

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING TUESDAY, AUGUST 11, 2020

1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 3:15 p.m. The following Commissioners were present: Kimberly Brandon, Commissioner Gail Gilman, and Commissioner Doreen Woo Ho. Vice President Willie Adams joined the meeting at 3:25 p.m.

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES – July 14, 2020

ACTION: Commissioner Gilman moved approval; all Commissioners present were in favor. The minutes of the July 14, 2020 meeting were adopted.

4. 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.

5. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Stacey Randecker - Hi. My name is Stacey Randecker. And I live in Potrero Hill with my two kids. And I'm calling today to urge you to close the Embarcadero to vehicle traffic, ideally all of it but at minimum the eastern lanes from Third and King to Fisherman's Wharf.

As you well know, we're in the midst of a global pandemic, and the safest place for people to be other than home is outside. The west side of San Francisco has access to the newly opened great highway, but the east side of town has very few parks, very few open space, very few successful implementations of slowed streets.

We simply do not have the amount of space that is available on the west side of town for people to safely enjoy outside. With school approaching, it would be nice if we had places for people to be without the fear of cars, for a way for people to travel that's not taxing muni or has people in cars.

By opening up the eastern Embarcadero lane, if not all of it, we might be able to get through our city faster without burning the environment as well. I know that you may be concerned about the businesses that are suffering along the Embarcadero.

But I would invite you to look at Valencia and how that area has sprung to life as the cars have been asked to leave at least 2 percent of the time Thursday through Sunday evenings. Just two blocks and the change is absolutely traumatic in terms of getting people out to safely enjoy the businesses that have been suffering for so long amid the COVID shelter in place.

I know that you are concerned about how these businesses will succeed. But I assure you that, by opening up the Embarcadero to people and closing it to motor vehicles, that these businesses will likely have more opportunity for business than they have to date.

One of the big issues has always been with the Water Bar and EPIC Steak house and vehicle access for them. And where would they have outdoor dining since the Embarcadero is open? If you opened the eastern lanes, you could close off part of the Embarcadero sidewalk area.

And that could be a spectacular outdoor dining much like Tavern On The Green in New York City. Can you imagine sitting there and dining underneath the Bay Bridge lights? I'm begging you, please. Open up the area to people, and see what might spring to life. Thank you.

6. EXECUTIVE

A. Executive Director's Report

Director Forbes - Good afternoon, President Brandon, members of the commission, members of the public and Port staff. I am Elaine Forbes, the Port's executive director. For my report today, I will share updates on the city's effort for gradual reopening and safe reopening and the Port's recovery in light of COVID-19.

I will also be introducing Toni Autry, the Port's new diversity, equity and opportunities manager and provide an update on the Port's summer internship program in partnership with Opportunities for All.

And I'll end my report today in recognition -- another sad day where we say goodbye and congratulate one of our giants, Byron Rhett, on the occasion of his retirement.

- Update on economic reopening and Port recovery

So first to economic reopening and Port recovery -- as we all know, the city's reopening effort is on pause as a result of COVID case spikes and hospitalization numbers in San Francisco, in surrounding communities and in the state.

The city is working very hard to keep San Francisco safe and to suppress the spread of the virus. And each of us is responsible for doing our part through the practice of social distancing, six feet apart, face coverings and handwashing.

The Port is following the city's lead. And current health data and science will guide our reopening efforts. At the last Port Commission hearing, I reported that we have approval for full return of maintenance staff at Pier 50 and to open the Port's South Beach Harbor offices.

We've scaled back in light of the situation with the virus. Right now, up to 60 percent of the maintenance staff have returned to work. That ranges between 40 percent occupancy to 60 percent. There is a backlog of work, but we're prioritizing really those most urgent.

We also have a return planned of the South Beach Harbor offices of 50 percent of staff. We're beginning training now with new health-and-safety protocol over several weeks. And then, we'll phase in reopening of the South Beach Harbor office to 50 percent.

The safety of our employees is absolutely paramount. Acting director of maintenance, Tim Felton, and harbormaster, Joe Reilly, are working closely with staff deploying prevention and protective measures recommended by the Department of Public Health, required by the health orders and in our own reopening plan to achieve a really safe workplace in COVID-19.

Per the most recent health order from Dr. Aragon, workplace practices include that social distancing, face coverings and daily health screenings. This practice takes time and commitment. And the teams are learning together and training together.

That's leaders, managers, all the way down to line staff as we all adjust to the new normal and practice new behaviors and reinforce behaviors with one another. I want to make a very special thanks to the Port's health-and-safety team who have some of the best expertise and experience in our entire city.

And they're with us in occupational health and safety. And that's Karen Taylor and George Bivens. Thank you so much for your work and Monica Lim from engineering who's worked so hard on this effort.

We're also following the city's policy for telework. And that's really to encourage people who can work at home safely to do so. We will extend our work-from-home policy through the end of this calendar year.

And we will also extend this to virtual policy meetings. So there will be no return of the Port Commission hearings in person in this calendar year.

Now to the economic recovery and financial stability of the Port. COVID-19 remains uncertain in terms of the timeframe in which we adapt and live with COVID and the timeframe under which we will have a world without COVID post vaccine or some other form of health intervention.

Staff is really struggling to plan and position Port for the best and most sustainable economic recovery possible that protects our waterfront, our staff, our residents and our stakeholders. We understand the context of where we are now and our financial performance.

And quite luckily, we're able to use fund balance and savings, deferment of capital. And we have a budget before the Board of Supervisors this week that is balanced and can pull us through a two-year period.

We understand the financial performance of what the Port can accomplish in a world post COVID. But it's very difficult to understand what's in between and how long the situation will last and how long it will take Port to recover.

But we do know several things. One, we were not economically perfectly stable before COVID-19. We always struggled financially, and this reality persists. We know that tourism will be hit hard because of the social-gathering component and likely will not be reopening soon.

And we know office space faces some instability. That signals difficult times ahead for the Port organization, as much of our Portfolio relies on tourism and office space. But we have a lot of strengths too.

We have ongoing interest from developers and others around Port opportunities. You will see today on the calendar a request to enter an ENA. You will see today updates on the Pier 70 project and how staff and partners persist to see that project through.

Our tenants are active and creative. You'll see today on calendar a shared-prosperity recommendation that staff worked through with our restaurant and retail tenants and other tenant reliefs that support our most vulnerable partners and tenants.

We know that this organization knows how to adapt well and has been in the adaptive reuse business for some time and that we have very, very creative staff. Just today, you'll see the shared-prosperity concept, which is ahead of its time in real estate of treating our facility as a portfolio and recommending making some

very strong recommendations and two programs to protect vulnerable populations.

So we have a smart, talented and experienced staff that knows how to adapt. And we will begin long-range, midrange planning and work with our policy body to advance policies and decisions that protect our Port today, midterm and in the long run.

As I said, we've adopted the approach to mirror the city and our public-health experts around the pandemic. The virus decides the timing of reopening. We have paused. We are watching and protecting our workforce at our up to 60 percent occupancy, and it's going very well.

We will evolve and come to our policy body as we learn more and are able to provide recommendations to this body and to the public on how the Port positions itself for a successful recovery.

- Introduction of Toni Autry, Diversity, Equity and Opportunity Manager

Now, I'd like to shift gears to equity. First, I'd like to thank President Brandon for her absolutely tireless advocacy and support of the Port's racial equity work. President Brandon's leadership has really pushed us and challenged us to engage in the hard work of building a more just and equitable Port.

The Port has long been committed to building and sustaining a diverse and equitable organization. You can see that commitment clearly in the commission's priorities, in our strategic plan, in staffing and in partnerships and agreements aimed to include communities of color and Port opportunity and prosperity.

The Port's focused attention has yielded many notable successes and has laid important actions and frameworks. But the work is definitely not done. There is much more work to accomplish. And I am so excited that we have hired Toni Autry to be our new diversity, equity and opportunities manager.

She will guide us through this important work. She sits in the director's office in the external affairs division and will be part of our senior team. She will guide the Port organization, all its divisions and work with our external partners in extremely important equity work.

She comes with experience and a great background. And she's already hitting the ground running. I'm proud to introduce her. I believe she'd like to say a couple of words. Toni?

Toni Autry - Thank you, Director Forbes. Good afternoon, President Brandon, Vice President Adams, commissioners. I am pleased to have joined the Port. And I'm very excited about the important yet challenging equity work ahead.

As a native San Franciscan raised in the Bayview, I experience inequities of government policy. I am honored to become a part of the Port's redress of misguided government policy and the impacts it has had on historically disadvantaged communities.

I'd like to share a few updates on the Port's equity work. First, the Office of Racial Equity has mandated all city departments to complete and submit a racial-equity action plan due by December 31, 2020.

Last month, in July, the Office of Racial Equity released a framework for phase 1 of the racial equity action plan, which included the following seven focus areas: one, hiring and recruitment; two, retention and promotion; three, discipline and separation; four, diverse equitable leadership in management; five, mobility and professional development; six, organizational culture of inclusion and belonging; and seven, boards and commissions.

In an effort to advance equity, the Port formed a racial equity working group made up of representatives from each division who will work to support the development of the action plan.

Over the course of the next couple of months, all Port staff will be asked to provide input in the specified areas of the action plan framework to develop goals, objectives, metrics and a timeline for our departmental implementation.

The racial equity action plan will be presented to the Port Commission late fall. At the same time, we will be reviewing organizational efforts such as the southern waterfront beautification, workforce agreements, and commitments to share Port prosperity equitably to develop a plan for Port Commission review and comment.

The economic impact policy work will be incorporated into the racial equity action plan to make for a comprehensive approach. I plan to engage the Port Commission on a routine basis along this journey and provide updates through Director Forbes. Thank you.

Director Forbes - Thank you, Toni. I'm very excited to have you on board. And I'm looking so forward to working with you. I'd now like to provide an update on Opportunities for All, which is a summer internship program.

This summer, we hosted three interns through the program. This program is an access to career exploration and workforce development for San Francisco youth and young adults. And as Mayor Breed's own initiative and programs, it provides youth with paid internships, mentorships and pathways to employment including job readiness, career training and apprenticeship for participants age 13-24.

The program focuses on equitable access to opportunities through workforce connections, support and job resources for both job seekers and employers alike. The three interns we hosted were paired with staff members in three divisions:

Port engineering, communication, and race equity. Congratulations to them and to Port staff for providing an excellent opportunity this summer.

- Commendation: Byron Rhett, Chief Operating Officer on the occasion of his retirement

Now, this leads me to my final note, announcing the retirement of Byron Rhett. Byron is a giant at the Port of San Francisco and has built a legacy here. He has served the Port since 2000, first as the deputy director for the Port's planning development division until 2017 when he became the Port's chief financial officer.

Over that 20 years, Byron oversaw and guided major plans and transformative developments that changed the relationship to the waterfront for the rest of the city and made the Port a regional and worldwide attraction through projects that include: the Exploratorium; Piers 1 1/2 through 5; the James R. Herman Cruise Terminal project; the Brannon Street Wharf project; Seawall Lot 337 and Pier 70 master plans, which led to Mission Rock, Orton and Brookfield developments; the Fisherman's Wharf promenade and public realm and the Blue Greenway projects.

Byron brought extensive knowledge from his 21 years of work as a senior development manager at the former San Francisco Redevelopment Agency. His background fit perfectly with the needs of the Port to support its maritime and public trust mission along with the diverse needs and interests of many other waterfront, economic and community stakeholders.

In that realm, Byron's greatest strength and legacy was his ability to listen, to genuinely engage with people of all backgrounds and embrace diverse perspectives. He has a Zen-like persona. He humanized government. And he draws people together to collaborate and work towards shared recommendations and actions.

In his 41 years of public service to San Francisco, Byron knows the pitfalls and opportunities to realize successful partnerships, public and private partnerships that really enhance communities.

His seasoned counsel and guidance to Port staff, development partners, community members has been invaluable. He inspires us to live up to his example. In the past year, Byron brought these strength and shared his perspective and experience leading the Port's race equity working group in the work to develop the Port's first race equity plan.

He has provided the Port with a strong running start in this work. And his mentorship and guidance to the team will keep us on path. We really want to celebrate and thank Byron for all of his contributions to this effort, to the Port organization, to our waterfront, to the people who work here and have had such a

great opportunity to know and collaborate with Byron and to benefit from his wisdom, counsel, guidance and support.

It's really something that he should be proud of, what he's done for our organization. And we wish him very, very well on his well-earned retirement. That concludes my remarks.

President Brandon - Thank you, Director Forbes. And before we open the phone line, I would like to give the staff and commissioners an opportunity to say some words about Byron. So if anyone wants to say anything, please just jump in.

Rod Iwashita - Hi, President Brandon. This is Rod Iwashita, the chief harbor engineer. Byron, I just wanted to thank you for the time spent talking with me about the Port.

I appreciate your casual and insightful questions that made me think about how our work benefits the city and its people. And I just want to say thank you for your time and care. And I wish you best wishes on your retirement. Thank you very much.

Commissioner Woo Ho - Byron, just want to congratulate you on such wonderful years of service at the Port. As Elaine said, you are a giant of stability. You have patience. You have been, since I've been on the commission, always someone that understands all the complications.

But you really think through, and you've been a wonderful partner for us to know that you are always standing solidly behind the staff and behind the commission. And I really wish you the very best in retirement.

I hope you are going to be doing some great things. And appreciate the many, many years of service at the Port and other areas of the city. It's something that you should be very proud of and that we wish you all very well. Thank you.

Commissioner Gilman - Byron, this is Commissioner Gilman. I just, too, wanted to thank you for the opportunity to work with you over the last two years since I've been on the commission. You've always been very helpful, very patient.

I want to commend you on a long career in service to the City and County of San Francisco. And I wish you and your family nothing but happiness and health in your retirement.

Diane Oshima - Okay. I've been having trouble trying to get into the teams view. It's Diane Oshima, deputy for planning and environment division. And I've worked with Byron for the entire 20 years that he has been here, along with you, President Brandon.

And it's very heartfelt and difficult for me to sort of see him off. But I'm, at the same time, so happy for him. Byron has such amazing range not in terms only of all of the different kinds of projects that he's developed for all of our benefit in San Francisco and along the waterfront but because of the way that he is able to inspire connections between people of all stripes, incomes, race and age backgrounds.

He has always done equity even before it became a term of art and has really inspired all of us at this especially important time to bring people together for improvements that truly benefit all.

So I will always appreciate and treasure what Byron has taught me about public service and the wonderful friendship that we've developed over time and all of the wisdom that he's bestowed on the staff here to carry on this mission.

I know that he has got a lot of great adventures and discoveries ahead of him with Andrea and the family. So I wish you all the best, Byron.

Brad Benson - Hi, Byron. This is Brad. I just -- I'm in awe of what you have contributed to the Port and the people who work at the Port, the public that enjoy the waterfront. You've worked on these amazingly transformative projects which people have mentioned.

But I want to focus on your investment in people. The way that your door is open for colleagues and staff to noodle through problems, the insights that you offer, the way that you lift people up into leadership roles so that they can shine and lead, it's just -- it's remarkable the way that you are with people.

And it's an example that I aspire to. So I thank you so much for everything that you've given to the Port. I wish you well in retirement, and I want you to come back and visit often. Thank you.

Rebecca Benassini - President Brandon, it's Rebecca Benassini from real estate and development. I have such heartfelt agreement with what everyone has said about Byron. And Byron, not to put this in dry terms at all, but your investment has created such a multiplier effect because you empower people to do great work and to really mentor them.

And that has -- I mean it just has such an incredible effect on the places that you've worked, clearly. At the Port, your fingerprints -- very positive fingerprints are on so many projects. And I've enjoyed working with you so much.

I know many others have. And I want to congratulate you and congratulate everyone who's going to get your time after Friday because I know you are going to have that effect in every place that you continue to operate in.

So I'm so happy for you. We will all, of course, save your phone number. And we'll look to you to be that great listening ear and to provide that feedback that is

always, you know, such great advice and such great direction. So take care. We will miss you. But we will stay in touch.

David Beaupre - Hey, Byron. It's David Beaupre from real estate and development. I also wanted just to congratulate you on all your years. Thank you for your leadership and support. You've been a great mentor and friend for the 19-and-a-half years that our time has overlapped or I've even been at the Port.

So really going to miss you, really enjoyed and appreciated working with you and really value the support you've provided over the years. So we're neighbors. I'm hoping I'll still be able to run into Byron on the street and continue our friendship. Thank you very much.

Vice President Adams - President Brandon, yes. Byron, I just want to tell you you are clearly a gentleman and a class act. You mentor to a lot of people, and you're old school. You know where the bodies are buried. Not only did you work effectively at the Port, but you knew how to walk the offices at city hall.

You had long-term relationships that go way back before you came to the Port that you will continue in your retirement. And I just want to personally tell you, Byron, how much I appreciate you. And also, too, when Director Forbes left and we were interviewing and Director Forbes came in, you were a rock of Gibraltar for her.

You helped us get through those times working along with President Brandon. And I just want to personally thank you, Byron. And like I said, so many times we say nice things about people when they're dead.

But I just wanted you to personally know. Thank you for all your years of service to the Port and to the City and County of San Francisco. I hope that you'll continue to maybe do some work for the Port, whatever capacity.

But I would encourage you. Go live your life. Life is short. Enjoy yourself, you and your wife and your grandkids. Don't look back. You left the place a lot better than you found it. Bon voyage, my brother. Thank you.

Mike Martin - Hello. This is Mike Martin from real estate also. I think my colleagues said it all about Byron. I had the distinct career pleasure of stepping into his legacy of planning and development at the Port when I came over three years ago.

He's been nothing but someone that has moved forward the interests of the Port and the city at every turn throughout his really illustrious career. He has a unique way of making common sense and logical statements out of things that are all too irrational at times.

And it's something I've tried to pattern my own work after all the way through my time here at the Port. So all the best to you, Byron, to the well-earned retirement.

And I look forward to seeing you again around the places that you've made so great at the Port already. All the best. Thanks.

President Brandon - Would anyone else like to comment? I guess it's my turn. Byron, I think I may have known you the longest because, before you even came to the Port, we were working together when you were at the redevelopment agency.

So you had a long career at the redevelopment agency and then came over to the Port with all that knowledge and experience. And as Director Forbes said, I think you worked on every major project along the waterfront.

So you have such a huge legacy that you are leaving behind. And with your leadership skills, all of the staff members that you have mentored, always there as a listening ear for anyone who needed encouragement or help, you have just been a wonderful person to work with. And you will truly be missed.

I mean, you are taking so much knowledge regarding the city and the Port with you. So hopefully you come back. We need you. We cannot lose your phone number. We really respect and are grateful for all that you have done for the waterfront. So thank you. Byron, do you want to say anything?

Byron Rhett - Yes. You know, when we started this process of having the commendations for retiring staff, I thought it was a great idea until it came to my turn. Now, I'm not so sure. But I really want to, first of all, thank Elaine for calendaring this and for giving me the opportunity to work in the COO position and to the commission for setting aside this time for me to get a chance to talk with my colleagues and to talk with you all.

