

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING AUGUST 25, 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, Willie Adams, Gail Gilman and Doreen Woo Ho.

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES – August 11, 2020

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

4. ANNOUNCEMENTS

- 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

6. REAL ESTATE & DEVELOPMENT

- A. Request approval of a Rent Forgiveness Program for eligible Port tenants in three sectors as follows: (A) Percentage Rent Tenants; (B) Maritime Tenants; and (C) Local Business Enterprise Tenants. (Resolution No. 20-41)

Rebecca Benassini - Good afternoon, commissioners. Rebecca Benassini here on behalf of real estate and development staff along with Crezia Tano-Lee. We are so pleased to be with you on this afternoon to present this action item.

We want to thank the great work of Rona Sandler and all of the contributors to the rent-forgiveness program including everyone in real estate and development and maritime as well as our finance staff who have been following us along very closely on -- I won't call it a groundbreaking program but a new

program and one that we've had to closely coordinate with our other divisions on to make sure that we're all rowing in the same direction.

I want to just -- before we get into the meat of the slides, I want to just mention that you all will be very well aware of this. But to the Port, this is the third effort or the third type of tenant relief the Port is undertaking.

The earlier items were, of course, the broad-based rent deferral, which ran between March and July. We also had the opt-in rent deferral, which began August 1st and runs through December. This would be the third targeted tenant-relief effort in response to the COVID pandemic and its outfall in terms of our economics so just wanted to have that as background. And then, we can get into the meat of the presentation.

And as soon as Crezia, you join, please hop on. And you can bump me off and take over. Next slide, please.

Crezia Tano-Lee - Good afternoon, commissioners. Crezia Tano-Lee with real estate and development. An overview of the presentation that Rebecca and I will be providing -- we're going to give an overview of the rent-forgiveness program as proposed, our program administration plan and the fiscal impacts of our program and the further relief that we see coming down the pipeline as we continue in our economic recovery from COVID-19. Next slide, please.

So during this process, we've been guided by the following principles in creating our rent-forgiveness program. First and foremost, we wanted to: protect the Port's revenue streams and our assets; support our Port maritime mission; and to provide relief for the small local businesses who are least able to weather the economic downturn that we are experiencing at this time.

In addition to that, we have taken a shared-prosperity-partnership approach with our tenants to ensure that we are aligned with each other and are partnering strongly in this economic recovery effort.

The fifth item on this is that, as things continue to change, we have created this program based on best but, however, limited and evolving information. And moving forward, we are going to continue to apply this principle as we move forward. Next slide, please.

So, our rent-forgiveness program is targeted to three sectors of our tenants, the first being the percentage rent tenants, which include eligible retail operators, restaurant operators, maritime excursions and parking tenants.

The second category are select maritime tenants, which include fishers, crabbers, our fish processors and sport fishers and other maritime-support tenants. The third category are local business enterprise tenants, which primarily comprise of small engineering and construction firms in our southern waterfront. Next slide, please.

The table in front of you is an overview of our program based on the three sectors that we are presenting today. The first category are our percentage-rent tenants. And as we propose, this forgiveness would be up to 14 months.

This, however, has a caveat that, if a tenants were to meet base rent for three consecutive months, their normal rent provisions would kick in at that time. The estimated number of tenants affected in this program are 48. And the estimated rent forgiven through this program is \$11.8 million.

This 11.8 is offset by the percentage rent that we would collect during this period of time. The second category are our select maritime tenants. And per the direction of the commission, we increased this time period from three months to six months.

And the estimated number of tenants affected are 121 tenants. The increased amount of rent forgiveness is now at \$1.5 million. And our third category of tenants are our LBE tenants. And the proposed forgiveness period is three months. And the estimated number of tenants affected are approximately 27 tenants.

The rent to be forgiven through this program would be \$150,000. In total, we have the capacity to provide forgiveness to 196 of our tenants, representing \$13.45 million of rent forgiveness. Next slide, please.

So in terms of requirements for our percentage-rent tenants, the following requirements will apply. Any rent -- excuse me -- tenants will be required to report government-funded financial assistance that was received during this time period and that was stated for rent.

That amount will be netted out of the forgiveness amount. During this period, our tenants will be required to report sales months or as required by their existing lease agreement. They will be required to pay monthly the percentage rent that is due according to their lease agreement.

They will also be required to satisfy all responsibilities under their existing lease. For this category of tenants, they will be required to state and maintain agreed-upon hours of operation with not fewer than 10 operating days per month.

That last requirement is obviously contingent upon health orders that may dictate closure or revised operating guidance. Next slide, please.

