. Staff will be coming back with more information.

Commissioner Brandon - Thank you, Christine and Ryan, for the presentation. I have the same questions as my fellow commissioners regarding the increased financial performance of the project and how that really affects the Port and the project. I'm looking forward to seeing all the numbers at the next time you come before us. Also, I wanted to know, has there been any community outreach on this amendment?

Christine Maher - We did take this item as part of a broader Pier 70 update to a joint CWAG/SWAC meeting in December before it went to the Planning Commission for approval.

Commissioner Brandon - Were there any comments?

Christine Maher - There were not.

Commissioner Brandon - Thank you. I appreciate it. I look forward to you guys coming back.

12. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Commissioner Brandon - We will open the phone lines to take public comment on public comment on items not listed on the agenda for members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. We will now open the queue for anyone on the phone who would like to make public comment on items not listed on the agenda. You will be entered into the system in the order you dial 1-0. The system will let you know when your line is open. Others will wait on mute until their line is open. Comments will be limited to three minutes per person. The queue is now open. Please dial 1-0 if you wish to make public comment.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - President Brandon, we do not have anyone on the line for public comment.

Commissioner Brandon - Thank you, Jenica. Seeing no calls on the phone, public comment is closed.

13. NEW BUSINESS

Commissioner Woo Ho - Now that we opened up Piers 30-32 for testing, I wanted to know how that's going and if there's any information that we could get now that we did open up that space. Since that's still very critical to reopening and I know initially it was only for the front-line first responders. I don't know whether that's continued to broaden as more people are getting tested. Obviously, we have to get through that phase. I don't know if Mike or someone else can provide a report right now or whether we come back again at the next meeting. It's part of our journey here to reopen and how we are participating from a Port standpoint.

Commissioner Brandon - Katie, maybe in your executive director's report, you can report on all of our Port COVID projects like 337, 344, 30/32, so we know what's going on with all that we're supporting.

Katie Petrucione - Absolutely, commissioners. I will put that on the list for the meeting on May 26th.

Commissioner Gilman - I was wondering if we could, in the executive director's report in the written section, be reminded of what open RFPs we have for development, the historic piers both on the north and south side, Piers 30/32 and

the Seawall Lot, the timing. I lost track of it. I'm curious what's open, what's closed. I'd like a general status without going into any kind of bidding details.

Commissioner Woo Ho - I want to hearken back to my comment and question about asking the staff to put together a strategic roadmap on resilience. I know Brad took it down but to formally note for new business, that is something that we would like to hear at a future session how all the pieces come together, so we know what the roadmap looks like, timeline and as we keep identifying what the financial implications of that are for the Port and where we keep identifying the funding sources and where the gaps are.

14. ADJOURNMENT

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

President Brandon adjourned the meeting at 5:26 p.m.