I think I was saying to folks earlier, when I came to San Francisco 40-plus years ago, I thought I'd be here for a year or two or three. I'd go to a few Giants games and enjoy myself. But I fell in love with the city, and I had the opportunity to work on such great projects.

Commissioner Brandon, as you were saying, when I was at the redevelopment agency, I had a chance to work on The Fillmore Center. And I was manager for SFMOMA. And then, I had a chance to work along the waterfront, Delancey Street.

And I was managing Hunters Point Shipyard. And that's when I really connected with the waterfront. And I had the opportunity to come and work for the Port.

But I think the consistent thing through all of these projects and efforts [were I served in three areas]. One was to be able to work with the community. It was always really key -- and Diane mentioned that -- to work with great developer partners and really have that great experience working for the Port and then the staff.

And I think there's such great staff working with the city. But specifically at the Port, people are really dedicated and committed to the work of the Port and the mission of the Port. And I had a chance to work with them and, you know, develop my own skills in combination with them.

So that -- I've really enjoyed that experience. [There's] so many people I've worked with that, you know, you don't want to name names. But if you will permit me, I do want to mention three people who I've worked with for the entire time I was at the Port.

April Shaw was my administrative assistant for the entire 20 years and just a great person and professional and helped me get organized around the work and, for those who've worked with me directly, got me to meetings on time or stopped me from forgetting that I had a meeting but really was a great help to me during the entire time. We and a great planner and couldn't have done anything I did at the Port without her partnership. We really worked together the entire time.

And Commissioner Brandon, you touched on it. I met with President Brandon before I took the position, got great guidance from her. And that guidance has continued for the entire time I've worked at the Port.

So I really want to thank all of you. And then, the last thing I want to mention -- if you put it up with this long talk -- is my family, who really supported me during all -- for three of the four decades, supported me in all my work, my kids, Justin and Zane, who attended more meetings than they really wanted to, and Zane for all the time he spent down at Pier 1 answering the question of, "Where is your dad?" [laughs] and for my wife, Andrea, who has been a great partner as a wife but also in our work because she's really -- she's the smart, outgoing person in the family and has been a great partner in all the work that I've done.

Let me stop there but want to thank you for this opportunity being recognized for the work I've done at the Port. And I'm looking forward to staying in touch with you all in the future. But first, I'm just going to rest and take some time to do that. But thank you again for this recognition.

President Brandon - Thank you, Byron. And you're going to have to come back when we're meeting in person, so we can do a real send off. I think you think you are retiring. But I think Andrea is going to put you to work. [laughter] Thank you so much for all your years of service.

Byron Rhett - All right. Thank you all.

Public Comment on the Executive Director's Report:

Justin Baker-Rhett - Hello there. Thank you to the commission for granting me a quick moment. Randomly enough, this just so happens to be Justin Baker-Rhett, Byron Rhett's son -- or his oldest son, who would just love to take a moment and

thank the commission and the Port, obviously, for taking a moment to commemorate my father and his work.

It's obviously very funny to listen to these Port Commission meetings from this vantage point given I've heard so much about them from my father's perspective in the car rides that we had as I grew up as a kid and gleaning so many insights about the development and the growth of San Francisco as a city.

And it's obviously influenced me on a personal level so much in terms of how my life has gone in terms of my educational experience. I ended up writing a thesis about the Embarcadero freeway.

And no way -- that would not have happened without my father's influence but, also, to know that my dad was somebody who was so deeply passionate about his work, not always the most talkative person unless you got him discussing a cruise terminal or something along those lines but so deeply caring and passionate about his work.

And that's influenced me in my life as well and many others obviously from hearing the comments that have been made thus far. And I would also say that he has a deep and an abiding love for San Francisco.

And I think that that's filtered into our family as well. It means so much to us. But more broadly, I think the idea that cities and public spaces within them cultivate and create community in ways that are so meaningful and extend out for generations.

And my love and appreciation for San Francisco but for cities and the public spaces that are within and that bring people together comes from my dad, and that's such a gift.

So I just wanted to thank him again and commemorate him and congratulate him for all of his hard work and look forward to catching him at a ball game sometime soon when I'm back in San Francisco. But thank you for your time.

Commissioners' Discussion on the Executive Director's Report

Commissioner Gilman - My only comment is I want to say welcome, Toni. I'm really excited to have you on board. And I look forward to working collaboratively with you and ensuring that the Port has a strong equity framework. I have no other questions or comments on the director's report.

Commissioner Woo Ho - Sorry. I had to take myself off mute. No. I also want to welcome Toni. I think that will be great to have somebody working on this. And I think it's very much in line with everything that Elaine has been spearheading.

And particularly, I think this commission has always had those objectives in mind. I think we're probably one of the more intentional commissions in this city. I think

Commissioner Adams would agree with that. So I think it's great to have somebody added to staff.

And Elaine, thank you for the update on all the changes that are going on right now. And I guess we're getting used to this virtual meeting. So it's good that we sort of got to know each other really well as a commission before that because it makes it easier because virtual meetings are still not as good as in person.

But I think we're making it work, and I am looking forward to continuing this because it certainly saves me a long commute right now. So I appreciate that. Thank you.

Vice President Adams - want to say welcome, Toni. Thanks for being on the team. Director Forbes, it's good to have you back. The whole -- like I said, Mike and -- they did a very good job when you were gone. And thank you for your state of the union, kind of laying out where we're at to the public and where we have to go.

And I also want to thank President Brandon. I know you've been pushing it for 22, 23 years about diversity. And you continue to pound just like John Lewis would say, good trouble. So we're moving forward. And thank you.

President Brandon: Thank you. Elaine, thank you so much for the update on the economic reopening and Port recovery. I think that's very valuable and that we're very transparent with the public and with our tenants on all that we're trying to do.

This agenda is full of items on how we are trying to help our businesses, our tenants, our LBEs, our development partners. We want everyone to remain operational and successful. And we're trying to do all that we can to help that.

So thank you so much to you and your staff for coming up with all these great recommendations of how we can keep our businesses active and surviving during this pandemic.

I'd also like to welcome Toni to the Port. I look forward to working with you. It sounds like you hit the ground running, and you're on top of what needs to be done or at least looking at what needs to be done.

And I'm sure that -- we have a great staff. And I'm sure that, collectively, everyone's going to come up with wonderful recommendations to just make us a better place and much more inclusive. So welcome, Toni.

And again, we are definitely going to miss Byron and his leadership, his knowledge and all that he's given to the Port of San Francisco.

As Commissioner Adams said, I would like to recommend adjourning the meeting in honor of Congressman John Lewis and all that he has fought for in voter

rights, racial and social justices. So hopefully, we can close the meeting in his memory. Thank you. Next item, please.

7. FINANCE & ADMINISTRATION

- A. Request authorization of the use of \$1,000,000 from the Southern Waterfront Community Benefit and Beautification Fund to create and fund a loan program to support Micro-Local Business Enterprises (LBEs) that do business with the Port or are Port tenants and have been financially harmed by the COVID-19 pandemic. (Resolution No. 20- 33)

Stephanie Tang: - Hi. This is Stephanie Tang. And thank you to President Brandon, Vice President Adams and Commissioners Gilman and Woo Ho for the opportunity to brief you on Item 7A today. This is the action item about support for micro local businesses -- enterprises harmed by the COVID-19 pandemic. It's a follow up to the item from last month.

I'm Stephanie Tang, the contracts and procurement manager for the Port of San Francisco. The information I'm about to share here includes insights from my colleagues, Katie Petrucione, Boris Delepine, Wyatt Donnelly-Landolt, Justin Bigelow, Nate Cruz and Tiffany Tatum. Next slide, please.

So a lot of the information today is the same as the information item, so I'll move quickly through the similar information. And my remarks are going to be organized by the strategic -- talking about the strategic plan and objectives, the audience for the program, the micro LBE population, the program overview but especially some thinking we've taken about how to operationalize this endeavor and how to take this idea through implementation and, finally, the proposed action item. Next slide, please.

The Port strategic plan names equity as a core priority, and that seems to be the theme of today's meeting today both from thinking about the legacy of Byron, welcoming Toni, dedicating the meeting to Congressman Lewis.

That's something that's really important to us. And we demonstrate that through what we do. As we think about our role in government, we get to think about, how do we use our resources? And especially with our small business community, that's one piece of the population that we work with and that we really care about at the Port.

Small businesses, especially our smallest LBEs, micro LBEs, are key partners who provide professional and construction services and the supplies that let us do our work and achieve our mission. Our program objective is to respond to this pandemic and ensure micro LBEs have adequate access to capital to ensure the ecosystem can survive the pandemic. Next slide, please.

This slide is a reminder of who the LBE population includes. Across the top, you see the women -- the MBE, for minority business enterprises, WBE for women business enterprises, OBE for the neither minority nor women enterprises.

And there are three different types of micro LBEs we're discussing, which are tenants, suppliers as well as contractors. And some of our tenants also hold contracts with the Port. Next slide, please.

This is a new slide. And I wanted to mention how COVID has been impacting our city in particular. You'll see the chart on the left that the highest rate of COVID per 10,000 residents is in Bayview-Hunters Point at 244.96. This was data as of last week.

But I checked today, and the census tract with the highest rate of cases per 10,000 residents is in Hunters Point. And that rate is actually over 500 cases per 10,000 residents. If you look at the map on the right, it shows where the COVID cases are.

And you'll see that it basically rings the waterfront, which is, you know, the Port. So when I think about the mission of the Port, the waterfront, our principles of equity and our roles as an enterprise department, this kind of all brings me back to LBEs and something that we can really do here to ensure they survive this pandemic. Next slide, please.

So what are we as staff proposing to do? There's this particular action item, which is the micro LBE emergency relief program. And there's also the LBE tenant rent forgiveness, which is part of the bundle of things that Crezia will take up in Item 9A later in the agenda. Next slide, please.

So the LBE emergency hardship loan and grant program is modelled after the OEWD SF HELP program. We're proposing to put a million dollars in a loan fund for micro LBEs who are on a Port project or a supplier or a tenant.

We're proposing a dollar value of \$50,000, which is just like the OEWD SF HELP program. And this would be -- begin payments after six months, 0 percent interest. And you would have -- there would be a forgiveness component.

So if you're able to repay in full in the first two years, 50 percent will be forgiven. In years two and three, 25 percent will be forgiven. And in years three to five, 100 perc -- you'll pay back 100 percent of the principle, but it's still at 0 percent interest.

The loan amount you will get will be based on what your expenses are. Next slide, please. The criteria would include that you have to be a micro LBE. You have to be one of the eligible contractors, suppliers or tenants on Port projects or property.

And then, you have to meet the other SF HELP criteria, which all makes sense in our case. You have a valid business license. You're a for-profit business. You have revenues less than \$2.5 million per year. You don't have other tax liens or judgments from the city and county. And you have to demonstrate that you've been hurt by the pandemic with a drop in revenues. Next slide, please.

In order to make sure that this program is successful, we need to make sure that we're actually communicating with the LBE population about this. There's three components of our outreach and technical assistance.

The Port will be contacting and working with LBE firms as well as we know the population that we work with. The loan servicer, which will likely be Main Street Launch -- they have extensive experience in small business lending.

And then, finally, we will connect them to existing programs around the city, such as the contractor development program that is run by risk management and contract monitoring through their consultant, Merriwether and Williams Insurance Services. Next slide, please.

So this is where I want to kind of take a pause, so I can fill the commissioners in on the development and the evolution of our thinking over the past month. The first is that we've removed the PPP as a criteria.

Initially, that was a criteria for the OEWD program, but that was removed as PPP itself has evolved as a program since this pandemic has been much longer than we all expected. Next is that we've improved the administrative process.

We thought a lot about, what kind of experience do we want the LBEs to have? And how do we learn from the lessons of what happened with PPP? We know there isn't enough funds to fund everyone.

So we've benefited from the approach of OEWD and Main Street Launch to think about, how do we create a structure that advances equity and capacity in how we distribute the loans? So our approach is that we recommend a deadline for an initial short inquiry, kind of a mini application, an expression of interest.

We want to do this short application first so that no firms go through the process of filling out all this paperwork just to be told there aren't enough funds. So we see that as being a very client-friendly approach.

The other reason why we want to have a deadline is that the way the PPP program worked is that it was first come, first serve. And the businesses that can best get in line first are the businesses that have the capacity to get in line first.

We expect, with our outreach consultant, we'll be working and making sure that businesses understand how this works and what the process is. So we'll set a deadline. And then, the inquiry applications will come in. At that time, we will then

conduct a lottery to put the applications we've received by the deadline in a specific order.

And then, we will kind of do rounds of having people complete the complete application. We'll also set an initial deadline. That way, once you get a complete application, you're kind of moving through the process.

And our technical service provider will make sure that you're completing it and, if you're not eligible or you're not interested, that you then release your spot with a complete application. That way, we can actually work with other small businesses. And we can get the proper technical assistance and resources into the hands of the businesses who need it.

The next item is the plan for LBE tenants and access to the program. This is based in response to the questions last month. And we now have a plan, especially as it works in conjunction with the rent forgiveness program, which is probably on a different timeline.

For Port tenants, we are going to have rent not be an eligible expense. Finally, we understand that the shape, duration of this pandemic is pretty uncertain. And we want to allow the executive director some flexibility in terms of considering hardship provisions. Next slide, please.

So I'm here to answer questions about the Resolution 20-33. And if you advance to the next slide, I can take questions as you have them.

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

Public Comment on Item 7A

Herman Badgett - Okay. Good afternoon, commissioners, President Brandon. My name is Herman Badgett. I work with RDJ Enterprise. And I would just like to congratulate the Port and the staff for recognizing the value and the need to assist these micro LBEs during this economic nightmare and crisis.

Having the opportunity to work with a number of these small contractors prior to the COVID crisis, I truly understand their challenges for funding.

And this emergency loan program will provide much needed capital for them to navigate their way through and continue to operate their business and have the funding needed to be successful. So again, I just want to congratulate the Port for recognizing this opportunity and say thank you.

Commissioners' Discussion on Item 7A

Commissioner Woo Ho - Hi. Yes. Stephanie, that was a great presentation. I think the program is now very well thought through. I think you've spent a lot of

time thinking about it. I think it's hitting our objectives. I really don't have any further questions. I think it will be a great program.

Commissioner Gilman - Stephanie, thank you for the report. Similar to commissioner Woo Ho, I'm supportive of the item. And I don't really have any questions. I just want to really commend you on the tweaks you made to the program to make it stronger and better. I'm excited the Port is able to offer this to our LBE tenants and contractors.

Vice President Adams - Thank you, Stephanie. Along with my fellow commissioners, I'm in support of it. You got to where we needed to get to. I'm ready to vote. Thank you.

President Brandon - Thank you. Stephanie, thank you so much for the presentation. And thank you and the entire team who has worked on bringing this program to the commission. I also want to thank Mayor London Breed and the Office of Economic and Workforce Development for creating the SF HELP fund and giving us a model to be able to quickly put these two loan funds that we're looking at together.

And thank you for your expertise in finding that so quickly. I just have a couple questions. With this program, I was really hoping that we could somehow give access to our most distressed microbusinesses.

And I'm not quite sure there's a way to do that given the systemic barriers that are in place that prevent us from actually doing that. And I appreciate you looking at the neighborhoods that were most harm -- that are being most harmed by COVID. But I'm not quite sure how this program is going to reach those businesses.

So I love this program. And I'm happy that we're doing it. But if we have a maximum loan amount of \$50,000 and we're only working with \$1 million minus \$100,000 that we have to pay for it to run, that's only 18 individuals or businesses that may have access to these funds.

And I was hoping that there could be more participation especially for those smaller, most distressed businesses that may not have a lot of expenses because they are out of working on the projects right now.

So I'm thinking that, in order to give more access to the program, that we should limit the amount of the loan funds to \$25,000 to be able to have more than -- and I guess another question I had was, in your presentation, you have 95 firms. But in the staff report, there's 131 firms. So is it only the 95? Or is the 131 firms that are able to attempt to access these funds?

Stephanie Tang: - Let me take a couple of points there. There are 95 contractors who have a contract who are on either professional service or construction. But

there are also suppliers who are providing. They also technically have a contract, but they're not contractors.

So it does add up to the 131 if it's the tenants, which are at 30, suppliers at 13 and the contractors at 95. And we are proposing that all of them would be eligible. [crosstalk]

President Brandon -Right. They would all be eligible. But only -- for the first round, 18 may qualify --

Stephanie Tang - Yeah. That's correct.

President Brandon - -- which is a very -- and I am so appreciative that we have been able to come up with these funds to start this program. But again, I really want to try and get to -- because there's -- the smaller, most distressed [funds] aren't going to qualify for...So I would rather lower the loan amount and have more access to capital for more of our LBEs than have a few qualify. And then, also, I expect that this program is going to be well received. And I think there's going to be a lot of interest.

And to go through this and pay so much to have it done for such a small group, I'm hoping that, if it's a huge success, then we could possibly maybe find more funding for this because, as we're saying, our tenants need help.

Our LBEs, our contractors -- everyone needs help. And we need to be equitable in our thought process of how to help them. So if we're really trying to target these communities and the historically underserved population, I think we need to just look at it a little bit. So --

Stephanie Tang - I think the policy choice of trying to have this be a broader program is certainly something that I'm supportive of. And the possibility of being able to double our reach is very enticing. So I welcome the commissioner's suggestion here.

I'm not familiar with the -- how do we amend-the-resolution-on-the-fly process. But I believe the \$50,000 amount is on the last page of the resolution in attachment A, and it's item number F. So if there is interest in amending that to \$25,000, that's something that --

President Brandon - I'm sure that Michelle can give us some advice on that if that's something -- I would like to propose that we lower the amount. And then, I also want to also keep in there [which we have] in the staff report that the executive director can implement flexible hardship provisions.

So if there is a case where there is some really distressed firm that may need more than \$25,000, that could be up to the executive director.

But what I really would like to do -- and hopefully my fellow commissioners will agree with me to amend the resolution to have a cap of a loan amount of \$25,000 so that we can outreach to more firms and allow the executive director to implement flexible hardship provisions. So I guess I'm amending the motion. Is there a second?

ACTION: President Brandon amended the motion. Vice President Adams seconded.

President Brandon - Commissioners, with that amendment, is there any further discussion?

Commissioner Woo Ho - Yeah. This is Commissioner -- I don't disagree with trying to make the program broader. And I understand the objective that you mentioned. I guess the question I have is really, when you broaden the program and you give less to more, does the outcome make it less effective?

I really don't know enough about these small businesses to know whether, you know, \$25,000 or \$50,000 -- what's going to make the difference between survival and not survival? The intention, I think, is perfect. But it just seems to me that, you know, we're kind of doing it blindly.