In exchange for these, they will receive the following benefits. The base rent will be forgiven from March 1st through April 30th, again with the caveat or any -- if they trigger three consecutive months of base rent, the normal rent provisions will kick in.

They will -- this particular group of tenants will receive two opportunities of rent credit, the first being for eligible furniture and equipment costs to safely reopen during the shelter-in-place restrictions.

And the second would be for rent credits for rent paid during this forgiveness period. Rent credits will first be applied to any amounts owed prior to the beginning of the forgiveness period. Next slide, please.

With respect to our maritime tenants, we have the following requirements. They will have to, of course, satisfy all responsibilities under their existing lease agreement. And similarly, to our percentage-rent tenants, any government-funded financial assistance that was intended for rent will be netted out of their forgiveness amount. Next slide, please.

And with respect to benefits, they will be receiving six months of rent forgiveness from March 1st through August 31st. Rent credits for rent paid during this forgiveness period would be available to them. And rent credits will be applied to any amounts owed to the Port from the beginning of our forgiveness period. Next slide, please.

With respect to our LBE tenants, the requirements, again, are similar to our maritime tenants. They will have to satisfy all of the responsibilities under their existing lease and, again, have to report any government aid that they've received that is intended for the use of rent.

And a requirement also not listed here but is going to apply is that the LBE tenant had to have maintained LBE status during the forgiveness period. Next slide, please.

And key benefits that LBE tenants will receive are the three months of rent forgiveness from March 1st through May 31st. Again, they will be allowed rent credits for rent paid during this period of time. And those rent credits will be applied to any amount owed prior to the beginning of the forgiveness period.

A fourth provision is that any rent that is forgiven through this program shall not be an allowable expense in our LBE hardship emergency loan and grant program. Next slide. And I'd like to hand it over to Rebecca, who will take it from here. Thank you.

Rebecca Benassini - Thanks, Crezia. As you can see, commissioners, we are talking about almost 200 leases to be administered through the program if our tenants come along with us in this program. So we've given a lot of thought about how to administer this.

Through the lease-amendment process, we'll be doing several things. First, the data collection that Crezia was speaking about we'll be attaching to each lease, that government-funded information that she was mentioning that we need to net out of the forgiveness.

We'll be attaching expenditures that some of the tenants may have made in order to operate safely in COVID. Crezia mentioned which tenants are eligible for those items. Those are the maritime excursions, the retail and the restaurants.

We understand that many of them have bought a number of types of equipment and other safety gear that would be eligible rent credits under the amendment. Through the resolution, we'll be delegating to the executive director the ability to enter into the form lease.

The form lease was posted on the Port's website along with this agenda item. This lease amendment would then be tailored to each of the tenants. It'll -- I'll go into a little bit more detail on the rent-credit provision because it is -- deserves a little bit more explanation.

I also want to talk about the Board of Supervisors' subsequent approvals that will be needed for some of these lease amendments. Next slide. Thank you.

So on the start-up rent credit, this is the item -- I put in red the excursions because, in the staff report, we had mentioned specifically that start-up rent credits would apply to restaurant and retail tenants in the percentage-rent category. We should have also included excursions in that.

Our three excursion operators, in talking with maritime and looking at some of the health-and-safety plans, very well may have rent-creditable items that need the fixtures and equipment categories that they were required to purchase or will be required to purchase in order to operate safely.

So in order to enter the lease amendment and get rent credits for those items, we'll require proof of payment, of course. The tenant will be allowed to take these rent credits immediately upon entry of the lease amendment.

We'll be applying those first to any prior balances and then to subsequent balances until they're exhausted. They cannot go any farther. We don't anticipate anyone will have spent this much money.

But in no case can these rent credits go on past June 30, 2021. And should the tenant terminate, then the remaining rent credits would be extinguished at the time of termination. Next slide, please.

The second part of the rent-credit proposal applies to all of the tenants through the three sectors. We call this the rent-paid rent credit. To summarize, to the extent any tenant has already paid for the months where we're proposing forgiveness, we want to recognize those amounts.

However -- and the way we want to recognize those is to pay off any previous balance that they had owed the Port prior to the shelter-in-place and prior to the rent-forgiveness period, which is March 1, 2020.

And going forward, we will apply those beginning in July 1, 2021. And they would take them over the coming year from that time period forward. And the reason we're wanting to do this in the future is for accounting reasons, then to allow us to kind of bring this into the new fiscal year.

Also, we think that those who might have paid during the rent-forgiveness program perhaps had the ability to pay. And we want to help people who really didn't have the ability to pay during this period as much as possible. But we definitely want to recognize that rent that was paid and treat everybody the same.

