



SAN FRANCISCO PORT COMMISSION

**October 27, 2020
MINUTES OF THE MEETING**

**MEMBERS, PORT COMMISSION
HON. KIMBERLY BRANDON, PRESIDENT
HON. WILLIE ADAMS, VICE PRESIDENT
HON. JOHN BURTON, COMMISSIONER
HON. GAIL GILMAN, COMMISSIONER
HON. DOREEN WOO HO, COMMISSIONER**

**ELAINE FORBES, EXECUTIVE DIRECTOR
CARL NICITA, COMMISSION AFFAIRS MANAGER**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING OCTOBER 27, 2020

1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 2:00 p.m. The following Commissioners were present: Kimberly Brandon, Willie Adams, John Burton, Gail Gilman and Doreen Woo Ho.

2. APPROVAL OF MINUTES – October 13, 2020

ACTION: Vice President Adams moved approval of the minutes; Commissioner Commission Gilman seconded the motion. In a roll call vote, the minutes were adopted by President Brandon, Vice President Adam, Commissioner Gilman and Commissioner Woo Ho. Commissioner Burton was not yet a member of the Port Commission on October 13, 2020 and therefore did not vote.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

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

ACTION: Vice President Adams moved to meet in closed session. Commissioner Woo Ho seconded the motion. In a roll call vote, the motion passed unanimously.

At 2:02 p.m. the Commissioners withdrew to closed session.

(1) PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Discussion Item)

Elaine Forbes, Port Executive Director. Discussion of Performance Evaluation pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

(2) Discussion and vote in open session whether to meet in closed session regarding the following matter pursuant to California Government Code §54957(b) and San Francisco Administrative Code §67.10(d) (Discussion and possible action).

PUBLIC EMPLOYEE APPOINTMENT/HIRING

Title/Description of position to be filled: Assistant Port Director

5. RECONVENE IN OPEN SESSION

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

At 3:46 p.m., the Commission reconvened in open session.

ACTION: Vice President Adams moved to disclose that the Commission unanimously approved the appointment of Michael J. Martin as Assistant Port Director and nothing else from closed session. Commissioner Gilman seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. 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.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

No Public Comment on Items Not Listed on the Agenda.

9. EXECUTIVE

- A. Executive Director's Report

Director Elaine Forbes - Good afternoon, President Brandon, Vice President Adams, members of the commission, members of the public and Port staff. I am Elaine Forbes, the Port's executive director. First and foremost, I would like to welcome Senator John Burton, now Commissioner Burton, to the Port Commission ranks.

Senator Burton, you really paved the way for the modern Port with the seminal 1968 legislation that bears your name. An advocate for the San Francisco waterfront, you have been long a devoted stakeholder of our waterfront really to celebrate our world-class working-class heritage and our current promise to sustain and support equity in jobs and diversity in our vibrant waterfront.

We're very fortunate to have you join us. And we're grateful to Mayor London Breed for her inspired choice. It's notable that you're joining our Port Commission during this pandemic because we're really preparing the Port for short and long-term economic recovery, so we can continue to protect and enhance our waterfront.

So on behalf of Port staff, we're excited to welcome you to our Port Commission, Senator Burton. And we look forward to working with you into the future.

My report today will be brief. I have an equity update followed by an update on the city's economic reopening that will impact us and Port tenants. On equity, the Port has concluded our listening tour, which is an important milestone for the development of our racial-equity action plan.

We're now working to incorporate recommendations of staff to ensure that our plan reflects our collective voice. Next steps include working with our internal stakeholders including our racial-equity working group to complete required action items in seven areas of the phase-one framework.

The plan will be before the commission in December before year's end. And we're excited for you to see it and comment on the plan. Economic reopening and Port recovery -- just this last week, our mayor, Mayor Breed, announced that the city is continuing its measured reopening of the economy as San Francisco is performing well against key public health indicators.

Beginning today, the city is reopening nonessential offices at limited capacity. San Francisco will also reopen indoor climbing walls and will move forward on expanding other businesses and activities.

We really continue to benefit from the city's policy of safer reopening. Since the state introduced the tiered system on August 28th, San Francisco has had a very deliberate approach. And it has resulted in us being the only county in the Bay Area placed in the yellow tier. And we continue to be doing very well.