I mean, it could be that it doesn't really -- it won't help them. But they got \$25,000, whereas \$50,000 -- I mean, I can't say that I know that \$50,000 is going to help them survive either. I think we don't know.

And I don't know, Stephanie, if you have done any research or talked to other departments in the city and just understand a little bit of what these companies really need so that we know that the program is effective.

I have no question about wanting to make the program reach out to more people. But the question is, is it going to be effective if we lower the loan amount?

Stephanie Tang - The SF HELP program, even though it had the \$50,000 loan maximum, the average loan was smaller than that. It was \$37,000 approximately ballpark.

So what Commissioner Brandon is suggesting of going to a smaller dollar value I think is in line with what the experience -- the best data that we can have, which is what SF HELP already did, which is that \$50,000 was a larger amount than was needed by many firms.

Commissioner Woo Ho - This is an amount that they have some history on? Or this is just what is being discussed on a policy level at the moment?

Stephanie Tang - No. That is actually true -- what was distributed by SF HELP in the OEWD program.

Commissioner Woo Ho - Which has been in place for a while.

Stephanie Tang - Since the pandemic -- it was initiated in March of this year.

Commissioner Woo Ho - And do they have any results of whether -- what are the results of that program? What do they know about the businesses that received it? What has it done for them?

Stephanie Tang - Yeah. It's too early unfortunately.

President Brandon - And Commissioner Woo Ho. Also, hopefully Stephanie will be able to come back to us in September and update us on the interest in the program and if we're very undercapitalized or if [the million dollars works]. The beauty of this is we are using the southern beautification waterfront funds that are here for this purpose. So we're not taking any more money away from the general fund if we do need to increase this slightly.

Commissioner Woo Ho - Okay. So I have a question now. We're not making PPE a criteria. So it's possible that these firms, these micro LBEs have been accessing other sorts of funding. [So the] program that you just mentioned already fr -- they're not excluded if they have funding from other sources. Correct?

Stephanie Tang - Mm-hmm. That's correct.

Commissioner Woo Ho - Okay. So I think -- so this gets down -- I'm a banker. Okay. So it gets down to the underwriting because I think that -- not that I'm looking for repayment here, which I normally would be in normal circ -- but what I am looking for is effect and success and not just giving out money and then finding that it just went down the drain. It didn't really make a difference.

So what I'm trying to understand is, in the underwriting process -- and I guess we're going to be delegating that -- that people understand when they look at the amount of money that we're going to give -- and I think it may be that it should be not a set amount. It should be maybe an up-to amount.

Stephanie Tang - It is.

Commissioner Woo Ho - And maybe that's more effective because, you know, you're standing -- you know, it's one-size-fits-all here. Maybe we understand -- can we see that, by giving you this funding, that you are going to be able to sort of cross over and survive?

But if it just means that you're just going to hang in there for another month and you're going to close anyway, then that's not really success for us or for the recipient. So I'd kind of like to know how we're going to gauge how this money is going to make a difference, whether it's \$25,000 or \$50,000?

Stephanie Tang - So one thing I would -- those are all the exact questions and the things that we are trying to figure out how we maximize the effectiveness of

the money. Right. How do we make sure that it's going to businesses, that it's a matter of surviving?

And that's going to be about the metrics that we keep. I don't have that information today yet. But that is what we're thinking about. But as it relates to the dollar value, I also just want to mention that it's not that somebody puts in an application and they get the maximum.

It's based on their actual fixed expenses. So what is your rent? What are your utilities? What are the kind of expenses that you have? And what differentiates our program from SF HELP is that most of these entities actually have a contract with us. So they want to stay in business. That way, they can get to the point where they're continuing to work.

So the risk and likelihood of them kind of stepping away is less than, for example, in the SF HELP program because these are all entities whom we actually have a relationship with.

Commissioner Woo Ho - Okay. Well, certainly on the contractor side, I can understand that. But they're already working with us. And we're trying to help them tide over, so they can continue to work for us. And that's a mutually beneficial relationship --

Stephanie Tang - Yeah.

Commissioner Woo Ho - -- for us to help them [also. But] the tenants that are in their own business or suppliers -- that's slightly different. [crosstalk] Can you remind me who -- [is this third party] going to be doing the underwriting? [crosstalk]

Stephanie Tang - I'm getting some background noise. So could everyone else mute aside from the folks talking? [laughs] Thank you. Yes. The -- Main Street Launch is going to be doing the underwriting with our criteria.

Commissioner Woo Ho - Okay. So I want to just -- now that I've had a chance to think about it and given what Commissioner Brandon has posed as a challenge -- and I think it's a good thing to think about. I think we should make sure that we're looking at, you know -- that the applicants, once they get past the initial inquiry, are able to show how this money is going to help them survive rather than saying, okay. I qualify. And here's a check.

And we're just sort of hoping and crossing our fingers that they're going to survive. I think we need to sort of figure out how, in the underwriting process, they're going to survive. I'm less worried about the repayment.

You know, that would be my normal concern. But that's not my concern. My concern is that they really are going to survive. How can we put a criteria in for them to understand if we're the ones who give them the criteria?

So that means that they have to present a little bit of a plan, not to say this is where I am today, and I'm hurting. It's a little bit of a plan of how this money is going to be used to help me survive -- if you understand what I'm saying.

Stephanie Tang - I do understand. Can you help elaborate on what you mean by survive is? That they're going to be in business in six months? That they think they have enough cash to continue to operate? Is that kind of how you are imagining this?

Commissioner Woo Ho - Yes. And I mean, if we're just saying six months, I guess that's a really short term. But you know, I guess, these days, it's hard to measure anything else.

But I think, if they can tell us how this cash -- you know, how they're going to manage -- I mean, continue to be in a cash flow -- I mean, I'm getting into very technical terms now -- but in terms of a cash-flow-kind-of-positive situation that they can manage.

Because if they cannot and they burn through their expenses, for instance, in one month and that's it and they're gone, then that's not going to help them very much. We can talk off line maybe because I don't want to tie up everybody here.

But I think there should be some sort of way of gauging because I think we want this program for them and for us to be successful. And we're prepared to put up a million dollars. And I think we all agree that that's a good use of the fund. Okay. But I think we just want to know that -- at the other side that we can say what the shared success is.

Stephanie Tang - I agree. And I welcome having a follow-on conversation about this.

Commissioner Woo Ho - Yeah. Director Forbes, do you agree with that?

Director Forbes - Yes. I do. I agree that a follow-on conversation is important. And we're already thinking about metrics to pay attention to how the program is going to report back. That's something we're committed to doing. So we welcome that dialogue.

Commissioner Gilman - The more people we can help, that's what we're here to do. And I understand Commissioner Woo Ho's concerns. I think that Stephanie has done a great job. But I want to make sure that people get help because we know the money that went out from the White House in the stimulus package, it went to help -- more to help the rich, not the people that needed it.

And this million dollars here will be able to help those that are in need. And I agree with President Brandon. But I also share Commissioner Woo Ho's concerns. So let's get it done what needs to be done. And let's get the help out to the people that need it most.

President Brandon - Okay. So we are voting on the amended resolution of lowering the amount up to \$25,000 unless the executive director sees a hardship [case]? Michelle, [crosstalk] vote on that?

General Counsel Sexton - Yes. I believe we would change -- this is Michelle Sexton, general counsel -- I believe we would change the first whereas on page 10 so that it would read the micro LBE relief program will enable the Port to offer loans of up to \$25,000 to ensure multiple LBEs may receive assistance provided that the executive director may increase the amount as determined based upon demonstrated financial hardship.

Commissioner Woo Ho - I don't know if I want to be technical here to say that I asked for some -- you know, on the criteria side. I don't know. Maybe that -- we can take it offline. But [I don't know what should be in the] resolution.

But I really do think we want to make sure that we're talking about future, not just, you know, [unintelligible] today. We want to make sure they are going to succeed in the future.

Director Forbes - Yes. And for Carl, there's a second -- and for General Counsel Sexton, there's a second \$50,000 in the whereas, second from the bottom of resolved, two from where resolved begins on the last page. So that should read offer loans up to -- strike \$50,000, add \$25,000. Thank you.

General Counsel Sexton - This is Michelle again. We can in the last resolved where it's authorizing the executive director to enter to a MOU or other agreements including loan documents with Main Street Launch and the Office of Economic and Workforce Development to approve changes to borrower repayment plans based on borrower's demonstrated financial hardship and repayment criteria. That may be -- when do -- I'm sorry, Stephanie. When do the repayment obligations come in?

Stephanie Tang - The repayment obligations come in after six months of the loan being lended.

General Counsel Sexton - So perhaps we say after demonstrated financial hardship and ability to meet the repayment obligation of the program. Would that satisfy that criteria?

Commissioner Woo Ho - Yes. I'm satisfied. I mean, I think we can talk offline with how to about to go about doing this.

Commissioner Woo Ho - For the purpose of the resolution, I think we should move forward.

President Brandon - Thank you. Okay. So Carl, can we do a roll call vote as amended?

Roll-Call Vote:

President Brandon – Yes
Vice President Adams – Yes
Commissioner Gilman – Yes
Commissioner Woo Ho – Yes

President Brandon - Motion passes unanimously. Resolution 20-33 is adopted.

- B. Request authorization of the use of \$1,000,000 from the Port's Capital Contingency Project to create and fund an economic assistance loan program for crab fishers impacted by the Pier 45 Shed C Fire. (Resolution No. 20-34)

Boris Delepine - Good afternoon, commissioners. I am Boris Delepine with the external affairs team. Before you is an action item to discuss economic assistance in the form of a loan program for crab fishers impacted by the Pier 45 Shed C fire. Next slide, please.

This is a follow-up informational presentation to the one you heard on July 14th. I know you have a long agenda ahead of you today. So I'll quickly contextual background, an overview of the program explaining the funding mechanisms and discuss changes since our last meeting and then open it up for questions. Next slide, please.

The item and program are in response to the four-alarm fire that engulfed Pier 45 on the morning of May 23rd. In that fire, Shed C, a 75,000-square-foot warehouse was completely destroyed. Approximately 8,000 crab traps and other fishing gear were stored in Shed C.

Without replacement traps, San Francisco's fishing community will not be able to participate in the 2020-2021 Dungeness crab season. This would have both a significant direct and indirect impact to the Port in the form of reductions in rent from Port tenants and potential reduction of use and enjoyment of Fisherman's Wharf by the public. Next slide, please.

As discussed at our last meeting, the Port has identified a million dollars to capitalize and pay for the administration of the loan program to assist fishers negatively affected by the May 23rd fire. The terms and conditions of the loan program are described in attachment A of your report.

Again, we're proposing a \$1 million loan program with zero percent interest rate to allow for the purchase of new crab traps. The program would be administered by Main Street Launch, a loan and lending partner based in Oakland with over 40

years' experience guiding similar small business assistance loan programs in the Bay Area.

The agreement will be entered into through a contract vehicle and solicitation established by the Office of Economic and Workforce Development. Next slide, please.

To be eligible for the funds, applicants will need to be a tenant of Shed C registered with the Port, be an active fisher as defined by the Port tariff, provide their Fish and Game permit listing the maximum amount of crab traps authorized by the state.

Loans will only provide funding for the purchase of traps up to the number authorized by Fish and Game. And since the goal of our planned financial assistance is to help crabbers get back on their feet and ready in time for the fall Dungeness crab season, applicants will need to provide proof of participating in the 2020-2021 fishing season.

The formula determining the amount of each loan has two tiers. Fishers will receive \$100 per trap for the first 200 traps they purchase. All remaining funds will be allocated proportionately based on the outstanding debts of each applicant.

Both tiers would be funded in one single round of applications. We've drafted a simple application based on criteria identified earlier. Crabbers will have to complete the application prior to a set deadline.

We will provide technical assistance to assist them when completing the paperwork. And once applications are in, we'll be able to determine a final allocation amount per fisher based on the funding formula identified. Next slide, please. Another slide, please.

Fishers have up to five years to repay the loan with the first payment due eight months after the loan is awarded. The delay in collection will allow fishers to start the crab season, generate revenue and stabilize their business prior to the first payment.

Our goal with the repayment structure is to balance giving the fishers leeway given the economic challenges of the industry during the current crisis while protecting the Port's capital. There will not be any prepayment penalty. And if a fisher provides early repayment -- 75 percent of the loan within three years -- the remaining 25 percent will be forgiven. Next slide, please.

The funds for this program are a one-time allocation through the Port's contingency project fund appropriated in fiscal year 2019-2020. The contingency fund provides a flexible source of capital to cover emergency needs and other anticipated capital costs.

Again, if approved, we'll be entering into an agreement with Main Street Launch to administer this program through a contract vehicle established by the Office of Economic and Workforce Development. Next slide, please.

Since our last meeting, there have been three changes that we want to bring to your attention. One, in an effort to make the program as user friendly as possible and to ensure fishers continue to be viable tenants, we have eliminated fees for late payment.

Two, the resolution allows for the executive director to implement flexible hardship provisions on a case-by-case basis if necessary. And three, we're requiring borrowers to release the Port from liability associated with the fire. Next slide, please.

In conclusion, we respectfully request that you approve Resolution 20-34 to create and fund a crab fisher assistance loan program and authorize the executive director to allocate \$1 million from the Port contingency project to fund the program.

It's been a team effort to get to this point. I'd like to thank Wyatt Donnelly-Landolt, Katie Petrucione, Stephanie Tang, Justin Bigelow, Main Street Launch, Supervisor Peskin's office, the mayor's office and representatives from the Crab Boat Owners Association, who've all provided input and worked hard to get to this point. That concludes my presentation. Thank you for your consideration of this item. We are available for questions.

ACTION: Vice President Adams moved for approval. Commissioner Gilman seconded.

Public Comment on Item 7B:

John Barnett - Hi. This is John Barnett, president of the Crab Boat Owners Association, been working with Boris on this for some time now. Thank you guys for considering this. And thank [unintelligible] office for doing a lot of the leg work and Boris, of course, for communicating with us and doing a lot of it as well. I want to say it will really, really help us if we can get all this going here pretty quick. And that's it.

Commissioners' Discussion on Item 7B:

Commissioner Gilman - Thank you, Boris, for the report. I am super excited that we are finally taking action on this item. As fishing and crabbing is such an integral part of the waterfront and the history of San Francisco, I am fully supportive of this item and have no further questions.

Commissioner Woo Ho - Thank you, Boris, for the report. I think it's been very thorough. And I'm also very supportive. And I'm very happy to see that we are

able to assist this very important constituency of ours on the waterfront which makes it very diverse and vibrant.

I just had one question on the staff report, which you mentioned also, that there was going to be some hopefully private fundraising done by Supervisor Aaron Peskin to help on the down payment on some of this for the fishermen.

What progress has been made on that? Do we know? It was not clear in the staff report whether the fundraising has been successful or what the status is.

Boris Delepine - Thank you, Commissioner. The fundraising is ongoing. And to date, they've raised just over \$100,000.

Commissioner Woo Ho - Okay. And is that sufficient, or is there a higher goal?

Boris Delepine - I think they had a higher goal. It's still ongoing. But we focused on the loan program. And I would assume that, when we start to cut the loan checks, they will also do the same with the down payment.

Commissioner Woo Ho - Okay. So I'm going to just ask the question. If they do not raise the full amount that they need on the down payment fundraising, how does that affect this loan program?

Boris Delepine - It will not affect this loan program. This loan program will still go forward. And we will be able to assist the crabbers with the purchase of the actual traps.

Commissioner Woo Ho - Okay. The down payment then was going to fund what?

Boris Delepine - The initial down payment for the crab traps. It's a separate endeavor. And they're still raising funds. But it will not interfere with this process.

Commissioner Woo Ho - Okay. All right. As long as the two are totally independent and not dependent upon each other and -- well, unless the crab fishermen feel that they needed that other source of funding to operate. I mean, obviously, this is for the equipment.

But then, they needed some funding to get them over the hill in terms of any operational execution. That's all I was trying to understand. So if they only rely upon our loan fund here, they will be able to commence fishing season is what I guess my question is.

Boris Delepine - Correct.

Commissioner Woo Ho - Okay. All right. Well, that's not a very compelling reason for people to go out and fundraise. But anyway, I hope they do fundraise for them because it's a very worthy cause. Thank you.

Boris Delepine - Thank you.

Vice President Adams - Boris, great job. I'm in support. And I just have to say these are some tough seasons to be trying to fundraise. And I know Supervisor Peskin is out there doing his best.

But this has been a great team effort. I'm in favor of [voting this up]. Morally, it's the right thing to do. And we need to help our fishermen. They have a 100-year history here in San Francisco. So let's get this thing taken care of. Thank you.

President Brandon - Thank you. Boris, thank you so much for the report. And thank you and the team for making it such a thorough thought-out [fund] and report. And I'm glad that we are able to be here for our fishing tenants during this time of need.

And I think that, hopefully, this will help them with this fishing season and to be able to remain successful and to continue to provide the much-needed fish and other -- and crab and lobster and everything that -- to the restaurants and to us as a city. So I'm really happy that you and the team came up with this fund and that we're able to support it. So with that, Carl, can I please have roll call vote?

Roll-Call Vote:

President Brandon – Yes
Vice President Adams – Yes
Commissioner Gilman – Yes
Commissioner Woo Ho – Yes

President Brandon - Motion passes unanimously. Resolution 20-34 is adopted.

8. ENGINEERING

- A. Request authorization on the proposed street name change of Channel Street to Mission Creek subject to approval of the San Francisco Board of Supervisors. (Resolution No. 20-35)

Rod Iwashita - Good afternoon, President Brandon, Vice President Adams, commissioners and Director Forbes. I'm Rod Iwashita, the Port's chief harbor engineer. And I'm here today to introduce Marc Slutzkin from the Office of Community Investment and Infrastructure to discuss the proposed name change of the navigable waterway named Channel Street to its commonly used name of Mission Creek subject to approval of the Board of Supervisors. Next slide, please.

This request corrects a conflict in which the body of water known as Mission Creek was assigned the name Channel Street. As there are existing residents on the actual Channel Street, this action would provide the most straightforward resolution to the issue.

To be clear, no street name is being changed. Only the name of the navigable waterway will be changed to Mission Creek in the official city map. In this slide, you can see the dashed magenta line which delineates the Port's jurisdiction and shows the actual Channel Street outside of Port jurisdiction. Next slide, please.

The Port applies the standards of the city's Public Works code to regulate encroachments and construction activity in the roads, streets and rights-of-way within the Port's jurisdictional boundaries. Similar to the city Public Works procedures, Port code procedure 19 outlines the procedure for the renaming of publicly dedicated streets, including navigable waterways in Port jurisdiction, which includes Port Commission approval of the street renaming.

This Port code procedure requires that a party seeking the renaming of a street must provide neighborhood notification of the proposed change and make a presentation to the Port Commission followed by Port Commission action to approve or reject the proposed street name change subject to San Francisco Board of Supervisors and other city approvals.

And with that, I will introduce Marc Slutzkin from the Office of Community Investment and Infrastructure to discuss the proposed name change. Take it away, Marc.