We also are looking to try to keep people on our land. We are -- part of the [point] of this program is to keep people in their leases and to maintain those relationships. So that's how that rent-paid rent credit would work. Next slide, please.

I want to point out that the 197 leases that Crezia mentioned as being eligible for the program -- about 32 of those in the percentage-rent category are subject to the charter section 9.118. This is a charter section that required leases of a certain size or duration to go to the Board of Supervisors for approval.

So to amend those leases, we had to go back to the board. If you're able to approve this resolution today, we'll begin the process of bringing the legislation to the board. Our idea -- or we have two legislative concepts.

One is we bring all of these 32 lease amendments to the board for approval. Or we have authority delegated to the Port Commission to implement this program on the approximately 32 leases that are under board purview.

At the same time that we're going to the board, we'd like to ask the board to waive new city requirements. As the Port Commission may know, when we enter a lease amendment, at the time that we do that, we need to update the entire lease form with all new city requirements.

Some of our leasees are on relatively older lease forms that don't have a lot of the more modern requirements. We want to ask the board at that time to waive any of the requirements that would pose an operational cost to our tenants.

The point of doing this program is provide some relief. So we want them to continue to operate under the terms of their current lease and not add additional requirements at the same time that we're offering forgiveness.

So those are the two requested actions we'll make of the board if we're able to pass this resolution today. And we'll certainly report back to you on how that's going because it will affect when we can enter lease amendments for these 32 leases that are in the percentage-rent sector. Next slide, please.

As Crezia mentioned, the action today would forgive up to \$13.45 million of rent. That would be offset to the extent -- by the percentage rent that we'll be receiving along the way. If all of our percentage-rent tenants operated at about 25 percent of their typical operating level, we would receive about \$6.6 million in percentage rent over this period.

If they operate at a much higher level, I think it's 50 percent of their typical sales between March and April of next year, then we would receive up to \$13.3 million that would offset that first bullet. Next slide, please.

Crezia mentioned more discussion. I think the next discussion that we anticipate having that would require policy action should the Port Commission desire it is to potentially develop that criteria-based rent forgiveness, which we talked about in previous meetings.

This would be developing an application program, allocating a certain amount of harbor-fund revenue to that program and let tenants know that they can apply for rent forgiveness to the extent they aren't in these categories we're talking about today.

And we would have to develop what that application process would be. And what are the criteria that we want to focus on: trust serving, community serving, have a demonstrated need, you know, provide some special sort of service or other attributes that we want to see in tenants where we would want to provide them some support even though they weren't in these particular sectors that we're talking about today.

We also want to talk about mutual early termination parameters. We have a policy in place today to the extent we are getting a lot of terminations. We can't report today that we are. But we're monitoring it very closely.

It might make sense to update that policy to delegate more authority to staff under certain parameters to pursue mutual early termination if it's in the Port's interest to do so. Next slide, please.

So in summary, we're asking for approval of the resolution. I think you received earlier today a small edit to one of the resolved clauses. It's on the top of page 18 of the staff report, the fourth full resolved clause from the top.

And we propose that we include this underlined statement to make sure that the start-up rent credit is being applied properly to the tenants that we had anticipated it would be applied to. So it would read, "Including start-up rent

credit for restaurants, retail and excursion operators in sector A and rent-paid rent credit for all sectors."

So we requested that resolved clause be edited with that language. If you pass this today, then we can immediately begin processes for lease amendments with tenants which are not reliant on board action.

And then, we'll begin the process with the board to bring this legislation forward and get those other tenants that require board approval on board as well. That is the presentation for today. Crezia and I are here to answer any questions you should have or provide any more detail. Thank you so much.

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

Public Comment on Item 6A:

Jonathan Moftakhar - Yes. Thank you, commissioners and staff. My name is [Jonathan]. And I have actually been in touch with Port staff in regards to the proposed changes as far as rent relief. One question that I'm not certain about, which perhaps staff can clarify is whether restaurant leases as far as sidewalk dining permits qualify for this.

We were unable to open a restaurant at Illinois and Third Street due to COVID-19 and have been paying the license fee for the use of the sidewalk dining, which we have not been able to use. So we would like to make sure that this is part of the program.

It sounds like it might be, especially with the amendments made this morning. But perhaps staff can further clarify. Thank you so much for your time.

Tyler Foster - Good afternoon. This is Tyler Foster calling on behalf of Red and White. I'm calling to firstly express our gratitude to the Port Commission for your support in advancing the rent-forgiveness proposal.