We're on a timeline for reopening activities and expanding previously reopened businesses in the following weeks. Additionally, the city plans to increase capacity allowances for indoor dining to 50 percent and make expansion for places of worship, theater, museums, zoos and aquariums all if the virus stays under control in future months.

Winter is coming. And as the public health director and city officials have warned, we need to stay vigilant as a community exercising all those public health measures of social distancing and masking.

As we enter the holiday season, we'll have more businesses open. We'll also have more travel in and out of the city. And as we are seeing, the virus is spreading in other places in the nation and internationally so very close monitoring.

And of course, you can all find this data, the key public-health indicators, on the Department of Public Health's website. The phasing of additional activity is structured to maximize the city's ability to track local health indicators but open the economy, so we continue to recover in a safe and sustained manner. The reopening plan is available online at [SF.gov/reopening](https://sf.gov/reopening).

Finally, I would like to conclude my report. I'm excited to announce that our partners at WETA are offering dollar days on the ferry for the month of November with one-dollar fares across the bay all month long to thank essential workers and also to welcome back passengers and new riders.

San Francisco Bay Ferries will continue to adhere to strict health guidelines requiring all passengers to wear masks and have limited capacity. But please do be aware of this offer. It's very enjoyable to get out on ferries. And it takes traffic off the road.

Note that the one-dollar fares are only available through Hopthru app. It's available on Apple and android systems. So that concludes my report. I wish everyone a safe and participatory election cycle. Thank you so much.

No Public Comment on the Executive Director's Report.

Commissioners' Discussion on the Executive Director's Report:

Commissioner Gilman - I have -- thank you for the report, Elaine. I have no questions. And I'm excited that we promote the one-dollar November ferry service. I think that will be fun for everyone.

President Brandon - Thank you. Commissioner Woo Ho?

Commissioner Woo Ho - Hello? Hello? Okay. I just wanted to say that I wanted to welcome Senator Burton to our commission. That's basically the [unintelligible] in many ways. So [unintelligible]. And I look forward to hearing [unintelligible] experience [unintelligible] San Francisco and [the city]. [Unintelligible].

President Brandon - Thank you. I'm not quite sure he heard that. But thank you. Commissioner Burton?

Commissioner Burton - All right.

President Brandon - Commissioner Burton, do you have any comments regarding the executive director's report?

Commissioner Burton - No comment.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - Elaine, thanks for the report, very informative. And also, again, Senator Burton, welcome. Congratulations. I'm glad you and I had a nice lunch. And welcome. I mean, you're an icon in the city and State of California and look forward to working with you.

And you know a lot about our history in the ILWU. And it's great to have you on as a commissioner. We're five now. Thank you.

President Brandon - Thank you. Elaine, thank you so much for your report. And I, too, would like to welcome Senator Burton to the commission. It's such an honor to be able to serve with you. And I look forward to learning from you and working from you and just experiencing all of your knowledge about the waterfront, the history, San Francisco and all that I know you have to offer. So welcome.

- B. Port Commissioners' Report: Without discussion, at this time Commissioners may make announcements regarding various matters of interest to the Commissioners.

No Commissioners' Report.

10. FINANCE & ADMINISTRATION

- A. Request approval of a Resolution recommending that the Board of Supervisors approve the Mission Rock Community Facilities District financing, including the issuance of bonds in an aggregate principal amount not to exceed \$50,100,000 ("Bonds"), and the execution and delivery of financing documents, including the: 1) the form of Bond Purchase Agreement, 2) the form of Fiscal Agent Agreement, 3) the form of Pledge Agreement, 4) the form of Continuing Disclosure Certificate, 5) the form of Preliminary Official Statement, and authorizing and directing the Executive Director to cause the package to be submitted to the Board of Supervisors and to work with the Director of the Office of Public Finance to finalize and cause the distribution of the Preliminary Official Statement and the issuance of the Bonds. (Resolution 20-48)

Phil Williamson - Thank you, Carl. And good afternoon, President Brandon, Vice President Adams, commissioners. My name is Phil Williamson with Port real estate here to introduce this item before handing the microphone over to Wyatt Donnelly-Landolt. Next slide, please.