Marc Slutzkin - Thank you, Rod. Good afternoon, President Brandon, Vice President Adams, commissioners and Director Forbes. I'm Marc Slutzkin, [unintelligible] Office of Community Investment and Infrastructure. Next slide, please.

Rod has done a great job of framing the issues. I only have a couple really slides to present. The slide that's coming up soon kind of gives you an indication of what the existing names are. As you can see, the waterway is called Channel Street.

The road between Fourth and Third Street is called Channel Street. A Portion of the road south of Fourth Street is called Channel. And then, the remaining portion has not [unintelligible] before you because we were trying to get our streets accepted.

As you can see, there's several residential buildings along the road Channel Street with residents that have addresses on Channel Street. Next slide, please.

To avoid requiring residents to change their address, we are proposing that we change the name of the waterway [unintelligible] and then, the streets that are -- roads that are named Channel Street will remain as Channel Street.

For community outreach, [we have members of] [unintelligible] to ensure that making this name change will not cause any hardship to the house voters. They're in agreement and in favor of this name change.

Also, on July 9th, this proposal was presented to the Mission Bay Citizens Advisory Committee where it was unanimously supported. And then, on July 15th, this proposal was presented to the Southern Waterfront Advisory Group. And it was also unanimously supported there.

Finally, the name change is part of a larger infrastructure street acceptance ordinance that is going before the Board of Supervisors. This ordinance with -- includes the name change -- has been sponsored by both the mayor and Supervisor Haney. Next slide.

Pretty much a straightforward request that we are putting before you to change the name from -- the waterway to Mission Creek. And I just want to thank you for your time and consideration. And I'm happy to answer any other questions that you guys may have

ACTION: Vice President Adams moved approval. Commissioner Gilman seconded.

No. Public Comment on Item 8A.

Commissioners' Discussion on Item 8A:

Commissioner Woo Ho - Thank you for the report. I think it's very straight forward and self-evident in terms of the logic. I have no further questions and support the change.

Commissioner Gilman - Thank you for the report. I'm supportive of the item.

Vice President Adams - I'm in favor of the support. Thank you for presenting the item.

President Brandon - Thank you. Thank you both for the presentation. And thank you for checking with the Southern Waterfront Advisory Committee and with Supervisor Haney's office. And I think we're all supportive of this item. Carl, can we please have a roll call vote?

Roll-Call Vote:

President Brandon – Yes
Vice President Adams – Yes
Commissioner Gilman – Yes
Commissioner Woo Ho – Yes

President Brandon - Motion passes unanimously. Resolution 20-35 is adopted.

- B. Request authorization to Advertise for Competitive Bids for Construction Contract No. 2831, SFPD Marine Unit Dock Replacement Project. (Resolution No. 20-36)

Noel Aquino - Good afternoon, commissioners. My name is Noel Aquino. And I'm the Port's project manager for the SFPD marine unit dock replacement project. Today, I will be giving a presentation requesting authorization to advertise construction contract 28-31, SFPD marine unit dock replacement project. Next slide, please.

This grant-funded project will provide upgrades to the safety and resiliency of the SFPD marine unit's dock to provide critical security services to all the Port's waterside facilities. The project will also provide future cost savings from the recurring repairs provided by Port staff.

Because of this, Port maintenance division has sponsored this project in collaboration with the SFPD and Port security. A significant majority of the project will be funded by a FEMA grant and SFPD matching funds.

In this presentation, I will talk about the background, how this contract meets strategic objectives, the scope, budget and funding and schedule. Next slide please.

The SFPD marine unit's fleet of vessels and personal watercraft has expanded to keep up with the safety demands of tenants and visitors along the waterfront and the regional maritime transportation system.

However, their vessels are still moored at the publicly accessible commercial fishing dock in Hyde Street Harbor except for a vessel in one slip, which is fenced off from the public. This leaves the majority of the vessels vulnerable to theft and vandalism.

In addition, over the past few years, the SFPD marine docking system at Hyde Street Harbor has experienced multiple failures due to the wave action, tidal surges and stresses placed upon the harbor's dock configuration, which was not engineered or built to support the marine unit's multiple submersible docking systems [to its pile and] support structures.

This project will address these issues by constructing a new dock specifically for the marine unit storage and use of their equipment. Next slide, please. Sorry. Next slide. Thanks. Sorry. One more. Back to the project description. Thank you.

The scope of this project includes the procurement and installation of 10 concrete piles and a new floating dock system. There will also be an installation of electrical and mechanical appurtenances to go along with it and a new security gate.

This project will also salvage and reinstall the existing jet ski dock in use by the SFPD. Next slide, please. This work also supports the goals of the Port's strategic plan.

For equity, the project promotes living-wage jobs by encouraging contractors, in participation with the federal disadvantaged business enterprise or DBE goals, productivity -- the three finger piers currently occupied by the SFPD will now revert back to commercial fishing use and help generate revenue once the project is complete.

And stability -- the project uses Port capital, a large FEMA grant and the match from the SFPD. Next slide, please. The FEMA-approved total project budget is \$1.33 million. And based on this budget, FEMA will fund 75 percent of it, which comes out to \$997,500.

And this requires a Port match of 25 percent. Of this 25 percent, SFPD will pitch in \$250,000. And the Port will match \$82,500. The FEMA requirements prohibit setting local business enterprise goals. So in its place, the Port has set a disadvantaged business enterprise goal of 20 percent. Next slide, please.

All the necessary approvals and permits will be secured by staff prior to the physical start of construction. The major regulatory approvals and statuses are shown on the table. As you can see, all regulatory permits have been approved.

But due to expiration date of the FEMA grant, which is May 30, 2021, the Port is currently seeking an in-water-work-window extension from the regulatory agencies to begin [unintelligible] the work in April '21. Next slide.

If you approve this authorization to advertise today, we plan to advertise in the third quarter of this year and would be on track to have substantial completion in May 2021. In conclusion, Port staff respectfully request that you authorize construction contract 2831, SFPD marine unit dock replacement to advertise for competitive bids. I'm happy to answer any questions you may have. Thank you for your time, commissioners.

ACTION: Commissioner Gilman moved for approval. Vice President Adams seconded.

No Public Comment on Item 8B.

Commissioners' Discussion on Item 8B:

Commissioner Gilman - I have no questions for this item. Thank you so much for the report.

Commissioner Woo Ho - I'm supportive of the item. I think it's straightforward. And I also have no further questions.

Vice President Adams - Thanks for the report. I have no questions, and I am supportive.

President Brandon - Great. Noel, thank you for this report. We look forward to this coming back. Carl, can we please have a roll call vote?

Roll-Call Vote:

President Brandon – Yes
Vice President Adams – Yes
Commissioner Gilman – Yes
Commissioner Woo Ho – Yes

President Brandon - Motion passes unanimously. Resolution 20-36 is adopted.

9. REAL ESTATE & DEVELOPMENT

- A. Request authorization for Port staff to enter into negotiation for an Exclusive Negotiating Agreement with Pacific Waterfront Partners III LLC, the highest scoring respondent for the Piers 38 & 40 Request for Proposals or terminate the Piers 38 & 40 Request for Proposals process. (Resolution No. 20-37)

David Beaupre - Thank you, Carl. Good afternoon, commissioners. David Beaupre with real estate and development. President Brandon, I'm going to try to make this a brief presentation. Most of the commission and public has seen it before.

I wanted to recognize the team that's been supporting me including Mike Martin, Rebecca Benassini, Rona Sandler, and Eileen Chauvet and also let you know that Simon Snellgrove from Pacific Waterfront Partners is available for questions at the conclusion of the presentation. Next slide, please.

So just a brief outline of what I'll be covering today: going over this the strategic plan alignment: a little bit of background on the process; the process to date; an overview of the Pacific Waterfront Partners proposal; and then next steps moving forward. Next slide, please.

Again, the Piers 38 and 40 -- here is a photograph of the site and a summary of the site offering which includes both Piers 38 and 40, the bulkhead building adjacent water areas. Next slide, please.

A successful project will lead to the strategic plan alignment of our goals of productivity, stability, resilience, engagement and equity. Next slide, please.

The RFP process is the direct outcome of both the Port's strategic plan but more so of the waterfront plan update process. It's evolved from the request for information that was done in 2018 and is part of a larger Embarcadero historic piers program and needs to also align with the Port's resilience plan. Next slide, please.

To briefly outline the process to date, the commission authorized the release of the RFP in October of 2019. We released the RFP in January, held a pre-bid

conference later in January, March 4th received two proposals, both from Pacific Waterfront Partners and Orton Development.

We did not receive any protests throughout the entire process. In March, we created technical and staff reviews of the RFPs to support the scoring panel. In April, we convened the scoring panel and distributed the RFPs for review.

And in June, we interviewed both respondent teams. At the July 14th commission meeting, we presented an overview of both of the proposals and gave the opportunity for both teams to present their concepts.

Pacific Waterfront Partners was the high scorer and presented their concept. Since July 14th, we've gone to the Northern Waterfront Advisory Committee and received comments from them as well. Next slide, please.

I just wanted to provide an overview of the Pacific Waterfront Partners team and their partnership with Cornerstone and what their vision is for the facilities. Next slide, please.

Very high-level overview of the proposal submitted from Pacific Waterfront Partners recognizing that we're very early in the process -- their concept was based upon the RFP. And they've demonstrated and indicated a willingness to work with the Port, obviously, and the community to shape and mold the project so that it's successful for everyone in the community within which it sits.

The Pacific Waterfront Partners' vision is for a public playground. They have a mix of maritime uses including sailing, facilities for human-powered craft, a marina and a water-borne transportation center that accommodate ferries, excursion or water taxis.

Publicly oriented uses include affordable restaurants and pop-up retail, public access through and around the piers, a proposal for a Pier 40 marketplace and free activities and events.

And revenue-generating uses include office, retail, commercial and berthing with a total proposed estimated investment of \$383 million, which includes seismic and resilience upgrades all consistent with secretary standards. Next slide, please.

This is a site-plan view of the proposed land use where the green and the orange and the brown uses are the publicly oriented uses of retail and restaurant and public areas. And then, the blue and purple uses being the revenue-generating uses that finance the public amenities.

Total office square footage is roughly 230,000 square feet, around 15,000 square feet of retail and restaurant and then other auxiliary types of uses. Next slide, please.

Again, we presented to the Northern Advisory Committee. Their comments were generally favorable with some highlights talking about inspiring, and the vision is strong, an appreciation for the variety of uses and access for all and offering of ethnically diverse, affordable food options that provide space for small business incubation, an appreciation and recognition of the diversity of lane uses presented both on the land and piers and in the water, an appreciation for the approach to the seawall and resilience improvements required to defend the city against sea-level rise and to build a seismically improved waterfront.

But there were also concerns raised from community members about being conscious of the noise from the activity in the restaurant and public uses and concerns about increased traffic and parking, all things that we know we'll need to work with through the planning process with the community. Next slide, please.

Today, we're seeking your approval to enter the negotiations towards an exclusive negotiating agreement with Pacific Waterfront Partners. It outlines what's required of each of the parties, allows the developer to do site due diligence.

We negotiate the process and terms, establish performance schedules. They develop a finance and land-use plan. We secure entitlements. Ultimately, the ENA leads to the disposition and development agreement, a lease and other related agreements. Next slide.

With that, our next steps are, with your authorization today, we'll begin negotiations with Pacific Waterfront Partners with a goal of returning to the commission seeking approval of a negotiated ENA either in the fall or the winter and to continue our ongoing community outreach with the various stakeholders as we are negotiating the ENA.

With that, both myself and Simon Snellgrove are available for any questions. I think Simon also wanted to briefly have some input with the commission. And I again thank the support of staff and appreciate your consideration. Thank you.

President Brandon - Thank you, David. Simon, did you want to say something?

Simon Snellgrove - Thank you, commissioners. I wanted to thank the staff and the commission and the Port in general for all the help we've had and to say that we're very enthusiastic and hope that we can earn your trust and earn the ability to enter into an ENA. Thank you very much.

ACTION: Vice President Adams moved for approval. Commissioner Gilman seconded.

No Public Comment on Item 9A.

Commissioners' Discussion on Item 9A:

Commissioner Woo Ho - Thank you, David and Simon. This is our second round to hear about this possibility for Pier 38 and Pier 40. And I think you've added a little more color with the presentation today. Thank you very much for the report.

I think, as we discussed last time, the vision and diversity of what's being planned -- and I think that that's definitely been taken into account in conjunction with all of our work through the Waterfront Land Use Plan, that that feedback has been absorbed well.

But it looks like today I was pleased to see -- because I wasn't sure from the earlier presentation just what the actual revenue-generating square footage looks like. But that looks like we now have a better sense of that given the number that you get.

I think there's a lot more detail for us to learn. And obviously, we're not going to know that until we get through the ENA. But I think, in terms of the general concept, the vision -- and I think that we do have faith in our partner here, Simon.

He's done great work on the Port before. So I am looking forward and have confidence that, this time around, we've -- this has been a very tortured pier for us in terms of its history and its problems, etcetera. And I have great hope that this thing will move forward in the right direction.

And as I said, we waited a long time to get this. Maybe sometimes waiting is the right thing and that we would have a great project at the end. But there's a lot more to come. This is just the beginning. But so far, it's a good beginning. Thank you.

Commissioner Gilman - Similarly, David, I want to thank you for the refresh on the item. I'm very supportive. And I'm super excited to see us get underway for Piers 38 and 40. Simon, again, really impressed with the Cornerstone partnership.

I'm really excited to see how those community benefits and amenities will play out during the negotiations and then play out with the development. So I'm excited for us to move forward. Thank you.

Vice President Adams - David, Simon, it's been a long time. It's -- Simon is ready to move forward. This is exciting time. I'm not going to talk. [Now], I'm just wait to see the results. This is something good in a year that's been so bad and so up and down in this country. This is something positive. Thank you, Simon. And thank you, David.

President Brandon - Thank you. David and the entire team that worked on this process, thank you very much. I think we were extremely fortunate to get two really great proposals. And I really need to thank the selection committee because they did all of the hard work today.

So they played a huge role in this. And I really appreciate you taking this to the Northern Waterfront Advisory Committee and bringing their comments back to us.

I think this is going to be an exciting project. And as my fellow commissioners said, this is something that's good that is happening in the world today. So Simon, we look forward to working with you. And we look forward to the details to come. So thank you.

Roll-Call Vote:

President Brandon – Yes
Vice President Adams – Yes
Commissioner Gilman – Yes
Commissioner Woo Ho – Yes

President Brandon - Motion passes unanimously. Resolution 20-37 is adopted.

- B. Informational presentation on the status of the Pier 70 Mixed-Use District Project, roughly bounded by 20th Street to the north, San Francisco Bay to the east, 22nd Street to the south, and Illinois Street to the west.

Christine Maher - Good afternoon, commissioners and Director Forbes. I'm Christine Maher, the Port's Pier 70 project manager. Joining me today from the Port are Rebecca Benassini and the Port's financial consultants, Leo Ma of Century | Urban.

We're also joined by Jack Sylvan, Catherine Reilly and Jack Tse from Brookfield as well as our consultant, Dwayne Jones. The purpose of today's presentation is to provide an update on construction progress and current financial projections for the Pier 70 project in light of the economic uncertainties arising from the COVID-19 pandemic and the related slowdown of vertical projects at Pier 70. Next slide, please.

I'll start things off with an overview of the project. The Pier 70 special use district was approved by the Port and city in 2017. It encompasses 35 acres including the 28-acre Brookfield site, Parcel K North and South on Illinois Street and the PG&E-owned Hoedown Yard immediately to the south.

At full buildout the SUD will include up to 3,000 residential units, up to 1.7 million square feet of office, nine acres of the new open space and up to 500,000 square feet of retail, arts and light industrial uses. Next slide, please.

In 2019, the Port sold Parcel K North located at 20th and Illinois to a third-party developer. And the property has since received design approvals for 245 condo

units over ground-floor retail. The Parcel K North developer is also construction the 20th Street Plaza and Michigan Street on behalf of the Port.

Immediately to the south is Parcel K South, a 100 percent affordable housing parcel to be developed by the Mayor's Office of Housing and Community Development in phase two of the project.

And then, further south, we have the PG&E-owned Hoedown Yard. The city has an option to purchase this property from PG&E for \$8.3 million subject to PG&E's ability to relocate elsewhere. Port and city staff are actively working with PG&E to locate potential replacement sites including two acres of the Port's Western Pacific property, as the option does expire in June 2021. Next slide, please.

The largest piece of the SUD is, of course, the 28-acre site. Development of the 28-acre site is governed by a disposition and development agreement, or DDA, with the Port's development partner Brookfield.

The 28-acre site will be developed in three phases. At buildout, phase one, which is currently underway, will include approximately 600 residential units, 460,000 gross square feet of office, 3.4 acres of open space and 115,000 gross square feet of retail, arts and light industrial. Next slide, please.

In 2018, Brookfield commenced early phase one horizontal work including site prep and demo. Substantial construction of horizontal improvements then started in March 2019. With the exception of parks, 75 percent of phase one horizontal are now complete, including building demolition, grading, utilities and streets, curbs and gutters.

Brookfield plans to construct parks on a schedule that coincides with delivery of adjacent vertical development. Lastly, I'd like to note that Brookfield expects to be at the board in September with approval of the final subdivision map for phase one of the project, which is a huge milestone. Next slide, please.

We were hoping to be able to show you a video today of the progress out at the site. But that didn't work. So the next few slides show progress at the 28-acre site at various points in time over the last year or so.

This photo from October 2019 was taken after completion of demo, grading and construction of backbone streets. You can also see some of the borrow pits where Brookfield took dirt from future vertical sites to raise the balance of the site up to address sea-level rise. Next slide, please.

The next photo from April 2020 shows a new concrete road base going in on Maryland, the beginnings of a new roof on Building 12 and roadwork on 20th and 22nd Streets. Brookfield actually fast tracked the work on 20th Street to take advantage of the relatively few number of historic core employees out at the site at the moment due to the shutdown. Next slide, please.

Finally, in this photo from July, you can see 20th Street being paved. And the Building 12 lift is now complete. Next slide, please. So now on to phase one of vertical -- phase one includes seven buildings total, one market-rate rental project, one 100 percent affordable-rental project, two condo projects, two office projects and one maker retail office project that is Building 12.

Under the DDA, Brookfield is required to rehabilitate Building 12 and has the option to purchase or lease the remaining phase-one parcels except C2A, which is the 100 percent affordable project.

The next few slides provide more specifics about three of the parcels, E2, A and 12. But I'd like to note here that, with the exception of Building 12, the overall timing of the vertical project has been delayed due to the economic uncertainties created by the COVID-19 pandemic. Next slide, please.

The two option parcels furthest along are Parcels A and E2, which both have approved schematic designs and submitted site permits. E2 is a multi-family project with 281 units, 56 or 20 percent of which will be affordable to households earning an average of 80 percent of area median income.