As a long-time maritime tenant and a San Francisco legacy business, it's incredibly frustrating to be closed right now especially when we see visitors down at Fisherman's Wharf who want to come out and enjoy an outdoor activity on the bay.

It's especially hard to be handicapped at a 12-passenger limit. As a larger vessel operator, this is like telling a restaurant they can be open but only serve one meal a night. But we truly appreciate all the consideration and support here by the Port and this commission. And we look forward to better days ahead for all of us. Thank you.

Kevin Westlye - Hi. This is Kevin Westlye with Lou's Fish Shack on Jefferson Street. I have some -- I'm very grateful for the consideration. I think it might actually help us stay in business. But we've been closed for several months.

Jefferson Street in front of us is closed for street construction that pretty much shut down our business as well as the governor's stay-in-place order. Is there any flexibility to put a start date on the 10 operating days per month, you know, realistically, at the end of the winter in March or April of next year?

And how do we deal with the period where we were already closed? Thank you so much for your consideration.

Robert Estrada - Hello. This is Robert Estrada. I'm with the Inland Boatmen's Union. And we represent ferry workers and tour boat workers and tug workers on the bay. Red and White Fleet and Blue and Gold Fleet would benefit greatly from this proposal.

And I really thank you for this effort. I applaud your thinking on it. I also think it's a good investment for the Port going forward because these are plainly your best tenants because they're existing tenants.

And if we can keep them in business, there would be no better way than to secure future income for the Port. As Tyler from Red and White pointed out, there is the big concern also of the 12-person maximum for tour boats.

I think, when you look at 12 people on, say, the Adventure Cat with a capacity of 47 people, that's a massive difference than a boat like Blue and Gold's Bay Monarch is 700-plus.

So whatever the Port Commission can do to help facilitate some even playing field there especially as Alcatraz Cruises is up and operating without that 12-person limit, that could further make the difference for the Port's income in the future and our good jobs. Thank you very much for this proposal. And I do hope you pass it. Thank you.

Mahogany Roland - Hi. My name is Mahogany Roland. I am the executive director of Rebuilding Together San Francisco. Thank you so much for your time today. And to the Port staff, our organization is a legacy business and a 501(c)(3) nonprofit organization and just wanted to highlight and call out -- I appreciate the -- I think it was the criteria-based rent-forgiveness program.

I don't think our nonprofit falls in the three tenant buckets that were expressed today. So I wanted to highlight that. I know there are probably nonprofits throughout the Port. And we are one of them. And I've been following this closely so looking forward to learning more about that and rent-forgiveness criteria.

And then , secondly, I appreciate -- I think I heard some of the Port staff talk about potentially discussing lease negotiations. Our organization is completely people based. We are going out in the community and have been pretty severely impacted by the shutdown.

And we've had to really reimagine our business and not able to currently use our space that we have with the Port as we intended so looking forward to more discussion, wanted to highlight there are nonprofits throughout the Port that are definitely in need of forgiveness and looking forward to following things more closely. Thank you.

Drew Harper - Hello, President Brandon, Vice President Adams, Commissioners Gilman and Woo Ho. This is Drew calling from Spinnaker Sailing down in South Beach Harbor. And I want to thank you all for considering this somewhat legendary piece of work that staff has prepared.

I think it's going to enable an awful lot of your tenants to survive a very difficult period. And I just want to express my gratitude and support on moving forward. We've been open for a couple of months and have been paying percentage rent.

I guess my one question to this -- it may have been addressed. But perhaps, I missed it because the -- the TV version and the telephone version don't run at the same rate. So I've been listening to the telephone version and [may not] -- missed that call.

Moving forward, we're all coming into wintertime. And I'm not sure if we go back to regular rents or if we're paying percentage rents or what happens from there. But -- and that question may have been answered. But I just thought I would pose it. So once again, thank you very much for your consideration on this.

Peter Osborne: Good afternoon, President Brandon, commissioners, staff, Port [staff], it's Peter Osborne, Mission Rock Resort. I, too, got caught in the delay. There was one question regarding rent forgiveness and percentage rent.

Specifically, if you are able to exceed your base rent for three consecutive months, you would fall back into the original lease agreement. I anticipate being able to achieve that goal while the weather is good.

But given outdoor dining does not complement winter -- cold fall and winter months, I'm wondering what thought has been given to paying percentage rents all the way through until sales don't allow and if you then revert to percentage if in fact it's less than base. Thank you very much for your time. And I appreciate everyone's hard work.