Thank you. Next slide, please. Over a decade in the making and fully supported by all stakeholders, at full buildout, the Mission Rock project will create a vibrant new waterfront neighborhood including approximately 1,200 housing units, 40 percent of which will be affordable.

And I'd like to mention that that affordability is across a wide range of adjusted area median incomes from 45 percent up to 150 percent so addressing a wide swath of housing needs. And those are all rental units, I want to stress as well.

Up to 1.4 million square feet of office space in this project at full buildout, 240,000 square feet of retail and production space, primarily on the ground floor of the project's buildings and the rehabilitation of 240,000-square-foot Pier 48 seen here on the east side of the project. Next slide, please.

Focusing on phase one, the Mission Rock team is looking forward and excited to be breaking ground next month on this project. Phase one will include: two rental housing buildings totaling 560 units, 202 of which are programmed to be affordable; two office buildings totaling 550,000 square feet. And one of those buildings has already been fully subleased to Visa. So we're excited to have Visa come to this project and help support it.

Ground-floor retail in phase one totals approximately 65,000 square feet. And we're excited to be building a new park on the north side of this project up against China Basin and McCovey Cove -- China Basin Park at 5.5 acres.

And this will all be accompanied by robust project infrastructure to support these uses including new streets, sidewalks and all the utilities that will serve these buildings and site users.

Phase one is targeted to be complete in 2022. And again, as I mentioned, we are looking forward to breaking ground next month. So a lot of activity is soon to be coming to this part of the waterfront. I'd now like to introduce Wyatt to continue today's presentation. Wyatt? I think he's out there.

Wyatt Donnelly-Landolt - Sorry. Next slide, please. Can everyone hear me? Okay.

Wyatt Donnelly-Landolt - Okay. Great. Thank you. My name is Wyatt Donnelly-Landolt. I work on the finance side of the development projects. And I'll be presenting on the bond itself and the financing structure of the project. Thank you.

So the general financing structure of the project -- at the bottom of this graphic on the left are the different sources going into the project. So the early investments in the project are through developer and Port, if the Port opts to, equity to build the horizontal infrastructure and pre-development costs of the project.

So that includes things like roads, sewers, parks, etcetera. In the near term, kind of a mid-term source is the land value of the project so [the] four prepaid ground leases in phase one provided an additional source of funds.

And the final source of funds to repay all of this is two tax districts. There's: a CFD, which stands for community facilities district -- it's a special tax assessment on top of the standard property tax assessment -- and the IFD, or infrastructure financing district, which captures the tax increment, which is based on the property taxes from the growth in value at the site.

So taking the site from a parking lot to a major mixed-use development increases the property value. And this tax district captures that value to invest back in the project.

So eventually, the CFD and IFD will repay the developer and the Port and the land value for all the costs of roads, sewers, etcetera. On top of these investments -- and this is a key factor driving development -- is the developer receives 18 percent return on their investments in the project.

So whatever they pay, they also receive 18 percent return when they are reimbursed to limit the total return and make sure that that amount is repaid as quickly as possible. The Port aims to use those CFD and IFD tax sources as much as possible and maximize the public financing available, which is what we're discussing today, and use tax-exempt debt, which provides more funding than taxable debt. Next slide, please.

So the phase-one budget included this bond we're discussing today. But just to give a high-level overview of the budget -- so there are really three main costs in the project: hard costs, which are the physical infrastructure, roads, sewers, electrical, utilities, parks, etcetera; the soft costs, which are the engineering, development, permitting, etcetera associated with those improvements; and then the return on the developer equity based on that 18 percent return.

The different revenue sources are the four phase-one prepaid leases, which have all been executed now, and then, the public financing sources. So there are the CFD bond proceeds, one of those bonds we're discussing today, and then different forms of pay-go taxes, which are not bonds but just a general tax stream over the years.

So there's both from the community facilities district special taxes and the infrastructure financing district tax increment. Next slide, please.

And this is that phase-one budget that was approved last year. So the total horizontal cost for phase one for about \$145 million. And including both entitlement and phase one and return, the total cost is \$265 million.

The key sources here are the different tax district sources and the development rights payment. Those are the prepaid ground leases. Those first two lines there are key. So because they're early on, they're the main sources to pay early on and fund the early costs of infrastructure.