Parcel A is designed for about 350,000 square feet of office. As the commission will recall, in February, the Port agreed to offer Parcel E2 at an appraised value lower than the threshold value set in the DDA in exchange for Brookfield agreeing to shorten the timeframe for closing on Parcel A.

Under that agreement, Brookfield had until June 17th to exercise its options to lease each of these sites. Otherwise, both the Port and developer would revert to existing rights under the DDA, which include disputing parcel values through a reappraisal process.

On June 17th, Brookfield let the Port know that it was declining its options for both of these parcels. Brookfield doesn't believe the appraised values reflect current market conditions or support feasible vertical development at this time again primarily due to impacts of the pandemic on real estate markets.

As permitted under the DDA, Brookfield is disputing the Parcel A appraisal, and the Port is disputing the Parcel E2 appraisal. The goal of both parties is to be able to transact on these parcels early next year. Next slide, please. Sorry. Just a second. Technical difficulties on my end.

In January of this year, the Port entered into a 66-year lease with a Brookfield affiliate for historic Building 12. And construction is well underway, most notably a new roof and the lifting of the building to accommodate future sea-level rise. And you can actually see that in several of the photos here.

And that -- as I mentioned earlier, that lift is now complete. Upon completion of the rehab expected by December 2021, Building 12 will house a market hall to

showcase artisans and makers, studio space and third-floor office uses. Next slide, please.

Through the first quarter of 2020, Brookfield has awarded about \$188 million in contracts primarily for phase one horizontal work, early Building 12 work and vertical design consultants. Of that amount: \$44.3 million or 23.6 percent has been awarded to LBE firms; \$40.1 million or 21.3 percent to small and micro LBEs; \$22.4 million or 11.2 percent to small and micro LBEs and zip codes 94107, 94124 and 94134.

Brookfield is also actively working to increase the diversity of its team and LBE participation in vertical construction. Next slide, please. The next couple of slides relate to project performance. But I'm going to start off with a brief overview of the project's financing strategy just as a refresher since it's been a while.

Under the DDA financing plan, project costs are to be funded by developer capital, CFD special taxes, tax increment, bond proceeds paid by special taxes and tax increment, last proceeds and Port capital.

It's important to note that no city general funds or Port harbor funds are pledged for the project in the event the project sources are insufficient to repay project costs. All of these project sources can be used to directly fund project costs.

But developer capital is the primary early source of funding because the other sources are limited prior to the start of vertical construction but will grow over project buildout.

Because developer capital is at the greatest risk and the developer is obligated to fund all horizontal improvements if there aren't any other sources available, developer capital earns a return of 18 percent annually.

As anticipated, so far developer capital has been the primary early source of project funding for phase one aside from the Port capital contribution of \$6.5 million made in December 2018 and \$24.2 million of land proceeds from the Port's sale of Parcel K North in February 2019.

To date, developer project costs total about \$165 million including entitlement costs, horizontal costs and developer return, and an estimated \$91 million of additional capital costs are expected to complete the phase-one improvements.

The balance owed to the developer is currently about \$134 million. If and when the project achieves an 18 percent return, land revenues will be split 55 percent to the Port and 45 percent to the developer. Next slide, please.

Next, project performance -- phase-one costs have come in higher than anticipated due in part to Bay-Area-wide construction cost increases. Meanwhile, phase-one revenues are coming in later and possibly lower than expected,

creating a lower developer return than was projected at project approvals in 2017.

Port staff and their consultant Century | Urban have updated the project's finance model with current cost information and, given the current market uncertainties, a range of assumptions regarding land values, the timing of vertical transactions and bond issuances and the start of future phases.

With these updates, the overall developer return generated in the model has dropped from 19 percent at project approvals to between 17.5 percent and 18.7 percent depending on the assumptions used. Aside from land values, the variables that make the biggest impact on model results are earlier parcel transactions and bond issuances.

To that end, Port staff and the developer are exploring with their financial consultants the possibility of issuing land bonds prior to the start of vertical construction. Next slide, please.

In the updated model results, Port revenue streams changed from \$259.6 million at project approvals to between \$208.4 million and \$265.3 million in the present value. As previously noted, the Port's receipt of 55 percent of land proceeds is contingent upon the developer achieving an 18 percent return, as is the Port's ability to collect annual rents on leased parcels as opposed to entering prepaid leases.

However, the project will generate several revenue streams for the Port that are not contingent upon the 18 percent developer return and will provide a long-term income stream for the Port. These revenues include the land value from Parcel C1A in phase three, percentage rent, transfer fees from condo sales and lease transfers, special taxes for services and shoreline protection and tax increment for historic preservation. Next slide, please.

Finally, next steps -- as previously noted, Port [unintelligible] are exploring different ways to improve project performance, including the possibility of issuing land bonds, which will require Port Commission approval.

In addition, Port staff and developer are beginning the appraisal-dispute process for Parcel E2 and Parcel A with a goal of being able to transact on these two parcels next year. That concludes staff's presentation. I'd like to turn things over to Jack Sylvan, senior VP at Brookfield, for a few remarks. Thank you.

Jack Sylvan - Good afternoon. Thank you Christine. This is Jack Sylvan. Before I keep going, I just want to check and make sure that folks can actually hear me. Okay. Great. So President Brandon and Commissioners Adams, Gilman and Woo Ho, thank you for affording me the time to speak on behalf of Brookfield. I mostly want to just message that, while we are -- Brookfield is excruciatingly

aware of the economic situation and the risk -- the amount of risk capital that we have out there.

We are fully committed to building a successful new community at Pier 70 and providing all of the public benefits that are associated with it that are part of the project approvals.

As Christine did a great job of walking through construction, has been continuing on-the-site infrastructure with completion anticipated on the streets and utilities late this year or early next year, we have finished raising Building 12 10 feet in the air, which allows for the restoration of the building.

We would have loved to have had an event to celebrate that and invite you all out to observe the lift. But we've been minimizing visitors to the site to help protect our workers, which is priority number one, as I know you all appreciate with your workforce as well.

I think it's also worth noting that we have other projects in San Francisco. And we are fully committed to our presence in the city and our partnership with the city and all of its stakeholders and agencies.

Our 5M project has been proceeding through COVID without any major pauses in construction. We are in the early stages of entitlement work for a master planning process for Stonestown Galleria out on the west side of the city and early in the stages of partnering with the local community.

And the pandemic has obviously required us to be more creative in how we do outreach to the community, which will certainly be lessons for us that we can implement at Pier 70 and 5M. We were obviously -- I don't think I need to say this.

But we were really disappointed that the pandemic came at the exact time that we were about to move forward on the first two new construction building parcels, E2 and A. However, we recognize that we are experiencing a once-in-a-lifetime event.

And for the project's long-term success, it's prudent to take some time to understand as much as possible about the implications of what's happening before initiating construction on the first two new buildings.

And so we will take advantage of this time to continue to move forward with your team's collaboration, the permitting and planning for the next stages of development so that we're well positioned to adjust our timing to reflect the market as we see what the new world reality is.

The DDA between Brookfield and the Port was constructed to anticipate the potential for an economic downturn at some point in the build out of the project. Obviously, nobody anticipated that it would look like what we're experiencing.

But just like all of the work we've done with the Port, the city and the community to this point, we will continue to be thoughtful and committed and patient and collaborative to identify the best path forward for the project.

I also want to recognize and thank the Port staff for working so closely with us throughout this tough period. And I know that, on top of what we've been working through with them at Pier 70, there's been just a ton of stuff that your team has been dealing with.

And they have been really great partners. And it's been really impressive how little impact there has been to the ability for us to continue working collaboratively with your team.

So we do look forward to continuing to work with both the Port and the community to see through the creation of the one of the most exciting new neighborhoods in San Francisco at Pier 70. I and my team are available to answer questions as well. Thank you for letting me offer those words.

No Public Comment on Item 9B.

Commissioners' Discussion on Item 9B:

Commissioner Gilman - Thank you, Christine, for this update and this report. I'm excited to hear and see both in the staff report and presentation and from Jack's comments that Brookfield is still completely committed to co-creating with the Port of San Francisco this new, emerging neighborhood and keeping its commitment to its public benefits.

I know that we're all in unprecedented times. And while I wish we were not disputing Parcels E2 and Parcel A, I just [know through the] process and have to have faith that it will be beneficial both to the Port and to Brookfield.

I know we have many other action items coming up on Pier 70. So I'll wait for my questions on those items and just want to thank you overall for the update and the report.

Commissioner Woo Ho - Yeah. Thank you for the report both from Christine and Jack, very thorough. I did have a couple questions, one which is not directly related to Pier 70. But since we're disputing what appraisal values are today given the current environment, is the city considering reassessing what the appraised value of the Hoedown should be versus the committed number that we have already or the option to acquire at a price that was set earlier? So that's my first question.

Christine Maher - This is Christine Maher again. There hasn't -- so the option price is set in the agreement with PG&E. Someone else may be able to jump in with one that was negotiated. It was quite a few years ago. But the thinking is

that the value of that property is actually much more than the price agreed upon in the option so that the city would still be coming out ahead.

Commissioner Woo Ho - Okay. All right. Well, I hope so. And I hope we have a way to sort of validate that because obviously things have changed quite a bit in the last six months in terms of what's happening right now.

The second part -- and I also am in agreement with Commissioner Gilman to hear more about what's going on at Pier 70 in more detail in some of the other reports. But what I wasn't 100 percent cl -- I understand that you do not have agreement on these two appraisals for Parcel E2 and Parcel A and that Brookfield has elected not to take them up at this time.

I wasn't sure what their commitment -- their legal commitment is overall if they don't take it up at this time. The fact that we are not in agreement on the values -- I guess that is a tactical issue to overcome. But I wanted to understand. Does this mean that they could step away from this longer term? And what does that mean to us? And how are we going to settle this dispute?

Christine Maher - This is Christine Maher again. The DDA sets forth -- it contemplates this exact scenario. And it sets forth kind of a baseball approach for an appraisal-dispute process. So what will happen is we'll go through this process.

And at the end of the day, if Brookfield still doesn't think the appraisal gets it right or they're not able to enter into parcel leases at this time, what happens is then those parcels then can go out to market.

So Brookfield, if it decides not to exercise its options on those parcels once we're through the dispute process, then the parcels can go out to market. And we would market it like we did Parcel K North.

Commissioner Woo Ho - Okay. Is the appraisal differences is -- only reason why they have stepped away from this? Or I heard you say it was because of market conditions.

Christine Maher - Does someone from Brookfield want to speak to that question?

Jack Sylvan - Sure. Yeah. This, again, is Jack. The distinction that I would make is in terms of our role as the Port's partner and master developer in delivering the overall horizontal infrastructure and parks and playing the role of master developer, which does not necessarily mean being the developer of the buildings but taking the process through so that the land can be transferred to an ultimate vertical developer.

That is where we, again, fully committed. Where we're sitting today, the current appraised values don't support a feasible vertical development. So we don't feel

prepared at this time to -- perhaps said differently, we don't think that the current appraisals which were done pre-COVID support feasible vertical development.

And therefore, we think it's appropriate to have a reappraisal done. The term dispute is what is -- it's the technical language in the DDA. I don't think actually think that we are necessarily disputing with the Port.

I think what we're signaling is that the appraisal doesn't reflect the current value of the land and that what's good for the project in the long term is a value of the land that supports expedited vertical development, whether it's us or a third-party developer.

We would like it to be us. But there is a certain scenario where it -- as Christine said, where we get to the end of the appraisal process, and we don't think that that is supportable. But there is a mechanism for another developer to come in and be able to fill those shoes. We don't actually think that would happen at the current appraised values on those development parcels.

Commissioner Woo Ho - Okay. All right. So my concern would be -- this is just phase one. How could this similar circumstance now apply to things in other phases? I'm just trying to understand -- and I heard you're committed to this development. And that's great.

But I'm concerned that we aren't going to see all the vertical development happen. And our vision of what this is going to be over the long term -- because, you know, circumstances have changed. I understand that. Market conditions have changed.

I'm just trying to understand whether we are really on track to see a brand new neighborhood out there. Or we're going to have this issue come up with future parcels and future phases.

Rebecca Benassini - We think, as Jack was mentioning earlier, Brookfield has put a lot of money into the ground with the horizontal. The only way they get paid back is through tax generation on building development in ph -- and phase one is the first one to go.

We feel -- and I think they would agree. We are aligned. And the only way to pay back that money that is now in streets and utilities and will be in parks is building vertical development that pays taxes. And then, ultimately, we bond off of that tax revenue and repay them.

So we do feel as though there is alignment in terms of they are financially incentivized to complete this neighborhood development. We haven't started talking about phase two specifically.

The model that Christine presented the results of contemplates all three phases with a couple years of buildout for each building integrated into the model. But

the presumption is -- and the DDA requires -- that, within certain schedules of performance, they have to start each phase in sort of a conc -- sorry -- one-by-one manner.

They've always talked there is the potential to start both at once. I think we're all taking a pause right now in terms of timeline to figure out when does phase one vertical construction get going. And then, when is the right time to start phase two horizontal?

Commissioner Woo Ho - So Jack, if there is a reappraisal value, do you see a case where there is an economic case for you to do the vertical development?

Jack Sylvan - Absolutely. Yeah. We were actually prepared to initiate the vertical development on the basis of the appraised values that we have until the world got flipped upside down. So it's really a question of a land price that supports vertical development.

And to your question of are we always going to be dealing with a question of does the appraisal determine a land price that supports feasible vertical development, I think the DDA anticipated. And that's why there is the process where, if either us or the Port disagree, we can say, actually, we think there should be another appraisal done to test whether we think that's right.

And if we, Brookfield, don't feel like it's the right number for whatever reason, then it goes to the process that Parcel K North went to. And somebody can bid on that. So there will be -- I am certain -- and this is the way it's played out at Mission Bay as well -- I'm certain that there will be vertical development that will proceed particularly because we are building all of the infrastructure and preparing the site and the parks.

The question is really -- is the appraisal going to -- is that first appraisal going to be the one that is a price that we all think makes sense to proceed on. And it was until COVID flipped everything upside down.

Commissioner Woo Ho - But Jack, I guess that's -- because, now, you are concerned that the revenue side of the vertical development is no longer -- the market price for that has changed because of what has changed with COVID and everything else.

So you're assuming that your multi-family residential units will not generate as much. So therefore, your land value needs to be lower, same thing with the office space potentially.

I mean, that's the way I would read into it. I mean, you wouldn't be concerned if you felt that you were still able to generate on the top line enough to support the land value. But now, you have some doubts about that. So it's not just getting a

land value. It's because of the revenue aspects of your -- your projections are changing.

Jack Sylvan - They're changing for the -- I mean, honestly, I think we, like everybody, are wondering what that change ultimately is going to look like. We know it looks different. And we know that the commercial market in particular -- both the multi-family rental market and the commercial market are seeing pretty significant downward pressure.

Does that last for a year? Does that last for three years? If your question is, do we have a fundamental concern about the long-term viability of residential and commercial uses and the revenue side at Pier 70, I would say no.

The disconnect right now is that, if we did -- if we had done the first appraisal in a post-COVID world, I think we likely would have come to a place where we could have proceeded.

And yes, that would have been on the basis that there are -- just like everywhere that we're seeing in the city, there's an assumption that the revenue side is not as robust as it once was. But that doesn't mean that there's not still a long-term viability of the project that generates the tax increment and the special taxes that fund the infrastructure.

Commissioner Woo Ho - Okay. But there are longer-term implications both for the developer and for us as well in terms of what you just said. I think I'm just trying to sort of, I guess, highlight that so we all understand.

And I understand the situation with Parcel K. But that was done in a normal economic environment. So it really isn't the best comparison in the sense of what we're facing today. I understand that's the theoretical. You can open it up to another developer. So the next question really is, how long is this appraisal process going to take?

Christine Maher - We are expecting that we would be able to wrap it up by the end of the year. That's our current anticipation.

Commissioner Woo Ho - Okay. That seems like that's a long time. I mean, it shouldn't take that long for a commercial appraisal.

Christine Maher - The reason we think it may take longer is because there could be multiple appraisals that are done. The way the dispute process works is each party does one. And then, if it's -- Becca might have to help me out here. If it's within a certain value of the original one --

Rebecca Benassini - Right. Exactly. So the extent they're close, we can stop appraising because we figured out where we -- all the appraisers agree to the extent they're disparate from one another, more than 10 percent apart, then we can go to a third appraiser.

So doing the whole timeline out if we do all the appraisals the DDA possibly contemplates to get to the final value, it could take through the whole end of the year. So that's what we put into the model to make sure that we weren't over-rosyng any of the numbers.

So the model anticipates we finish appraisals this year. And the first two parcels are in contract in Q1 of next year, meaning that we're in the [DDAs] for those two parcels.

Commissioner Woo Ho - Okay. I guess it would be good for us to continue to get periodic updates on where we are on this.

Rebecca Benassini - Certainly.

Christine Maher - Of course.

Commissioner Woo Ho - That's all my comments for now. Thank you.

Vice President Adams - Christine, thank you very much, Jack. I know, Jack, that you're committed. A situation like this, nobody could have predicted this. And as I said earlier -- and I think the commissioners -- we all have to understand and even the Port staff that we all have to get comfortable at being uncomfortable during these times.

I appreciate Commissioner Woo Ho. She asked a lot of really, really good questions -- and Commissioner Gilman. I run past P -- every day out there, every morning. And I see them out there.

And I know Brookfield is committed. It's just that these are just some challenging times. And we will have to get through it. And Jack just being here -- he's been in for the long haul. We'll get there. I do know that the process may take a little while for us to get different things done. But I think we'll get there at the end of the day.

So I'm good. One thing I am concerned -- like Commissioner Woo Ho -- about the length that it's going to take to get the appraisals done. But it sounds like it's going to get done.

And I just think the commission -- we have to be patient. This is August. We're almost in September. So before we blink, it'll be almost there. So just keep on doing what you're doing. Just keep giving us regular updates. And just stay the course. Thanks.

President Brandon - Christine and Jack and Rebecca, thank you so much for the presentation. Thank you for being available to answer all the questions. I'm happy that we have this update because I really wanted the commission to understand where we are with this project and to be comfortable with moving forward on the rest of the items that we'll be voting on.

So thank you for giving us an update on where we are. I know it's challenging times. Commissioner Woo Ho and Gilman both had some very great questions and I think covered all of my questions.

I want to thank the Brookfield team for continuing their LBE efforts and continuing to put people to work during this time. And I agree with Commissioner Woo Ho that we do need -- at this point need to get regular updates, so we understand where we are with moving the project forward.

And hopefully, we can move it forward. So thank you for all your comments and the presentation.

- C. Request approval of 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. (Resolution No. 20-38)

Ryan Wassum - Thank you, Carl. Good evening, President Brandon, Vice President Adams and fellow commissioners. My name is Ryan Wassum. And I'm a planner within the Port's planning and environment division.