John Barnett - Yes. Hi, commissioners. This is John Barnett, president of the Crab Boat Owners Association, have a couple of fishing boats in the harbor. Boy, it's been a tough year, fires burning gear and affected from that.

The passenger-carrying part of the wharf has been diminished. You can still carry passengers fishing but very few and just want to thank you all for your consideration. This would be extremely helpful to a lot of the commercial fishermen that I represent and some of the party-boat fishermen [that I know]. So we'll see what happens.

Pete Sittnick - Hi there. This is Pete Sittnick, the managing partner at Waterbar and EPIC Steak. Port commissioners and Port staff, I just want to extend my gratitude for your consideration of this rent-forgiveness program and hoping for approval and passage.

I do want to give a special thank you to Port staff because I know that there's a lot of effort that's gone into compiling data and taking a look at what's necessary for the tenants in order for us to survive. I'm definitely fortunate at Waterbar and EPIC to have some great outdoor dining space that sits right on the waterfront.

And we've been blessed by good weather. Although, the recent Northern California fires have put a little bit of a haze on that. But you know, we've been able to operate at about 25 percent of revenues.

It's definitely not enough to make us a sustainable business. But the percentage-rent proposal will definitely help us to get by during these summer months. I know it's been brought up on a couple of other calls is that we are heading into wintertime and months of December -- November, December, January, February, March that are not going to be overly conducive to outdoor dining.

And with no indoor dining really in sight, I think that there's going to have to be some consideration taken as to how that impacts revenue. What I would encourage and hope that the commission and the Port can take a look at is supporting any possible new, out-of-the-box opportunities to promote revenue within the spaces that tenants have available whether that's some additional seating in shared spaces, looking at maybe some different public areas where it might be possible to set some things up.

Tenting or possible temporary structures to help with weather elements would be greatly appreciated. And again, I know this has been a long, ongoing agenda item that's taken up a number of different meetings. I just want to express my gratitude for the consideration. Thank you.

Kent McGrath - Thank you, commissioners. And thank you, Port staff. This rent forgiveness in front of you right now is going to be very beneficial to a lot of people. I'd also like to pile on a little bit on some of the previous callers. My

name is Kent McGrath. I'm with the Blue and Gold Fleet, the vice president of operations.

Our Blue and Gold operation in San Francisco has been 100 percent shut down for five months now. During the same five-month period, Blue and Gold, as the sole operator for San Francisco Bay Ferry, has been operating problem free throughout the rest of the bay.

These services that we operate for WTA have been running with Blue and Gold Fleet crews with the blessing of other Bay Area counties in the State of California. The crews have implemented all safety protocols including crew and passenger screenings, social distancing, vessel disinfecting and hyper-cleaning routines.

These vessels -- the ferry vessels are operating at approximately 25 percent of capacity, which easily provides six-foot spacing between each and every passenger that comes on board.

Meanwhile, my same company with the same highly trained crews, same management team, same size vessels has been permitted to operate with only 12 passengers or roughly 2 percent of the vessel's capacity.

This would not be financially viable for even one day of operation. Blue and Gold Fleet strongly believes that, with our company history, our safety record, our crews and our safety management programs -- for example, we've been ISO certified for over a decade.

And although this virus is new, operating safely and with rigorous guidelines is nothing new for us. We should be permitted to operate with the same six-foot social distancing guidelines that are currently accepted for the ferry vessels and, in fact, currently accepted universally for nearly all businesses.

The inconsistency in the San Francisco guidelines that pertain to private vessel operations needs to be corrected. And I would simply ask that the Port Commission lend the support to this cause. Thank you for your time.

Sly Hunter - Hello. Good afternoon, President Brandon, Vice President Adams, Commissioner Gilman and Commissioner Woo Ho. My name is Sly Hunter. I'm the regional representative for Masters, Mates and Pilots.

I want to thank all of you guys and Elaine and her staff. First, this is really important for me not as a rep but as a native San Francisco kid. It is really important -- and I think we all get the gravity of the situation -- for San Francisco to rebound.

And this is one of these areas that's going to really help the city come back. And we will come back. But I want to thank you for your thought and your hard

work on helping not just our maritime companies but everyone in San Francisco and on the Port, our restaurants and so on.

I also want to comment and piggyback a little bit off what Vice President Kent McGrath said. Blue and Gold is a legacy company and a good union employer. While I have members that work on the WETA side of the company, I have about 40 MMP members that have been laid off for five months due to COVID and the SIP.

And we understand it. What my members don't and what I can't provide them answers to are the questions that -- so why can't they operate when they look down the street and see another boat operating?