And we've already executed and received the development rights payment. The next key early source is that CFD bond on improved land. And it was expected to generate \$35 million for the project. We're hoping for a little bit more. And I'll get into that in a second. But that is a really critical piece of the project sources that we are discussing today. Next slide, please.

So it's been -- several actions have been taken to date to get us to this point on the public financing side. First, in February '18, the IFD project area was established. This was established around the Mission Rock site itself.

In September 2019, the city made amendments to the city special tax law to allow for different special tax uses for both the Pier 70 and the Mission Rock project. These include things like seismic retrofitting, historic rehabilitation and accommodating for sea-level rise.

And then, in May 2020, we had our final big milestone before bond issuance, which is the formation of the community facilities district, which is what is the security for the bond we are discussing today. Next slide, please.

So the CFD, community facilities district, has four different taxes that have different purposes. The first is the development tax, which funds infrastructure in parks. And this has 40 years of bonding authority.

The second is the office tax, which funds infrastructure and parks as well. However, the difference with the office tax is it has more flexible use. So there are some limitations on that development tax. The third is the shoreline tax, which is for shoreline protection studies a facilities.

And the final is the services tax, which funds ongoing operations and maintenance for the site. The bond we are discussing today using only the development tax as a security. The other three come into play later. Next slide, please.

So the bond issuance we're discussing today is limited by two factors: first, the appraised value of the CFD. The city has a policy of only issuing CFD debt with a three-to-one value-to-lien ratio. That means the value of the underlying property, the land at Mission Rock, must be three times as much as the amount of bonds we're issuing.

This is a conservative approach to ensure that we always have a means to pay the debt service on the bonds. So the current valuation is \$150.4 million, which would result in a three-to-one value-to-lien ratio of \$50.1 million in bonds. Thus, we are asking for a not-to-exceed-bond amount of \$50.1 million.

This one note I will make is this was from earlier in the year -- this valuation. And we're updating the appraisal with the latest data from COVID. So there may be a change to that. If there is a change, the bond issuance will not exceed \$50.1 million or that three-to-one value-to-lien.

So \$50.1 million is the maximum. But if the valuation decreases, we will not exceed that three-to-one value-to-lien. And that is the main limiting factor here.

So the second limiting factor for bonds is the tax revenues available to pay the debt service on the bonds. And for CFD debt, you need 110 percent coverage. The development tax anticipated for phase one is far in excess of this multiple times.

So this is not a limiting factor here but will come into play for future issuances as the value of the CFD itself increases due to development. Next slide, please.

And finally, just an overview of the different sources and uses -- so the sale of bonds in an amount of \$50.1 million could provide up to \$53.9 million with a premium from investors. And the table to the right shows the different potential uses of this amount including different reserve funds, cost of issuance.

But the main use there is the improvement fund, which will repay the various infrastructure and development costs. Next slide, please. Thank you very much, commissioners. And welcome, Senator Burton.

So the action that we would request you approve is the approval of this resolution recommending the Board of Supervisors approve the Mission Rock financing in an amount not to exceed \$50.1 million including the form of the bond purchase agreement, the form of the fiscal agent agreement, the form of the pledge agreement, the form of the continuing disclosure certificate and the form of preliminary official statement.

Phil and I are available for questions. And we also have Jack Bair from the Giants, our private partner in the project, available for questions. Thank you.

ACTION: Vice President Adams moved approved the resolution. Commissioner Gilman seconded the motion.

No Public Comment on Item 10.

Commissioners' Discussion on Item 10A:

Commissioner Woo Ho - I said the staff report and [unintelligible] and the presentation is very straightforward. This is very complicated financing structure with many sources for a very complicated but great project, Mission Rock.

At this time, I would say I commend the staff and all the work that's gone into it to come up with the structure. I really don't have any further questions at this time.

President Brandon - Thank you. Commissioner Gilman?

Commissioner Gilman - Thank you for the staff report. And likewise, I have no questions on the technical issuing of the bonds or how the financing structure was put together. I just did have one question because we also know how important the office for this project is to fund the housing development and excited that Visa has anchored one of the office buildings.

I just wanted to know if there had been any shifts or any conversation since my understanding was that was an agreement that was struck before COVID-19. And I just wanted to understand and have reassurance, I guess, that the commitment is still there post COVID-19 and the change of how people are going to work.