I'm going to walk you through the proposed D4D amendment to the Pier 70 special use district, then hand it off to my colleague, Christine Maher from the Port's real estate and development team, to provide a brief overview of the questions that were asked during the information presentation held in May.

Concluding the presentation, Port staff and Swathi Bonda and Catherine Reilly from the Brookfield development team are here to answer any questions the commission may have. Next slide, please.

The Pier 70 SUD design for development, also called the D4D for short, was adopted by the Port Commission and Planning Commission in 2017. The D4D established vertical and horizontal design controls in development requirements within the special use district.

The amendment request, which was approved by the Planning Commission in February 2020, would allow residential buildings with a 90-foot height limit to build up to nine stories versus eight stories, as outlined in the D4D.

This could be achieved by effectively reducing the residential floor-to-ceiling heights on all floors except for the ground floor which must contain a minimum height of 15 feet per the D4D.

The proposed amendment allows for multiple benefits including flexibility in design and development for residential parcels, the ability to maximize development capacity of certain parcels by potentially allowing an additional floor of units and also improves financial feasibility for certain residential parcels. Next slide, please.

To provide visual context, here is 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 night ninth story could be incorporated into the project by reducing floor-to-ceiling heights for residential floors.

In particular, this example shows an average floor-to-ceiling height of 8 feet 8 inches for residential floors. Next slide, please. It is also important to note that only residential and flex parcels with a 90-foot height limit would be affected by the proposed amendment.

That includes Parcel D, C2A and C2B for phase one. And for later phases, this would include Parcels E1, Parcels C1A to C1C, Parcel F, Parcel G and Parcel H1 to H1. Next slide, please.

Staff would like to highlight that the proposed amendment has a limited effect and does not change or alter any of the following: overall massing, bulk or building envelopes as prescribed in the D4D; building heights, the maximum height would still remain 90 feet as set by the special use district and Prop F; required minimum ground floor ceiling heights of 15 feet; and lastly, overall development capacity as outlined in the Pier 70 SUD and final EIR.

I'd like to now hand it over to Christine Maher from the Port's real estate and development team to finish off the last few slides of the presentation. Next slide, please.

Christine Maher - Thank you, Ryan. As Ryan mentioned, the next few slides addressed questions that were raised by the commission at the May 12th informational presentation on this item. The first is how much additional square footage or units could be gained across the project with this amendment.

The answer is likely none. Because the D4D provides quite a bit of flexibility as to how individual parcels are designed, it actually provides more total square-footage capacity than is permitted by the final EIR.

For example, without the additional floor, the parcels affected by the amendment could accommodate approximately 1.36 million gross square feet, which is 73 percent of the total residential gross square footage allowed under the EIR.

If all of the affected parcels were developed as residential and all added this ninth floor, that number grows to approximately 1.53 million gross square feet, which is 82 percent of the total residential gross square footage allowed under the EIR.

This would leave insufficient capacity for the remaining residential and flex parcels including Parcel E2, Parcel E3, a portion of Parcel E1 and Building 2. As a result, any increase in development capacity gained by this amendment would likely need to be offset on another parcel.

Next slide, please. Next question, what are the potential financial benefits to the Port? First, any additional dwelling units or square footage gained on a particular parcel would be considered and the appraisal undertaken to determine fair market value likely resulting in a higher land value.

However, because the D4D amendment doesn't yield any net additional square footage over all, that increase in value may be offset by smaller buildings and or lower land values on other parcels in the project.

Second, if the amendment results in more square footage on condo parcels, the Port would get more transfer fees which are set at 1.5 percent of the purchase price of each condo after the first purchase. Right now, we know that at least three of the parcels that could benefit from the amendment are condominium parcels. Next slide, please.

Finally, what is the impact on affordable housing across the project either through additional inclusionary units or in-lieu fees? The primary impact of the amendment could be additional affordable housing fees which are a funding source for the three 100 percent affordable projects in the Pier 70 SUD.

These fees are set at \$79 per gross square foot of for-sale residential adjusted annually. So if the amendment yields additional for-sale square footage, additional fees would be generated.

For rental projects, there's likely no impact. Overall, the percentage of inclusionary units would remain at 20 percent of all rental units. And the percentage of affordable units site wide would remain at 30 percent.

This is because, although more inclusionary units might be gained on a particular development parcel, there would likely need to be a commensurate decrease elsewhere in the project to remain under the EIR cap. Next slide, please.

In conclusion, staff supports the proposed amendment to the D4D because the modification: one, implements the Pier 70 mixed-use district project by providing flexibility in design and development of residential parcels; two, could improve the financial feasibility of select residential buildings within the project by increasing the number of units on particular parcels -- -- three is consistent with requirements of section 249.79 of the planning code, which is the Pier 70 SUD, the San Francisco general plan and the DDA; and four, does not alter maximum development capacity of the site or the project previously analyzed in the final environmental impact report and is therefore consistent with the EIR.

Port staff and representatives from Brookfield are available to answer any questions you may have. Thank you.

ACTION: Vice President Adams moved for approval. Commissioner Gilman seconded.

No Public Comment on Item 9C.

Commissioners' Discussion on Item 9C:

Commissioner Woo Ho - Hi. Thank you, Christine. I guess I'm a little bit still confused. In your summary, you do say it improves the financial feasibility of 90-foot residential buildings within the project by increasing the number of units that can be built.

But in answering the commission question, you said this is not going to increase the number of square foot or units across the project. So I'm still not sure I -- and I understood somehow that there is this overall development capacity, which is set by the EIR.

So I'm still confused because what you said in your conclusion and what you -- in response to the question does not match or is not -- I'm missing something. I'm not understanding it correctly.

Christine Maher - I'm happy to jump in on that one. This is Christine Maher. I think the point we're trying to make is that, on select parcels, potentially the condo parcels, we could get additional units on those parcels. But we can't do that on every parcel impacted by this D4D amendment because there isn't capacity under the EIR.

So we think that we need to use -- or Brookfield will need to use this amendment strategically if there's certain parcels where it makes more sense to take advantage of this amendment, or they're not penciling. And this would help them pencil.

Brookfield could probably speak more to that about where they're thinking they might take advantage of this. But it will improve the financial feasibility on those parcels where we take advantage of extra floor of units.

But overall, because there isn't sufficient development capacity under the EIR, you know, if we do gain units on one parcel, we may have to subtract them somewhere else. So any benefits are really on a parcel-by-parcel basis and not to the project over all. Does that make sense?

Commissioner Woo Ho - Okay. All right. I think you explained it better than the way this has come across in the presentation. Okay. And what you are saying is also, by implication then, not every parcel is going to be nine floors. Some of them will still be eight floors because -- for the reason you said that the total development capacity cannot exceed a certain maximum square footage.

But certain buildings might add an extra floor and have more units. But then the other buildings would have to then be eight floors. So I think that's where the confusion was.

Christine - That's absolutely right.

Commissioner Woo Ho - Is that correct what I just said?

Christine - Yes. That's absolutely right.

Commissioner Woo Ho - Okay. I'm not sure that that was coming across clearly. Or at least I didn't understand it, so I was a little confused by that. I don't have a problem with the fact that, you know, we have this -- wanting to add another floor within the 90 feet.

But we just weren't understanding all the implications of it. So it's -- on an overall basis, there's no extra square footage. But there would be in certain buildings. And my guess is, from an economic standpoint, having extra units and an extra floor in a condo building is going to be a better -- it's going to yield a better economic result than in a strictly residential -- multi-family residential rent building.

I mean, it's just the economics because you sell the one. And the other, you're renting. So there's some different economics there. So I understand that. So if that's the case, then I'm fine. I just wanted to be clear that that -- this is going to be used selectively, I think, is -- and I'm not sure that came across in the presentation.

Christine Maher - That is correct. It has to be used selectively because, as I did mention, if you used it on every parcel, then there wouldn't be enough development capacity for the other residential parcels that aren't impacted by this amendment. We would run out of capacity. So you can't use it on every parcel.

Commissioner Woo Ho - Okay. Well, that's much clearer. I think I understand now. So now, I can support this then now that I understand it better. Thank you.

President Brandon - Thank you. Commissioner Gilman?

Commissioner Gilman - Thank you for the report. And thank you, Commissioner Woo Ho, for that clarification. I had some confusion around that as well. I just had one other question. Do you recall if it was a unanimous vote at the Planning Commission and if there have been any -- I'm sure, with the size of the development, this may be irrelevant -- but if there's been any neighborhood concern around height.

Christine Maher - Brookfield team, jump in if I don't have this right. But I do believe Planning Commission was unanimous. There was very little discussion. We did preview this item at a community meeting in December, no concerns there.

And just to be clear, we're not raising the height. We're keeping the existing height limit that already went through a very public process. So we have not heard any concerns.

Commissioner Gilman - Okay. Thank you. That concludes my questions. I support the item.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - Commissioner Woo Ho and Gilman asked the questions. And I got my answers. I'm fine and in support of it. Thank you, Christine.

President Brandon - Thank you both for the presentation and for the update on all the questions we had from the last time it was presented. And thank you so much for the clarification. And with that, Carl, can we please have a roll call vote?

Roll-Call Vote:

President Brandon – Yes

Vice President Adams – Yes

Commissioner Gilman – Yes

Commissioner Woo Ho – Yes

President Brandon - Motion passes unanimously. Resolution 20-38 is adopted.

- D. Request approval of a Memorandum of Understanding for the Pier 70 Mixed-Use District Project, roughly bounded by 20th Street to the north, San Francisco Bay to the east, 22nd Street to the south, and Illinois Street to the west. (Resolution No. 20-39)

Rebecca Benassini - Good afternoon, commissioners. Rebecca Benassini from real estate and development presenting this item for approval today. Next slide, please. I'm presenting on behalf of our engineering team, our real estate team and our maritime team. And I also want to appreciate the work of our city attorneys who put together this MOU with all of the other city agencies.

I also want to acknowledge OEWD and the Mayor's Office of Housing Delivery, who also helped on all of these interagency issues we've been working on for this MOU. Next slide, please.

The purpose of the MOU, you might recall from our May informational presentation, is to ensure that the majority of the Pier 70 public infrastructure becomes part of the city's network. We are very focused on ensuring that key infrastructure goes to the appropriate agency for management because they have the appropriate expertise and resources to manage that new infrastructure.

And it sets forth expectations with regard to which agency will accept the infrastructure, which agency leads permitting and regulation and how the parties will cooperate in allocating repair and maintenance responsibilities upon completion. Next slide. Thank you.

This is part of a long process going back to project approvals in 2017. Christine mentioned the DDA, which is the overarching site-transaction document. One of the other documents approved in 2017 was an interagency cooperation agreement.

This is among the city departments on how we're going to collaborate in reviewing, commenting upon and ultimately permitting the infrastructure. The ICA contemplated this MOU, which we're now approaching.

And we want to have this in place ideally prior to the phase final map that goes to the board in September. Next slide, please. The MOU integrates the whole alphabet soup of city agencies across the city. It's the Port, Public Works for the streets, SFPUC for utilities, SFMTA for traffic, parking -- traffic and bike lanes and striping and whatnot and SF fire for their various permitting requirements.

The general overview of the MOU is that, to the extent there are standard infrastructure components, standard street lights, standard streets, water, sewer and bicycle racks, those agencies will be accepting those standard infrastructure components. The Port will accept parks and open space and also specialized or unique project features.

This includes two one-block segments within the site that we were not able to get up to city standards just due to the situation of historic structures and not being able to get the right widths on those streets.

Also, to the extent there are unique project features such as the Building 15 frame, which will remain over one of the streets and where there are decorative pavers or raised sidewalks that are a part of sort of the pedestrian experience, we would accept those and use a funding stream that I'll discuss in a moment to maintain those. Next slide, please.

There is one issue that the MOU tackles that we brought to your attention back in May. This is called the overland flow requirement. Part of the subdivision code when you subdivide property requires that there is a path that's called the overland release path for storm water.

In Pier 70's case, that path along 20th Street goes from 20th Street north out of the shipyard. This occasionally causes ponding in the shipyard during those atmospheric river events we sometimes experience.

I do want to note that the project has designed curbs and streets that are designed to collect storm water in 100-year storm events. There are multiple storm drainage facilities that have been put into place in 20th Street.

So we don't expect that ponding to occur. But it doesn't meet subdivision code the way it is today. So there is a concern expressed by SFPUC and Public Works about this overland flow. And the MOU addresses it. Next slide, please.

The way the MOU addresses it is SFPUC has noted that they won't accept sewer system on 20th Street until we solve this overland release path. So there's a short-term solution and a longer-term solution. The immediate solution is that we, the Port and discussing with our maritime group, will agree to refrain from new construction on parts of the shipyard where water would flow in an atmospheric river event.

It doesn't impact our current interim leasing. The longer term solution, which we've already started working on, is for the Port, SFPUC, Public Works, Brookfield to develop a solution where we can contain the path in a known overland flow path instead of what current modeling shows, which is a potentially large path where water could potentially go.

So once the solution is agreed upon, we anticipate -- we're beginning this. We'd love to get it done before the end of the year to the extent SFPUC and Public Works can engage with us on this solution.

Once we agree on this solution, then we put it into Brookfield's project requirements. It would be constructed on the earlier of phase three of the project or when we need to have that restriction on construction lifted to the extent we have a new shipyard tenant we want to bring in.

At that point, then the Port would be released from that MOU restriction upon completion of this project improvement on the shipyard. Next slide, please.

We're very happy to hopefully enter this MOU shortly because we think it's really the efficient delivery of public services. We're also providing the other city agencies access to our property and sort of streamlining how they'll utilize infrastructure pieces once they're acquired and accepted.

It'll facilitate easier maintenance of those infrastructure items, putting the right infrastructure pieces into the right bucket in terms of city agencies. I want to note that the Port-accepted items will be maintained using our CFD special taxes.

The CFD has already been formed at the board. The special taxes will be collected on each square foot of development that is built at the site. In current dollar terms, that buildout -- it's about \$2.5 to \$2.75 million per year.

All of the city-accepted items for our sister city agencies will be funded in terms of maintenance using their typical revenue streams that they have available. We are happy to come back to the commission.

And we will definitely be coming back with periodic updates. One of the items we will want to update you on is how this operations plan -- as we get a clearer view into delivery of parks in particular, we'll be looking at an operations plan.

Those parks, we think, will be delivered in the next 18 months. I would estimate 18 to 24 months. So in one of our updates, we'll definitely come to you on an operations plan for those new public spaces. Next slide, please.

That concludes my presentation. Again, this is an action item seeking resolution approval, which would direct staff to enter the MOU. We can enter that MOU. And then, Brookfield and our partners with the city will be taking the final map to the board in September. Thank you very much, commissioners.

ACTION: Commissioner Gilman moved for approval. Vice President Adams seconded.

No Public Comment on Item 9D.

Commissioners' Discussion on Item 9D:

Commissioner Gilman - Thank you, Rebecca and team, for the report. It was thorough. I'm supportive of the item and have no questions. I'm excited overall to see us moving Pier 70 forward. And again, I want to really thank Brookfield and Jack and the team for their ongoing commitment that, even with this pandemic and these unprecedented times, that they're committed to moving the project forward and the community amenities. So thank you.

Commissioner Woo Ho - Yeah. Thank you again for this report. And I think it's pretty straightforward. I guess I wanted to say that it seems like it's a good model that perhaps we should have something like this in place for other projects.

So I know this is very specific to Pier 70 and the specific example that you gave. So Rebecca, I mean, is this something that, for instance, for Mission Rock or other things that are also major, that we would generally try to have a more or less standard MOU that is customized a little bit by project?

Or just understanding this is a good precedent -- and how are we going to use this going forward and not just for a one-time application?

Rebecca Benassini - Very good point, Commissioner. I should have mentioned at the outset that we did -- the commission did approve a similar MOU for Mission Rock in May. So we were able to utilize this template for Mission Rock and Pier 70.

And certainly, the amount of staff effort that went into this, I will certainly be thinking about keeping this on as a model. And I will think about future projects that might make sense for -- especially in terms of our RFPs that we're working on at this point.

Vice President Adams - Rebecca, thank you for your presentation. I'm in support of it. And I have no further questions.

President Brandon - Thank you. It sounds like we all support this. And thank you so much, Rebecca, for this presentation and for making it so clear to us -- and so easy to understand. Thank you. I think it's great that we do have this template for MOUs and that we will be able to use it going forward. So thank you. Carl, can we have a roll call vote?

Roll-Call Vote:

President Brandon – Yes
Vice President Adams – Yes
Commissioner Gilman – Yes
Commissioner Woo Ho – Yes

President Brandon - Motion passes unanimously. Resolution 20-39 is adopted.

E. Informational presentation on status and findings of the Opt-In Rent Deferral Program and Proposed Rent Forgiveness Strategy.

Rebecca Benassini - Thank you, Carl. Hello again, commissioners. Rebecca from real estate and development. And it looks as though the presentation has flipped over to Pier 29. So I'll start my introduction. And perhaps, you could flip through to get to the opt-in and proposed rent-forgiveness strategy.

So I'll just start in by noting that I am here on behalf of our team at real estate and development. We've had a lot of substantive discussions with finance. And that looks like my presentation, so it was just the title slide that wasn't correct. So you can go back to the beginning. Thank you so much for that.

I also want to note that our city attorney, Rona Sandler, has worked with us very closely. And you, commissioners, have put in quite a lot of time on these items. We want to recognize that we are working with the best information we have today.

And we really appreciate you all being open to understanding that we can look back a couple months. We're looking forward a couple months. And we are all working to adjust how we support our tenants and to right size that tenant support within the means of our budget that we have. Next slide, please.

So the presentation today is focused on two items. One is a look back on the opt-in rent deferral that you all already approved in June. Crezia will provide that look back on what data we can glean from that rent-deferral action that you've taken in the past that runs from August until December.

So that is a continuation of one rent tenant-relief strategy that is already passed and is in place for tenants who opted in through December. Then, I'll step back in. And we'll talk about the informational part of this conversation that we think could lead to an action item potentially in September.

We'll be focused very closely on, what are we trying to get at in terms of the Port's values, the Port's business strategy in rent forgiveness? How are those strategic choices we're going to make? How can we shoulder those choices and those forgiving of rent within our fiscal budget, our fiscal constraints?

And then, if we're able to act on some realm of these various buckets later in September -- not today, today is not an action item -- what are other further relief items we may wish to explore that would really make sense?

Because I think we're going to have this long conversation. We want to keep queueing up for you what might be on the horizon as needed. So I'll hand it over to Crezia to go over the opt-in rent-deferral results that we have so far.

Crezia Tano-Lee - Thank you, Becca. Just to give -- we've been over the opt-in rent-deferral program. But as a reminder, we did approve this on June 9th. It waives all the late fees and default interest on rent payments from August 1st through December 31st.

And it does allow tenants who had been previously deferring rent to carry over that rent deferral during this period of time. Again, it covers all our tenants, no modifications to our leases. And they will be required to comply with all of their lease obligations during this period. Next slide, please.