So I hope you consider some of the facts that were laid out today. I know you will. And I hope that this resolution passes and that we see each other on the other side of this thing very soon. Thank you for your time. And stay safe.

ACTION: Commissioner Gilman amended her motion to revise the resolution; Vice President Adams seconded.

Commissioners' Discussion on Item 6A:

President Brandon - We have a first and a second. Rebecca or Crezia, do you want to answer any of the concerns or questions from public comment?

Rebecca Benassini - We are happy to if the commission would like us to. I've been taking notes. And I am happy to go through a couple of the responses we can give today.

President Brandon - Okay.

Rebecca Benassini - Wonderful. So thank you. The commission thanked you. Thank you all for calling in. It's really helpful to hear your input. And we're going to use all of these words against you when we talk to you about signing the rent amendments because this -- we're going to have to get some paperwork from you. So we really appreciate you being engaged in this process.

So a couple of the items, I want to answer and then, Elaine or Crezia, if you can help me with anything I forgot. So the first item, Jonathan, we'll definitely talk offline. This policy does not apply to licenses. And I can chat with you about that with the property manager, Kimberley Beal. We will definitely be giving you a call per our email exchange earlier.

The second item had to do with the 10-day operating requirement. Once the tenant enters the lease amendment with us, then the 10-day operating requirement would come at a place starting from that moment in time.

There was another question about the need for outdoor improvements with the colder weather coming that -- we did think about that with regard to the start-up rent credit program where, to the extent other improvements are needed to operate in COVID, we thought of these outdoor improvements.

So we do have in the lease form that's up on the website the ability for the tenant, once they enter the amendment, to propose new improvements that would allow them to operating during those 10 days because we completely understand that there may be the need for additional improvements that will allow additional sit-down dining in colder weather.

So those are the ones I'm able to respond to at this moment. Sorry. Drew also had a question about the percentage rent applying. The percentage rent -- the base rent will be forgiven for sector-A tenants beginning from March 1st through April except for that second time period Crezia mentioned.

And that percentage rent will apply throughout that time period. So base rent is off throughout that time period. Percentage rent is on for the whole time period unless the tenant achieves that three months' worth of sales that gets them up to the base-rent level.

So I'll pause there. Is there any other comment, Director Forbes, you wanted to make or, Crezia, you wanted to make?

Elaine Forbes - Thank you so much, Becca. I can comment on several public comment related to ferry excursions and the limitations to 12. This is an issue for our public health officer. And I've heard quite a bit about this issue.

And what's important to recognize is that our labor partners are coming forward and looking to operate in a safe manner. And it is up to the public health officer to make a determination. There are a lot of various activities that are happening in San Francisco.

And the health officer is very, very business with industries across our sectors. And here, Alcatraz Island was deemed transportation. And so the ferry service to Alcatraz at Hornblower runs point to point, Alcatraz and back, has different restrictions relative to ferry excursions that were not deemed transportation.

Public health officer is aware of this and is looking at it carefully. And I would note that the ferries are operating, Blue and Gold, safely with distancing but at a far -- you know, of course, the ridership is quite low but all of this to say this issue is very well understood and in the right hands of our public health officer and health officials. So I'll close my comments there.

Commissioner Gilman - I want to thank the staff once again for bringing this forward. And I'm excited to take action on it today. I just had some reflections. And then, I had one question. So I'll start with the question. I know that we, as a commission, asked you to look at the maritime uses.

I was just wondering what -- I couldn't glean it from the staff report. What was the rationale or reasoning to extend it only six months versus a longer period of time like we've done with other percentage-rent tenants?

Rebecca Benassini - Crezia, I can start. And please feel free to jump in. Thanks for the question, Commissioner. We are careful -- we want to be careful about this going on for too long because we are noticing tenants who are not in the forgiveness program beginning to resize their operations.

And I think that, to the extent we are having our tenants pay zero dollars for each square foot of space that they take up, that -- we're just concerned about that. We're concerned that they aren't going to then adjust their operations to whatever they're going to be in the longer term.

We're less concerned with that on the percentage-rent tenants because they're going to pay us percentage rent based on the sales that they're able to achieve. So we were -- that's the main impetus is we want to keep it in line with the real, real brunt of the COVID problems that we're feeling right now.

And we thought that that three or six-month period was sort of hitting that. And then, we want our tenants to come to us and, if they need to resize because they don't have space co -- they don't have space needs in the future, we want them to do that sooner rather than later. So that was sort of the rationale for it. And Crezia, if there's anything I missed, please -- [crosstalk]

Crezia Tano-Lee - I think that hits it on the head.