Phil Williamson - Thank you, Commissioner. This is Phil Williamson from Port staff responding to that question. And I am not aware of any change. In fact, the leases are moving forward. And all four leases have now been executed for phase one.

And the important payments for the housing component of these projects are forthcoming in the very near future. I would just, you know -- for clarity and confirmation, I don't believe there's been any change. But I'll ask Jack if he has any additional information. But I don't think there is.

Jack Bair - Thank you, Phil. I don't know if everybody can hear me. But we are very fortunate that Visa is locating its global world headquarters at Mission Rock. And that commitment has continued. And it puts us in a great position where we can move forward with the project where other projects are not able to do so. So we're solid with Visa. And we're excited to get going.

Commissioner Gilman - Thank you.

President Brandon - Thank you. Commissioner Burton?

Commissioner Burton - No questions.

President Brandon - Okay. Thank you. Vice President Adams?

Vice President Adams - I'm good. No questions. My questions have been answered. Thank you.

President Brandon - Thank you. Again, Wyatt and Phil, thank you so much for the report. This is exciting that this project is able to move forward. And we're really lucky that we're in a very low-interest-rate cycle. So hopefully, we'll get, you know, record low interest rates on the financing.

And I think it's just so exciting that phase one is scheduled to be completed in 2022. I think that's great. Just one question -- so when is the appraisal supposed to be completed?

Wyatt Donnelly-Landolt - This is Wyatt again. We're anticipating an update this week hopefully. It may take a little time to finalize that because, once the draft comes out, we need to review it and may have comments to the appraiser but we're hoping in the next week or two.

President Brandon - Great. Thank you. Okay. Carl, can we have a roll-call vote?

Roll Call Vote:

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

President Brandon – Motion passes unanimously. Resolution 20-48 is adopted.

B. Informational presentation on the Port's contract activity for Fiscal Year 2019-2020 (July 1, 2019 – June 30, 2020) and strategic initiatives for Local Business Enterprise (LBE) engagement.

Stephanie Tang - Thank you, President Brandon and the commissioners, for the opportunity to brief you on the contracting activity for the fiscal years 2019-20 and the LBE strategy for 2021. I am Stephanie Tang, the contracts and procurement manager.

And I'm thrilled to be joined with Tiffany Tatum, the senior community developer, in this briefing. We wish to express our gratitude to Boris Delepine, Katie Petrucione and Michelle Sexton for their assistance on this item. Next slide, please.

Today, we will be briefing you about the contracts and especially the contracts that are part of the Chapter 14B LBE, local business enterprise, program. We will review the July 1, 2019 through July 30, 2020, the fiscal year '19-'20 and present information about the contracts awarded in this year, payments in both the contracts and the development agreements and share some of the outreach efforts.

We'll then look ahead to this fiscal year, 2021. And we will discuss our vision for what the LBE program can accomplish, the key contacts in developing a strategy and how and what we will do to make this a reality. Next slide, please.

As you know, the LBE program is set forth in Chapter 14B. Between 1989 and 2006, the city operated Chapter 12D, the minority, women, local business utilization ordinance. After the passage of Proposition 209, an amendment to the California constitution that prohibited the state government from considering race or ethnicity in public employment, education and, for the matter here, public contracting, San Francisco had to end the benefits to women and minorities.

And Chapter 14B, the current LBE ordinance was passed. This may sound familiar, as Proposition 16, which would repeal Proposition 209, is on the ballot this November for the voters of California.

Returning to the slide ahead of you, the contract monitoring division, CMD, administers the LBE program. And the program denotes each of its LBEs with its ownership. Women business enterprises, WBEs, are in the red.

Here in the graph on the left, the minority business enterprises are in the blue. And the yellow is for the other, the OBE, neither women nor minority business enterprises. The pie chart on the right is a pullout looking at the minority-owned LBEs.

And you'll see that Asian Americans are at 41 percent. African American firms are at the 26 percent. And Latino-owned firms are at 25 percent, with the other ethnic groups of smaller percentages. Next slide, please.

In the last fiscal year, \$24.2 million in contracts were awarded. Eight of the 13 contracts were awarded to LBE prime contractors or a prime with a JV partner. Three WBEs were awarded contracts. And of the other firms, three Asian American firms and one Latino-owned firm won a contract. Next slide, please.