So in our opt-in program, we collected several submissions from our tenants, 73. And that is 73 of 505 tenants that were eligible to apply for the program. So this chart here shows, by sector, how many tenants opted in versus which did not.

Key highlights -- all of our parking operators opted in and then about half and half on our restaurants and our retailers as well so a pretty diverse set of participants in our program. Next slide, please.

We did ask our tenants what their projection would be for resumption of normal rent payment. This slide shows the various responses that our tenants had. The earliest indicated that tenants might be able to provide normal rent payments was August 2020 and the latest being January 2023.

But on an average basis, many indicated the spring of 2021 as being their ability to resume normal rent payments. Next slide, please. This slide provides an overview of our tenants and their business size.

We asked tenants to report what their 2019 gross sales were. So as you can see here, of the 73 respondents, 27 were under a million. Twenty-two generated \$1 million to just under \$5 million in gross sales.

And then the remaining sectors of \$5 million to \$15 million comprised of 20 respondents. Four tenants did not respond with their gross sales for 2019. So I would say, in general, most of our tenants who are participating are on the smaller size and small business definition of our categorization. Next slide, please.

We did ask our tenants to respond with any financial assistance they sought. We are still going through this information. There were a lot of attachments that were included as a part of the application. But as an overview, 56 of the 73 tenants did seek out federal support, which was primarily PPP, some EIDL loans.

The other remaining tenants -- only four either sought out state or local funding. And then, 13 of our tenants -- of the tenants that are participating in the opt-in program didn't apply for any financial assistance. Next slide, please.

And then, in term of rental performance since shelter in place, we've been showing this information to the commission over the past couple of months. We do see a slight uptick in July payments from June was 46 percent of rent payments collected and an uptick to 52 percent. That reflects about \$3.3 million in rent collected. Next slide, please.

So this graphic provides what we believe to be the flow chart of opt-in. We had anticipated that, during the application period of June 15th through July 15th, that tenants would either answer -- would answer the question of, do I want to opt into extended rent deferral?

Our participation did not do as well. So I think the part that is very much unknown to us is this area in gray where the remainder of those 450 or so tenants -- sorry, my math is bad -- 425-or-so tenants that did not respond is requiring staff to really reevaluate how to engage our tenants on this conversation. Next slide, please.

As you know, there is a commercial eviction moratorium that is in place. This eviction moratorium applies to commercial tenants and subtenants that are either a month to month or holdover. But they must be registered to do business in the city, have gross receipts under \$25 million and missed a payment during the shelter-in-place period.

It essentially says landlords cannot evict tenants before giving tenants written notice and an opportunity to catch up on payments. Tenants must provide documentation that they've been negatively impacted by COVID and must continue to provide that documentation during this period of time.

As it stands, the moratorium gives six months to tenants to pay all outstanding rent, after which the tenant can be evicted for nonpayment. The moratorium is set to expire on the 16th.

But as we've seen in prior periods of time, the moratorium has been extended at 30-day increments over the past couple months. So it's possible this moratorium is extended once again. Next slide, please.

So in terms of analysis over the opt-in program, we recognize that this only represents a fraction of those who are not paying rent. Even those tenants who did not opt in may face challenges after the opt-in period. And based on our projections

of resuming regular rent, this would be beyond the deferral period of December 31st.

And we will begin communications with non-paying tenants who did not opt in. And we will follow any commercial eviction moratorium requirements that are in place.

And finally, the Port budget can only offer relief to a segment of the total portfolio. And further forgiveness must be targeted and strategic in support of the Port's business and mission. So I'm going to turn it back to Rebecca who will take over from here.

Rebecca Benassini - Thank you, Crezia. Next slide, please. So we focused a little bit on the tenants who had the option of deferring rent.

And deferring rent is -- as you heard from Crezia, we had many tenants who did participate in the program. But there are also tenants who chose not to participate and opt in. And we're not sure why.

One reason may be that they feel as though they're protected under the commercial eviction moratorium. So it's hard to know until we get feedback from all of them as to what their plans are. But the next step with those tenants who didn't opt in and did not pay rent is to begin those communications under the commercial eviction moratorium which facilitates this kind of back and forth between landlord and tenant.

We say you didn't pay rent. Your rent is due. What is your plan? And they can write back and state they have -- they're invoking their rights under the commercial eviction moratorium to the extent it's extended beyond the August 16th date.

We want to focus -- that's the program that's already in place. Moratorium, deferral is in place. And we are providing updates as we go because it's such a fluid situation.

We also want to talk about the rent-forgiveness program that we've talked about in the last two meetings. This is something that the Port staff would like to actively do in terms of working with our tenants.

We recognize we have 540 tenants, over 1,000 agreements. We cannot provide forgiveness for all of those -- for even a small fraction of those tenants. We don't have the resources to do that. There are other government programs to the extent they're functioning and not that are working on those sorts of economic development and economic downturn.

What we want to focus on are those tenants who really meet our business strategy and who really support the Port's trust mission and our values. So as we've been formulating this rent forgiveness, those are the three things we're thinking about.

Is this within our budget? Is this in our business strategy? Is it supporting our trust mission and our values? The two other bullets I really want to bring to your attention is that the Port has a relatively small real estate staff for the amount of land that we manage.

So this rent forgiveness needs to be implementable. And the way that we can do this with our relatively small staff is through a targeted amendment that would be sort of a form amendment. We would ask the Port Commission to delegate authority to enter into those amendments.

We would also need to take some of those amendments potentially in a group, potentially through a board ordinance to the board in order to allow us to enter this agreement. We also want to note that, like I've been saying from the beginning, we want to keep having this conversation with you and bringing information to you as things change. And we want to be ready to adjust to those changes. Next slide, please.

The sectors the rent-forgiveness program focuses on, I just want to take one minute to go over them and why they're on this list. The percentage-rent tenants are those tenants who are really in line with our business strategy.

And also, there's a potentially offsetting revenue stream to the rent that the Port may choose to forgive. The percentage-rent tenants are unlike our office or our storage tenants because these are the tenants that rely on customers coming to the waterfront in person, purchasing food, drinks, experiences.

These tenants run their business off of Port property and require customers to come and spend money in order to have a revenue stream. Unlike office or storage tenants, this tenant group has really been severely limited in customers accessing the site or congregating at the waterfront because public health orders are focused very rightly on stopping and responding to fluid virus transmission conditions.

What also distinguishes these tenants from storage and office tenants is that, in order to refill these spaces to the extent these tenants go out of business and aren't able to continue operating under their current lease terms, the Port would typically need to do an RFP to refill these spaces.

During normal economic times, this is a one-to-two-year process. And unlike office or shed tenants where we could potentially look for a new tenant relatively quickly, it's really in our interest to keep the current tenants in place.

And the rent-forgiveness strategy I'll go over in just a moment forgives base rent but has a shared prosperity model where, to the extent these tenants are able to operate their outdoor, they're able to operate their take-out, we would participate just like in their normal rent terms. We would participate in a percentage of their sales. That's the percentage-rent tenants.

Also want to focus in on the select maritime tenants. These tenants clearly are so in line with the Port's maritime mission. Similarly, if we lost these tenants due to the shelter-in-place shock, we would have a hard time refilling.

These are capital-intensive industries in some cases where they need to purchase vessels and other materials in order to start operating. We don't want to lose those tenants, want to recognize them and keep them in our portfolio.

Similarly, you heard -- it seems like hours ago now -- Stephanie's item on local business enterprise tenants. These are tenants in line with our Port values, our strategic plan. We want to support these tenants.

And rent forgiveness during shelter in place is a great way to do it. I'm only going to touch briefly on the criteria-based tenants because we think that we need to have more conversations with you and with staff.

But there's another potential bucket of tenants that we haven't defined yet that could be tenants that apply to the Port similar like applying to a loan under the crabbers' loan program or the LBE loan program where they apply to the Port for rent forgiveness, partial or full rent forgiveness for some period of time because they provide a particular community service or have other characteristics that the Port wants to support but staff hasn't thought about what those are at this moment.

So we want to come back to you with more information on those. But I wanted to hold that out as another potential bucket. That bucket would definitely be budget limited.

We would say the Port has, you know, X hundreds of thousands of dollars to provide to this type of relief. And then, we would do an application process. Next slide, please.

The overall impact of these various -- or the impacted tenants in these various sectors, first the maximum duration -- I want to talk about how it might be limited. But the maximum duration of base-rent forgiveness to percentage-rent tenants proposed is up to 14 months.

There are about 48 tenants in this bucket. Select maritime tenants, LBE tenants -- we've targeted the really strict shelter-in-place period of March through May, the three-month period. You can see that, overall, if we add all this up, it's about 200 tenants that would be affected or would benefit from this forgiveness.

The maximum amount of base-rent forgiveness would be about \$12.7 million -- want to point out that the 11.8 in the percentage-rent tenants would be offset by percentage-rent collected, which I'll go over in just a moment. Next slide, please.

Focusing in on that biggest bucket of base-rent forgiveness, the percentage-rent tenants, you can see about roughly half of the amount would be to restaurants. About a quarter would be to excursion operators -- maritime excursion operators,

another quarter to parking and the rest distributed among attraction and retail. Next slide, please.

And now, focused in on what I was speaking about earlier and that is for the percentage-rent tenants. We had, in the previous staff report from last month, up to a 14-month rent forgiveness. In hearing the conversation at the commission, we understand that that is a long runway.

And there's a lot of concern about how long that is. So we varied that proposal in the current staff report to the base-rent forgiveness would extend to the earlier of up to the 14 months starting from March 2020 through April 2021 or the point at which the tenant has really stabilized their revenues for a three-month period whereby the rent due to the Port under their percentage-rent terms is above their base rent.

So that, to us, is the signal that they're doing a sufficient amount of business that they don't require base-rent forgiveness any longer. So that would be the new proposal. The 14 month is the maximum. But it's the earlier of 14 months or the time at which they've really hit this stabilized operating revenue in case we do have an uptick in economic conditions, and virus spread is really contained.

The other requirement to get this forgiveness would be tenants need to operate a minimum of 10 days per month. This is consistent with what we're seeing restaurants dipping their toes on the water on. It's quite costly to operate a restaurant.

And they don't want to operate at times when they don't have very much foot traffic. We also want to note that we would ask in this amendment to net out any funds the tenant has received from other governmental relief programs that are intended to pay rent.

We also propose that there be consideration for required fixtures that operators have put in to meet public health orders. So there would be a rent-credit potential for those fixtures. I already mentioned who this would affect, the tenant types. Next slide, please.

As I mentioned, the total base rent for the whole program that might be forgiven would be about \$12.7 million. Based on past performance at a very low end even, the percentage-rent tenants could net out -- we could see about \$6.6 million to \$13.3 million in percentage rent depending on how operators are doing with regards to their achievement of prior percentage rent.

So \$6.6 million is sort of the low end of what we think they might be able to do over the 14 months. Next slide, please. The targeted forgiveness for our maritime and our LBE tenants is three months during the core of the shelter in place.

We would apply sort of similar parameters where, if there are amounts that were received through relief programs, we would want to net out the forgiveness from

those amounts the tenant received from other governmental programs that were intended to pay rent.

We also think that -- we'll make sure these are LBE tenants who've maintained their status during the forgiveness period. And the types of tenants that would be eligible for this are the fishers, crabbers, processors, maritime support, truckers, construction firms and engineering firms. Next slide, please.

I spoke a little bit about how these tenants and these proposals align with our mission and our values. We're really trying to focus on the tenants that meet both of those or one of those categories. This forgiveness is limited.

We've already integrated these into our financial projections. And we've been working closely with that graphic Crezia is often putting up, which is how much of our rent that we billed is actually being collected, which is really one important indicator for us in terms of our tenant health, as we don't always get responses to things like opt-in to our rent deferral program.

We do know how much money people are paying us, which is something we want to keep a very close eye on. Next slide, please. I talked about the criteria-based rent forgiveness and how we want to keep having a conversation with the commission and look at our tenant portfolio to figure out what tenants might meet this special community survey or have a demonstrated need that could be good candidates to apply for additional rent forgiveness.

For opt-in tenants, as Crezia mentioned, we recognize many of them may not be able to start resuming regular rental payments, let alone repaying the amount that was deferred. So we're looking at other repayment programs that other commercial landlords have come up with in terms of how to get over this six to nine months of deferred rent.

How are we going to get to a repayment situation with those tenants so that they can stay in good standing under their lease? And we will be looking at tenants who do request early termination. We haven't received very many of these requests as of yet, which makes sense. Commercial moratorium is still in place.

But to the extent there are tenants who do decide they cannot continue to operate their business and would like to pursue mutual early termination, we're looking at the parameters where the Port Commission has delegated authority to staff to enter this.

And we may look at that tenant group and come back with different parameters that would expedite that process to the extent it makes sense for the Port to do so. Next slide, please.

So I want to pause on this slide while we have our discussion. It encapsulates sort of the summary of the whole program. It has the sectors. It has the maximum number of months. It has the estimated tenants.

I also want to note that, in the staff report, one of the attachments names every tenant in these categories. So the 48, the 122, the 28 -- those tenant names are in our staff report. We want to be really clear which tenants we think may be eligible.

Later on, if we take up action in a month or so, then those tenants would need to apply to the forgiveness program and provide information to the Port in order to have the lease amendment provided to them.

So we just want to be really clear, make sure we're not missing anybody and to be really public and transparent about which tenants were talking about. These are real dollars to our tenants. And we don't want there to be any confusion about who is in and who is out.

And we want to make sure we don't miss anybody. So we are publishing those lists clearly and asking our tenants to be aware of what group they are or are not in. So I want to pause there and just thank Crezia, Mike Martin, Elaine, Rona. We've all -- and everybody else in finance and real estate.

We've all been combing over numbers trying to come up with the right program and make sure we're providing you as much information as we can on this difficult topic. So I want to recognize those folks and just pause on this slide as the Port Commission provides input and asks questions. Thank you very much, commissioners.

Public Comment on Item 9E:

Drew Harper - Thank you, President Brandon, Vice President Adams, Commissioners Gilman and Woo Ho. This is Drew calling from Spinnaker Sailing down in South Beach Harbor. I just wanted to kind of give you some updates here.

I think you're probably wondering how small business tenants like myself are doing. And I'm not sure how much information you're getting real time so hence my call. We are maritime and not representative of the dozens of Port restaurant tenants. But there -- most of those are our friends.

We reopened June 1st. We offer sailing lessons to the public and private charters on sailboats, both 25 and 90 passengers, to individuals and the many companies throughout Bay Area. This allows people in the City and County of San Francisco and the surrounding communities to enjoy sailing without having to own a boat.

And BCDC is very supportive of our mission of shared use boating companies like ours because we provide access to the water to those who can't afford a boat. We are the largest tenant at South Beach Harbor.

I wanted to bring a month of data from the month of June and July into view just so you have some real live data to deal with. But for comparison, we operated the months of March, April and May at zero income.

Of course, everybody was locked down. This is problematic, as we are seasonal, and we need to generate 100 percent of income the months of March through October. Having lost the first three months of 2020 is, of course, going to be a giant hurdle.

My staff is working very hard. And personally, I've worked seven days a week since June 1st. We have to make enough money in season to support the rent during the winter months when we don't make any money.

I am sad to report that the sailboat charter business is effectively dead. June revenues for charters are down 92 percent compared to 2019. And July revenues are down 97 percent. This has forced a hard decision for us to list the Bay Lady, our 90 passenger schooner for sale.

She's a tall ship and a San Francisco fixture on the waterfront. We've operated her at South Beach since 1998. She's carried tens of thousands of people happily and safely around the bay for over 20 years.

The sailing school is open. But we've cut our class size in half to maintain social distancing. We now have only two students per boat with one instructor. This means we have to run twice as many classes to satisfy the certification requirements.

The labor-to-income ratios are really pretty wonky. For the sailing school, revenues are down 50 percent compared to 2019. In July, the revenues are down 30 percent compared to 2019. We are indeed thankful that people want to learn how to sail during COVID and that we can provide a safe and healthy environment for them to do so.

Our company as a whole, the charter company and the sailing school, is generating 49 percent of our normal income for June and 46 percent of our normal income for July compared to 20 -- [timer beeps] -- percentage-rent check for June and are sending a percentage-rent check for July next week. We will continue paying percentage rent to help the Port pay its bills. I hope this information helps you in some fashion make the tough decisions that face the commission.

I am hoping that you will grant rent forgiveness for the months that we were required to stay closed and allow us to pay percentage rent through this tough rebuilding stage so that we can emerge from this recession together -- [crosstalk]

Pete Sittnick - Good afternoon, President Brandon, Vice President Adams, commissioners. This is Pete Sittnick, managing partner at Water Bar and EPIC Steak on the Embarcadero on the waterfront across from the Bay Bridge.

Thank you for giving me the opportunity to talk. This is I think maybe the third or fourth meeting where I've been able to comment on our business. We are very fortunate and grateful of a supreme location on the waterfront that has outdoor seating and has allowed us to be open to take care of the public.

And I'll give you a little update as to where we're at. Even with the extra seats and tables that we've put in some of the public spaces, with the socially distanced seating on the patios, our revenues are somewhere in the area of 25 to 35 percent of pre-COVID.

So we're down 65 to 75 percent in revenue. So we are all in favor of the percentage-rent program. We want to participate on an equal basis with the Port. We're definitely willing to pay based on the business that we're able to do.

And we would definitely like to see some action expedited as we are getting very nervous with regards to the timing of the year because we're in the middle of the August now. Next commission meeting is the middle of September.

And after that, we really estimate that we're only going to have six more weeks to do outside dining with no real hope on the horizon of being able to open up indoor. But we do hope that that's going to be a possibility.

So I appreciate your willingness to look at this program. It's something that we're going to need in order to stay in business and to maintain the identity and the ability to take care of people on the waterfront that we've done to the last 12 years. Thank you very much.

Commissioners' Discussion on Item 9E:

Commissioner Woo Ho: Hi. Thank you, Crezia and Rebecca, for this report. I think we have combed through this with a fine-tooth comb. We've had some briefings on it separately. I think you have all thought through this. And I think that we have collectively come around to understand what is, I think, the best proposal here to help our tenants and also make sure that we are also protecting the Port's interests.

And I think that I'm prepared to support this going forward. I think -- I don't have any further questions right now since I had the briefing the other day. Thank you.

Commissioner Gilman - Rebecca and Crezia, thank you so much for the report. I concur. We have gone through this. We have fine-tuned it. I am really looking forward in September at our next meeting of taking action on this item.

I think it goes to the core values of the Port and to the core values of the City and County of San Francisco. You know, currently across the city, 77 percent of bars are closed. And only 47 percent of restaurants are doing take-out service with estimates that, city wide, 40 percent of all restaurants and bars will permanently close.

I think we need to do whatever we can to give a leg up in support to our partners on the Port who are in this space and to the other businesses outlined in the report. I said it in my staff briefing, and I think I want to say this to my fellow commissioners since we won't be action till September.