Commissioner Gilman - Yeah. Thank you. That satisfies my question. So I'm supportive of the item and will be voting in favor. I did want to really commend the Port staff and also to remind our tenants that this is a partnership.

And I'm really proud of this program. Compared to other city departments, the Port has really been cutting edge on its approach to have both a partnership and equity framework on how we're looking towards rent forgiveness in this pandemic time.

And I do think it's good for the public to remember and recognize that, unlike the airport, which we are commonly associated with, the Port of San Francisco to date has received no federal stimulus dollars or federal assistance in any kind of economic downturn that the Port is experiencing.

And we are a pure enterprise department. We don't receive any general-fund support from your taxpayer dollars. So we always need to balance the health of the Port, which to us also includes all of our tenants, our maritime and our trust compliance uses -- so all of that is what goes into the balancing act of creating this package and trying to do the best we can.

And I need to say I am really impressed with staff. While it took a while for us to get to this point, I think it will be positive for both our economic vitality through this pandemic and those of our tenants. That concludes my remarks.

Commissioner Woo Ho - Thank you. I also think Commissioner Gilman has said it very well. So I don't want to add or duplicate what she said because I think I share the sentiments that she expressed. I also want to thank the staff.

We've worked through this quite a bit through -- and as I think we said last time -- went through it with a fine-tooth comb. I think we've reached the right balance in order to help the tenants and to keep the vitality of the Port now and going forward as well as trying not to compromise too much of our own fiscal health going forward.

And I think we are going to work this thing through and see hopefully that we can come out of it on the other side. And we hope that everybody works very hard, the Port, our tenants, and that this partnership as well as everything else in San Francisco does come to a positive sort of trajectory.

It's hard to see right now. It's a difficult time. But I think we've done our best. And I think we can feel good about the contribution that we are making to help people succeed in this difficult time, tenants, staff, other people who use the Port facilities.

And I think some of the comments made today by some of the constituents -- I'm sure that the staff will continue to work on. There will be little things to work out going forward. And we do have another bucket of tenants that we need to address.

And hopefully, we will get there. So I'm very supportive of the item and appreciate the work that has been done. Thank you.

Vice President Adams - Yeah. I just want to thank my fellow commissioners for having this emergency meeting. We can't be like what's happening in D.C. and not act. I think we have to act immediately. And I'm glad we're acting today.

We've heard from maritime. We heard from Robert Estrada from IBU concerning his membership. We heard from the fishermen. We've heard from our tenants and customers. And now is the time to move.

And I just want to say to Rebecca and Crezia, thank you so much. This is leading from the front. And I'm so happy to be a part of this commission and to [vote] yes on this today. Thank you, Madam President.

President Brandon - Thank you. Rebecca and Crezia and the entire team that has worked on this for at least four months every meeting answering several questions, responding to the commission, responding to the public, as one of the callers said, this is legendary.

So thank you so much for thinking outside the box and coming up with ways to help our tenants because we're all in this together. And we will not be successful if our tenants are not successful. So I think we are being extremely generous.

I think we have some great tenants. And we want to see them all succeed and thrive. So I think we're doing our part. And I hope that everybody appreciates what we're doing knowing that we can't solve everyone's individual circumstances. But we are doing our best.

And this is definitely a great thing to do for our tenants. So thank everyone for participating and being involved and for us being able to come up with this program so quickly. So thank you. And with that, 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 20-41 is adopted.

7. PLANNING & ENVIRONMENT

- A. Request authorization to (1) subject to Board of Supervisors' approval, accept and expend \$297,000 in grant funds from the San Francisco Bay Restoration Authority; and (2) enter into a sole-source contract with Literacy for Environmental Justice to use the grant funds for Wetland Habitat Restoration at Heron's Head Park. (Resolution No. 20-42)

Carol Bach - Very good. Thank you. [laughs] My name is Carol Bach. I'm the Port's environmental affairs manager. And as Carl just enumerated, I'm here today to request your authorization for three things: to accept and expend grant funds from the San Francisco Bay Restoration Authority; to seek Board of Supervisors' Approval to accept and expend those same grant funds; and to enter into a sole-source contract with Literacy for Environmental Justice to perform the grant-funded work. Next slide, please.

I was here a couple weeks ago on August 11th and presented to the commission the overall Heron's Head Park Living Shoreline Project that we've been working on. It's a multi-benefit project that would achieve several objectives for preserving and enhancing Heron's Head Park.

The aspect of that project that is for you to address today is revegetation of the wetland plant community in the area shown in green on this illustration. I'd like

to mention also that, since the last time I was here, we took the project to the Port's Southern Waterfront Committee.