As for contract payments, the total Port contracts was \$30.9 million. And LBE subs received 24 percent of these payments. When LBE prime payments are included with the sub-payments, 40 percent of Port contract dollars were paid to LBEs. This amount is \$12.4 million. Next slide, please.

Now, looking over the past five years, we see that the contracts awarded to LBE primes has remained steady at 62 percent. And the dollars paid to LBEs was 40 percent. I applaud the Port staff for exceeding both the Port's informal goal of 20 percent contracts awarded to LBEs and also exceeding the mayor's aspirational goal of 40 percent contracts awarded to LBEs.

These goals are set in recognition that money spent locally provides strong economic stimulus. And the Port is playing a role in providing this economic benefit to our city. Next slide, please.

Chapter 14B is required for public contracts only. But the Port has had the foresight to negotiate the LBE program into our agreements with our development partners for projects on Port lands. These negotiations have resulted in a commitment by the developers to a good-faith outreach goal.

At Pier 70, the Brookfield project, there's a 17 percent goal. And 25 percent was awarded to small micro or SBA LBEs. At the Mission Rock project, a joint venture between the Giants and Tishman Speyer, they've agreed to both a construction goal of 20 percent and also a pre-construction goal of 10 percent.

The project is just moving from the pre-construction phase into the construction phase. And overall, through both phases, the Mission Rock project is at 19 percent awarded to small, micro and SBA LBEs. Next slide, please. Now, let's hear from Tiffany about the outreach and community engagement.

Tiffany Tatum - Thank you, Stephanie. Good afternoon, President Brandon, Vice President Adams and commissioners. As previously introduced, my name is Tiffany Tatum. And I am the senior community development specialist.

I will be providing highlights of the community outreach and engagement efforts for fiscal year 2019-2020. This past fiscal year, staff worked to increase their engagement with the community. Some ways this was accomplished was through a listening tour focusing on small local construction firms in District 10, offering an extended pre-bid meeting for Mission Bay Ferry Terminal Landing, which included dedicated networking time, an extended Q&A session and matchmaking sessions between potential primes and subcontractors.

I'd like to give a huge thank you to the engineering team and their ability to quickly respond to the virtual needs required by the shelter-in-place and for being one of the early adopters of hosting pre-bid meetings and bid openings online.

Lastly but certainly not least, our very own Stephanie Tang was one of two featured speakers in a webinar of the LBE co-op organizing committee where she discussed how the city was adapting to virtual contracting processes during the pandemic. I will now turn it back over to Stephanie. Thank you.

Stephanie Tang - Next slide, please. Thanks, Tiffany. We're now going to turn from looking at the past to looking ahead. As we thought about what we wanted to accomplish, we realized that the LBE strategy really had three key goals. First is that we wanted the LBE program embedded and rooted in all the systems and practices of the Port.

The LBE program champions cannot be held by a few people like Tiffany and myself but must be widely held and thought through through all the stages of the Port's work.

Next, we wanted to think about the Port's equity toolbox and how we are going to use the LBE alongside many other equity tools that the Port is going to engage. And then, third, we wanted to make sure that the Port's work is with our stakeholders and that we're advancing opportunities for small businesses and diverse contractors together. Next slide, please.

As we consider our priorities, we have some table setting on the context, background and key assumptions in how we came up with this plan. Regarding the economic context, the economic context for small businesses is set not just by the Port's activities but, of course, through the national, the international, the state and the local economy.

The Port is a factor, and we should be bold in our policy but realistic about how we are located within all the things small businesses have to consider.

Next, as the Port is both a Chapter 6 department and is a landlord, we build stuff. But we are unusual in that we also hold land. And this affords us additional opportunities in thinking about how we implement the policy.

Next, for the LBE program design, this program is designed to create economic stimulus by geography for San Francisco businesses. Due to the Proposition 209 restrictions, the LBE program is not a perfect proxy to achieve outcomes based on race or gender. Next slide, please.

Barriers to bidding -- barriers to bidding -- it is not easy to bid, negotiate or work on projects. We have to be conscious of the barriers both the city and also the Port place in front of potential bidders and partners.