I am actually open to extending the rent relief for our maritime tenants past the three-month period the staff had recommended. And I would hope my fellow commissioners could think about that. And we could talk with staff offline before this comes back to an action item.

To the public commenter's point, many of our maritime tenants have a season in which they make the bulk of their proceeds going into winter where either their businesses are unable to operate due to weather conditions or whether businesses dramatically drop off.

I would like us to consider adding three months to that forgiveness to really give those tenants a cushion to succeed and come back in 2021 when their appropriate seasons open. That's my most salient comment.

But I am incredibly supportive of this item and very much looking forward to us taking action on it in September and possibly looking at doing a little more for our maritime tenants. Thank you.

Vice President Adams - Yeah. I want to say to Rebecca and Crezia, thank you very much. I thought we were going to vote on it today. I've been briefed. I was hoping that we could have a special meeting before then.

There's a lot of pain and suffering. I just did some research. You know, it's really weird. Over 2,500 businesses in San Francisco and Oakland have went out of business. We've heard the pain and suffering.

I would rather act before than act later. But it's September. September, it is. And I agree with Commissioner Gilman on extending the maritime. President Brandon, you have the authority to call a special -- even if it's one item.

But I think this thing needs to get done. We've beat this thing to death. Commissioner Woo Ho is right. I think we're all on board on this. I think we ought to take immediate action. That's just my opinion as one commissioner. Thank you.

Commissioner Gilman - I would just like to say I concur with Commissioner Adams. And I am very supportive of a special meeting solely on this item to take action this month.

President Brandon - Thank you. Rebecca and Crezia, thank you so much for the presentation. Thank you so much for going over it with us for every meeting since the pandemic started. I really want to thank the entire team because so much thought has gone into this and so much preparation and special meetings just to get us to understand the rationale of why we're doing what we're doing.

So I just wanted to tell you how much I appreciate everyone's input and everyone's willingness to help our tenants to hopefully continue to be successful. I am on board with the forgiveness, with the deferral.

And I do agree with my fellow commissioners that maritime is our primary industry. And we do need to do whatever we can for those tenants who, as you said at the beginning, are really our core values and our core mission.

So we may want to look at extending the deferment for our maritime tenants or whatever type of help we can get them. If the commissioners want to have a special meeting, I think that -- well, yeah. So if we want to have a special meeting before our next meeting in September in the next two weeks, I am for that.

And I support it because, as with our loan funds, as with everything we're doing, people are really hurting and really in need. So the quicker we can do whatever we're going to do would be wonderful for our tenants.

So you guys can -- Elaine can decide if we are going to have a special meeting or not to give the staff time to make sure that we're prepared to present this as quickly as we would like them to. Of course, we would like it yesterday.

Director Forbes - Of course. We'll look into that. There's one item to consider which is the maritime forgiveness, so we'll look into that. And Carl and I will reach out and attempt to schedule a special. I'm sure we can accomplish it before the next meeting in September. Thank you.

President Brandon - Great. Thank you. Thank you, everyone. And thank you, commissioners, for all your comments. Carl, next item, please.

- F. Request approval of (1) a Memorandum of Understanding with the San Francisco Office of Economic and Workforce Development for use of Pier 29 as a central location to accept deliveries of Personal Protective Equipment and its subsequent distribution to San Francisco nonprofits and (2) deferring rent for such use as it supports City's public health response to the COVID-19 crisis. (Resolution No. 20-40)

Don Kavanagh - Good evening, commissioners. My name is Don Kavanagh. I'm the Port property manager for the northwest portfolio. And I'm bringing a matter to your attention this evening that is requesting the approval of the MOU for the OEWD use of Pier 29 for PPE acceptance and deliver and the deferral of the rent payment for that 30-day use. I'd like to thank Rebecca Benassini for her assistance in this and Grace Park for her legal advice and Gabe [Mikovich] for his work with Metro, who is the licensee of Pier 29 at the moment. Could I have the next -- you're on the next slide. Thank you.

So Pier 29 is under non-exclusive license to Pacific Cruise Ship Terminals to hold periodic events at Pier 29. But due to the COVID crisis, they have no events

scheduled through at least November. And that event could be delayed as well. Next slide, please.

So the intent of the use of the pier is to provide space to accept the delivery of personal protective equipment that is being provided by the California State Office of Emergency Services at no cost. The PPE includes approximately 1.5 million face masks, 600,000 face shields and 21,000 gallons of hand sanitizer.

The OEWD will accept the delivery and then breakdown the PPE into smaller components, which will be -- and then, they will invite nonprofits to come pick up the PPE for further distribution. The OEWD thinks it will take about 30 days to distribute the PPE to the nonprofits, essential employees and small businesses.

And this will assist in the Port and the city's response to COVID. The OEWD is prioritizing low-income small businesses and those with barriers to access to PPE, microbusinesses with high volumes of visitors and clients and small businesses with high touch and interactions with the public.

So far, they have organized 21 nonprofits to assist in this effort. And the black and brown communities of San Francisco disproportionately impacted by COVID are the focus of the PPE distribution efforts.

That represents approximately 7,000 businesses, approximately 42,000 employees and many members of the public. Next slide, please.

The operations and the layout of the PPE was developed in a way to meet both the structural weight limitations of the shed and the bulkhead and to manage the fire risk of the hand sanitizer. And that risk was -- Ken [Kaufland] or the fire department was instrumental in helping distribute this PPE plan.

So on the map, you see the yellow is the hand sanitizer. There's 21,000 gallons of that. The purple is the masks, and the face shields are in green. The red arrows represent the path of traffic for the truck deliveries. So far -- the deliveries started today with five truckloads. And I've heard of no issues related to that. Next slide, please.

So the MOU is for 30 days starting today. And we included a 30-day holdover period in case the distribution doesn't go as fast as OEWD anticipates. But there's no more than that one 30-day holdover period.

The total fee under the parameter rates Port staff could offer OEWD is \$123,750. And that's \$4,125 per day for 30 days. So Port staff recommends approval of the resolution which defers payment from the OEWD for up to 60 days and directs Port staff to seek reimbursement of the fee in disaster relief efforts to the state and federal relief programs. And that concludes my presentation. And I'm open for questions.

ACTION: Vice President Adams moved for approval. Commissioner Gilman seconded.

No Public Comment on Item 9F.

Commissioners' Discussion on Item 9F:

Commissioner Gilman - Thank you so much for that report. I think it's really critical that, in this pandemic, that the Port do everything we can to support our relief efforts and our nonprofit partners. I am supportive of item and have no questions.

Commissioner Woo Ho - I agree with Commissioner Gilman. I think we have to do everything we can. And I think that we are -- I think we've done a great job in being collaborative. I think that this is a great use of some of the properties that we have that are not actually being used at this time. So I support this item.

Vice President Adams - Thank you, Don. I agree with my fellow commissioners. Let's go ahead and take care of business. I'm in support. Thank you.

President Brandon - Thank you. Don, thank you so much for the presentation. And I'm glad that we're able to help the city with this effort. I hope that a lot of nonprofits and organizations get good use of this PPE. Thank you.

Roll-Call Vote:

President Brandon – Yes
Vice President Adams – Yes
Commissioner Gilman – Yes
Commissioner Woo Ho – Yes

President Brandon - Motion passes unanimously. Resolution 20-40 is adopted.

10. PLANNING & ENVIRONMENT

- A. Informational presentation on Heron's Head Park Living Shoreline Project, San Francisco Bay Restoration Authority grant, and sole-source contract with Literacy for Environmental Justice.

Carol Bach - I'm so sorry about that. I've been watching this whole Port Commission meeting. And of course, the moment I start to speak, something went wrong. So I just completely logged off and logged back on. So Carl, can you guys still hear me? Hello? Thank you. Goodness. You've had a long day. I'm sorry to do this to you. Next slide, please. Actually, maybe I should go back because I guess you didn't hear that first part.

Today's presentation is informational only. I hope to return to your next Port Commission meeting to request authorization for a couple of things that I'm going to talk to you about this evening. Next slide.

So there's a lot to update folks on about Heron's Head Park including some background about the conditions of the park out there and some of the new public-engagement initiatives that have been going on and some funding opportunities that we have.

And I'm going to try to keep it short because I know you guys have had a really long day. So the Port of San Francisco created Heron's Head Park over 20 years ago. And over the last two decades, it has evolved, including addition of the EcoCenter in 2010 and improvements to the park and parking lot in 2012.

In 2019, the Port entered into a partnership with Rec and Park to provide public programs running out of the EcoCenter. And Rec and Park has been able to bring a lot of resources to the EcoCenter including staffing on weekends pre-COVID, leveraging their deep connections that they have with other neighborhood-serving organizations in the area.

And this summer, for the first time ever, they offered a summer day camp at Heron's Head Park, the Wetlands Explorer day camp. Next slide, please.

The work that the Port has done over the last 21 years has transformed what was once a blighted massive fill in the bay into a valuable natural resource and community asset. However, over the 20 years since the wetlands and park were created, the shoreline at Heron's Head Park has experienced significant erosion.

This figure shows the impact of that erosion showing that the 1999 shoreline in red, the 2018 shoreline in yellow and the projected location of the shoreline by 2050 in the dashed white line.

In the most impacted area, the shoreline has retreated up to 50 feet from its 1999 location. One of the tidal ponds is consistently flooded rather than tidally flushed, which is essentially returning what was once pond habitat to open bay water.

Without protecting the shoreline from erosion, Heron's Head Park is expected to lose approximately two more acres over the next 30 years.

Additionally, the wetland plant habitat that is the basis of the site's ecological function has decreased in size due to the erosion and decreased in habitat value due to invasion by nonnative plant species. Now, Heron's Head Park needs protection, maintenance and stewardship. Next slide, please.

We are proposing to take a living-shoreline approach to stabilizing the shoreline of Heron's Head Park. A living shoreline is a protected, stabilized coastal edge made of natural materials such as plants, sand or rock.

They are often referred to as nature-based, green or soft shorelines. And during the Port's Waterfront Land Use Plan and resilience planning processes, we've heard strong support from engineering and environmental experts, committee members and the general public for natural systems-based approaches to shoreline protection at the Port, particularly on the Southern Waterfront where it's most feasible.

So Port staff has completed feasibility study and biological assessment that indicates that a nature-based shoreline stabilization approach would effectively mitigate shoreline erosion and protect the wetlands at Heron's Head Park. We've initiated planning, design and permitting for a living-shoreline solution. Next slide, please.

The primary objectives of the proposed living shoreline project are: to protect the southern shoreline from continued erosion; to restore native wetland plant habitat by growing, planting and caring for certain key wetland species; creating capacity for adaptation to sea-level rise; and creating youth employment and community engagement opportunities in the work. Next slide, please.

We're going to accomplish those objectives by: constructing a dynamically stable sand and gravel beach; fabricating and installing oyster reef balls; revegetating the wetlands; and employing youth in hands-on habitat restoration and also community outreach; and completing post-construction monitoring and habitat stewardship.

That photograph on the upper right is a similar project that was constructed in Marin about 10 years ago just to help you have a vision of what a dynamically stable sand and gravel beach would look like.

In the center, that photo shows the kind of planted edge that we would include in our living shoreline. And lower right are oyster reef balls that are fabricated out of an ecologically friendly type of concrete mixed with sand, gravel and shell to give it texture and substrate for organisms to land on. Next slide, please.

We propose to approach this project in phases. The first would be to begin with phase one of the wetland revegetation. We have funding committed from the San Francisco Bay Restoration Authority, which is an agency that was created several years ago by Measure AA which imposed a parcel tax on homes in all the nine Bay Area counties, passed with overwhelming support in all Bay Area counties including in San Francisco.

In 2018, the Port applied for grant funds for the Heron's Head Park Living Shoreline project. And we were recommended in early 2019 to receive an award of up to \$1.1 million to fund the marsh vegetation habitat stewardship and monitoring components of the project.

Last month, the governing board of the San Francisco Bay Restoration Authority voted unanimously in favor of awarding \$297,000 to the Port to begin the first phase, which would be the first two out of five years of revegetation that the Restoration Authority proposes to fund.

This would enable us to begin collecting seeds and growing plants and beginning to plant out in Heron's Head Park. The next stage of the project would be shoreline and stabilization.

For environmental protection reasons, the placing of sand and gravel along the southern shoreline, which is really the primary shoreline-stabilization task, has to occur between August and January of any year.

So that's just a scheduling constraint that we'll need to deal with eventually. The cost estimate for that component is \$2.46 million. And it is currently unfunded.

We are looking for funds and have applied to the National Coastal Wetlands Conservation Program for \$1 million in funding. And that application for grant funding is under review.

The next phase of the project would be the phase two of the wetland revegetation, the subsequent three years which would follow shoreline construction. This is part of the work that's recommended for funding by the Restoration Authority.

So we would go back to them for a second approval and come back to you for an additional approval to accept those funds. And then, all of that would be followed by post-construction monitoring for five years.

So the total estimated project cost is \$3.56 million. We have -- I see a typo there. We have \$1.1 million, not \$1.01 million, in funds recommended by the San Francisco Bay Restoration Authority. Next slide, please.

So the San Francisco Bay Restoration Authority places a high value on equity and inclusion in the projects that they fund as does the Port. So when we applied in November of 2018, we included a youth employment and community outreach component in our funding proposal.

We have identified Literacy for Environmental Justice as uniquely qualified to provide two essential components of the project: the wetland plants that we need and the community and youth participation in the work.

LEJ is a City of San Francisco-certified nonprofit LBE. Their mission is to address the ecological and health concerns of the communities of Southeast San Francisco. LEJ trains youth for rewarding green careers and engages community volunteers in care for their open spaces.

LEJ also has a native plant nursery located in Hunters Point that specializes in growing locally adapted native species for shoreline and coastal upland habitats. Consequently, it is uniquely qualified to fulfill the project's needs for these particular plants.

LEJ would employ interns through its existing eco-apprentice program to participate in the work. The eco-apprentices are generally ages 18 to 25 years old from the Bayview-Hunters Point community. And they are young people who have a passion for conservation, habitat restoration and community engagement. Next slide, please.

So there's some of the current eco-apprentices working in LEJ's native-plant nursery growing the kinds of plants that we would need for our project. Next slide please.

The plants that we have specified that would be contract grown by LEJ in their nursery are the sort of workhorses of the wetlands. They are plants that are present at the site, that thrive under those conditions and provide significant ecological value, both physical habitat and food resources for the wetland ecosystem. Next slide, please.

Another one of our project partners would be the Estuary and Ocean Science Center, which is housed at the Romberg Tiburon campus of the San Francisco State University. There are two scientists at the Estuary and Ocean Science Center who have been researching the endangered California seablite, which was once quite abundant at Heron's Head Park.

But the population has been significantly reduced there by the shoreline erosion. So the EOS scientists would be working with the LEJ youth that were sort of hands on on the site to collect seed, cultivate the plants, care for those plants and do something called arboring, which is using small pieces of wood as like a trellis for the plant to climb on because it is a climbing type of plant.

It likes to climb when it has something to do that on. It significantly increases the habitat value of the plant by creating a physical structure. Next slide, please.

Additionally, there was a fire on Fourth of July. Unauthorized fireworks started a fire that burned vegetation shown in this pink area primarily around the EcoCenter. We were fortunate that it was mostly a grass fire.

You can see from these photographs that some of the more mature vegetation survived the fire, and the trails created sort of fire breaks. So it didn't get out of control, but it did do some damage that needs to be repaired. Next slide, please.

So our partners at the EcoCenter, the San Francisco Recreation and Parks Department has approached us about an opportunity to assist with the restoration of the vegetation that was burned by the fire by constructing what

they call a children's nature play area, which is really just some physical and aesthetic improvements that are welcoming to a wide variety of ages but provide plants and rocks and stumps and things like that that children of all ages can play on.

So we're considering that offer from Rec and Park. It seems like an opportunity to revegetate and restore the burned area and provide some improved amenities as well. Next slide, please.

Next steps -- I'd like to come back at the next Port Commission and ask for your authorization to accept and expend \$297,000 grant from the San Francisco Bay Restoration Authority to begin wetland habitat restoration.

At the same time, I would like to request authorization to execute a sole-source contract with Literacy for Environmental Justice for \$297,000 to begin that work. I, pending Port Commission recommendation, would seek Board of Supervisors authorization to accept and expend the San Francisco Bay Restoration Authority grant funds.

The phase one wetland plant habitat restoration work would happen for two years beginning in fall 2020 through fall 2022. During this time, we will continue engineering design, permitting and seeking funding for the larger living shoreline construction project. That concludes my presentation.

No Public Comment on Item 10A.

Commissioners' Discussion on Item 10A:

Commissioner Woo Ho - Thank you, Carol. As usual, you do a great job making us really understand and feel that the Port is on the leading edge of really -- on anything environmental. And it's great to know we are promoting and preserving what the wetlands for the Bay Area really are about.

And Heron's Head Park is very important to us. I think your presentation was very well laid out in terms of what you are trying to do and learned something about our shoreline as well. So I'm very supportive of the project and glad that you have the first phase of the funding in place and look forward to hearing more reports.

And I think that it's a very exciting project. It's nice to have something that we're doing that's beyond our other projects that we do at the Port. And I love the picture of the bird on the last page. Thank you.

Commissioner Gilman - Again, thank you so much for the report. It was very detailed. I'm excited to move forward on this valuable asset for the Port but also for the southeast sector of our city. And I really like the fact that, in phase one, the entirety of the grant money that we've received is going to nonprofit LBE.

I think that really highlights and elevates the values of the Port, particularly what we're trying to do around equity. So barring no changes, I'm fully supportive of the item and look forward to voting on it in September.

Vice President Adams - Carol, once again, stellar report, very detailed. Thank you for being so patient. You went last. But we always save the best for last. I'm also in support of it. I just appreciate your love and the

President Brandon - Thank you. Carol, thank you so much for the report. As all of the commissioners said, it was very detailed and very good because it was so engaging. It's like you were out there and you were a part of it but really happy that you are collaborating with LEJ because they've been out there since day one. And they've been doing a phenomenal job for -- [crosstalk] -- Heron's Head Park. So thank you for your efforts. Madam Executive Director, we may want to put this on our special meeting calendar just to go ahead and approve it since we're all so much in favor of it. Thank you, Carol.

Carol Bach - Thank you so much for the support and for your patience with my technological glitch at this late hour. Thank you.

President Brandon: Thank you. Have a good evening.

11. NEW BUSINESS

Director Forbes - For new business, I have recorded that we will be scheduling the LBE program to come back in the fall to learn the results of the lottery. We also will schedule periodic updates on Pier 70 and the appraisal process on Parcel A and Parcel E2 and on the project overall. And we will be reaching out to schedule a special meeting. Is there any other new business?

12. ADJOURNMENT

ACTION: Commissioner Gilman moved to adjourn. Vice President Adams seconded the motion, in memory of Congressman John Lewis. All Commissioners were in favor.