It was very warmly received. The committee members who were present at that meeting were very supportive. And on a tangentially related note, we also got a lot of very nice feedback about the work that our partners at Rec and Park are doing with public programming in the EcoCenter. Next slide, please.

So to revisit the schedule that I presented to you on August 11th, the item that you are going to be acting on today is relevant to this first phase, the wetland revegetation for the first two of what will ultimately be five years of wetland habitat restoration.

The San Francisco Bay Restoration Authority voted last month to award \$297,000 for that effort for those two years between the fall of 2020 and the -- basically, it will go through the end of calendar 2022.

Other phases of work that are recommended for funding by the San Francisco Bay Restoration Authority but are not subject to your action today would be the second phase, the additional three years to get up to a total of five of wetland plant restoration and subsequent post-construction monitoring.

The post construction is anticipating that, during this time, we will also construct the living shoreline. But if for some reason we don't, these other phases that the restoration authority has recommended for funding would proceed. Next slide, please.

The San Francisco Bay Restoration Authority is a regional agency that was created to generate and allocate funding for protection and enhancement of tidal wetlands and other wildlife habitat in San Francisco Bay and along its shorelines.

The Restoration Authority funds are generated by the Clean and Health Bay Measure AA that was passed by voters in 2016. In July of this year, the Restoration Authority governing board formally voted in favor of awarding this first \$297,000 to the Port.

Our grant agreement with the Restoration Authority will require the Port to maintain the improvements -- in this case, the improvements are plants -- for the duration of the grant term, which will be approximately two-and-a-half years.

And it's noteworthy that the scope of the grant-funded work includes maintenance of the plants. So I don't think we'll have any problem meeting that obligation. We are required to indemnify the Restoration Authority and maintain specified insurance, which has been reviewed and approved by the city risk manager.

We're required to impose those same insurance specifications on our contractors who will be performing the grant-funded work. And we are required to acknowledge the Restoration Authority and Measure AA funding in written, verbal and digital communications about the project. Next slide, please.

Our proposed contractor, Literacy for Environmental Justice, would work under contract to the Port using the city standard-form contract for professional services. The scope of work would include: cultivating plants in LEJ's nursery in Hunters Point; planting up to 24,000 plants representing four different species and covering somewhere between 20,000 and 30,000 square feet of wetland area.

The scope of work includes eight weeks per year -- I should have noted -- eight weeks per year of onsite labor, planting and maintaining the plants. Each of those weeks is a four-person crew of eco apprentices plus one supervisor for 40 hours. So that's a lot of time with hands on the land caring for these plants and the wetland habitat.

And the scope of work also includes leveraging LEJ's position in the surrounding community and their existing relationships to present their work and the larger living shoreline project to the community. Next slide, please.

So with the Port Commission's approval, Port staff will take the following next steps. We'll go to the Board of Supervisors to get their authorization to accept and expend the San Francisco Bay Restoration Authority grant next month in September.

Upon Board of Supervisors' approval, the Port's executive director would be authorized to execute the grant agreement with the Restoration Authority and the sole-source contract with LEJ. That would enable us to begin the wetland habitat restoration for these first two years that are funded.

Meanwhile, Port staff will continue engineering design, permitting and seeking funding for the living shoreline construction. We expect to have the engineering and permits completed by January of 2021. And we'll keep fundraising. So that concludes my presentation. Thank you.

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

No Public Comment on Item 7A.

Commissioners' Discussion on Item 7A:

Commissioner Gilman - I have no questions. I'm supportive of the item. Thank you.

Vice President Adams - I have no questions. And I'm supportive of the resolution. Thanks, Carol.

President Brandon - Commissioner Woo Ho? Carol, thank you so much for the presentation again. You did a great job last week -- I mean, two weeks ago. But I think it was at the end of a very long meeting. So today, I understood a lot more about the project. And I thank you for all the work that you have put into successfully raising the funds and making this happen. So thank you. Carl, can I please have a roll-call vote?

Roll Call Vote:

President Brandon – Yes

Vice President Adams – Yes

Commissioner Gilman – Yes

Commissioner Woo Ho – Yes (signaled her vote)

President Brandon - Motion passes unanimously. Resolution 20-42 is adopted.

8. NEW BUSINESS

No new business.

9. ADJOURNMENT

ACTION: Vice President Adams moved to adjourn the meeting; Commissioner Gilman seconded the motion. All Commissioners were in favor.

Commission President Kimberly Brandon adjourned the meeting at 4:23 p.m.