Internal practices -- I've talked a lot about the larger context, which is hard for the Port to shape. However, within our own practices, we have a lot of control to take a good look in the mirror and figure out how we can do better in making sure that we are doing our best practices and learning from what's happening across the Port.

And finally, the equity work -- the Port is headed in a new direction in achieving its strategy of equity. The hiring of the equity manager, the upcoming racial-equity work plan, the possible changes with Proposition 16 -- this allows the LBE program to take its place alongside the other equity tools the Port is going to advance. Next slide, please.

So how are we going to do this? We have four major areas of effort. We are, one, going to improve our internal practices. This means convening our divisions, creating cross-divisional learning and creating best practices.

We're going to listen and partner with our stakeholders. Ultimately, the LBE policy is to create economic impact for community partners and stakeholders. We must run our policy and practices through the perspective of the community to ensure that we are listening and acting on the concerns of those we impact.

Next, we're going to partner to mitigate barriers. We have to identify, forewarn and provide solutions to contracting barriers. This is especially necessary as we expand and work with new partners and small businesses.

And then, finally, our last line of effort is that we really have to merge the efforts with the racial-equity work plan. This racial-equity work plan is going to be our north star and guiding how we organize our work.

The LBE efforts will be nested within this plan and advance with our other equity initiatives. Tiffany will discuss the final slide, which is what we're going to do.

Tiffany Tatum - Thank you, Stephanie. Next slide, please. Creating a plan is the first step to being more intentional. And setting concrete deliverables is the first step in being effective. Stephanie and I spent my first 30 days really thinking about our blue sky.

These deliverables set for January 1 and July 1 are a part of our larger plan that Stephanie spoke about a few moments ago. In the next few months, we plan to: implement five improved outreach and engagement strategies, initiate the expansion of LBE planning; and complete a technical workshop which will aim to address feedback about bidding barriers.

Looking a bit further out, we will: develop an LBE toolkit; implement three supports to divisions; improve monitoring of LBE payment data; develop deliverables with leasing, development and our maritime teams; and continue to engage our community stakeholders to ensure their voice is included in our planning and efforts.

This plan is our stake in the ground. It's through these actions we can advance the LBE program as one of numerous equity tools. We look forward to future commission meetings where we can follow up on the progress of our deliverables. This concludes our presentation. Both Stephanie and I are available for questions. Thank you.

Public Comment on Item 10B:

Catherine Reilly - Great. Good afternoon, commissioners and Executive Director Forbes. Welcome, Senator Burton. I'm Catherine Reilly from Brookfield Properties, the master developer for Pier 70 project. First, I wanted to say thank you to Stephanie and Tiffany for the great summary and for working with our team over the last year.

We see the Port and CMD staff as our key partners in this project to implement the workforce development program. And their support allows us to achieve and exceed our workforce goals. As Stephanie discussed, the Pier 70 project continues to exceed our 70 percent LBE goal with a 25 percent participation rate.

This has resulted in over \$48 million going to LBE firms, the great majority of that amount directed to small and micro LBEs. Thirty-three percent of our construction workforce are local residents with 12 percent of the total workforce living in the southeast targeted zip codes.

While unfortunately COVID has impacted the timing for some of the larger scopes of work we had originally planned on awarding in 2020, which would have allowed us opportunity to significantly increase the total dollars going to a wide range of LBEs, we still continue to proactively explore opportunities for LBEs in all areas of our contracting.

For example, in the second quarter of [22] after the shutdown started, 82 percent or almost \$4 million of our total contracts during that period went to LBEs. That said, we're always looking forward to ways to build upon our success and improve our workforce program so that we reach a more diverse range of businesses.

Over the last year, we've made a concerted effort to increase the diversity of our LBEs. Working with RDJ, an LBE liaison, we increased the overall dollars awarded to minority and women-owned firms, LBE firms by 50 percent in 2020.

We continue to partner with RDJ to work on reducing and removing barriers of entry for smaller LBEs through the technical assistance provided by RDJ. And we also continue exploring the opportunities for increasing our diversity not just for our construction contracts but for any contract such as marketing, design, janitorial and catering.

And one example is that we use a local small woman-owned business to cater our physically distant essential worker appreciation lunch for the [raising] of Building 12.

What was a relatively small amount of money for the project overall -- so you're not going to see a change in our workforce numbers for this type of contracts -- it's a story like this that we personally find important to us because we recognize that one contract made a large impact to that small company, especially during these times.

Before I end, I just wanted to say that we are committed to continuing to work with the Port, CMD, RDJ and our GCs to push our team to continue to improve our workforce program going forward.

I wanted to recognize that Jack Tse from our office and Dwayne Jones from RDJ are both listening in to the meeting and to recognize the leadership they both provide to our internal staff and GCs on a daily basis regarding our workforce program. I want to thank you very much for the opportunity to speak and look forward to listening to the commissioners' discussion. Thank you.

Dwayne Jones - Good afternoon, commissioners. This is Dwayne Jones from RDJ Enterprises. I just want to begin by just thanking Commissioner Brandon and the other commissioners, Director Forbes and the executive team for constantly putting forth the LBE participation as a priority for all the projects.

I appreciate the report. And the report speaks to all the LBE efforts throughout the Port. We are fortunate to be working on two of the primary projects for the Port, which is both Pier 70 and Mission Rock. Both, I think, are doing an amazing job particularly in these times of COVID of having an equity lens to try to maximize participation and diversity on each of these respective projects.

Ms. Tang and Ms. Tatum have been fantastic partners internally as both of the teams have been working steadfast, being incredibly creative in trying to figure out how to maximize opportunity, remove barriers and just figure out how to change the landscape of what had seemed to be business as usual historically in the city on major projects such as this.

So I think that we have a lot of work to do. But I do appreciate the success and progress that we've been able to make thus far and look forward to continued partnership both internally and externally. Thank you.

Commissioners' Discussion on Item 10B:

Commissioner Gilman - I want to thank the staff for this thorough report. I really appreciate it and your goals in moving forward. The questions I have are mostly about moving forward and the barriers you spoke about contracting.

So I know that you're going to be doing internal stakeholder meetings. But are you also going to be doing any anonymous surveying? And then, two, within those barriers, are you just looking within the barriers that the city creates within its own processes?

Or are you also going to look at other barriers like that are external, for example, access to capital, access to talent for hiring [enough] when these projects come along, technical expertise, etcetera?

Stephanie Tang - That's a really great question. The work of identifying the barriers and as -- where the Port sits as compared to other departments is work that's been ongoing for quite some time. And there actually was an anonymous survey which was done with the contract monitoring division.

And those results actually were just delivered. So we do have some sense and some input from the community as to what their biggest barriers, what their thoughts were regarding how the Port kind of engages.

So we are thinking both internally as well as externally as well as looking at barriers that are both system wide as well as within the Port itself. So the answer is all of the above.

Commissioner Gilman - Sorry. I was muted. Thank you. That concludes my questions. And I think this is really critical work that we continue to do and take a leadership role within the city but particularly on the Port to ensure that we have equity in our contracting. Thank you.

President Brandon - Thank you. Commissioner Woo Ho?

Commissioner Woo Ho - Thank you, Stephanie and Tiffany, for this very comprehensive report. And this report now has gone through a history and evolution. And we have to commend Commissioner Brandon for being the champion of pushing on the LBE side.

And now, I think it has come full circle now and is very appropriately being integrated into our equity objectives and strategies and policies going forward. I think the report does answer a lot of the questions.

I'm sure Commissioner Brandon will still find some more questions that she wants answers to. But what I would like to suggest that we expand a little bit even more - I think that the objective initially was to obviously open the funnel and to make sure that we were creating jobs, that we were creating the opportunities for all of the local businesses enterprises and minorities in the city to be able to bid on Port projects or other citywide projects.

I think we also want to now move not just to understanding how the funnel can be opened and maybe wider -- because I'm sure we have not exhausted everything in that regard in terms of our contracting and the percentages, etcetera.

But I also think we want to report on some of not just the number of contracts awarded but a little bit in terms how the LBEs have performed against the projects because I think there is probably some very good success stories and quality work there.

And I think the staff is very accustomed from me always asking the question, did the project -- was it on time? On budget? And I would like to add that component into your report for those that have been completed, not just awarded, that we know and that we can see that awarding these projects to the LBEs makes sense for the Port and I think, to take the message all the way down to the goal line because I think we're just opening up the funnel.

But we need to see that the outcome is a very good outcome and that we should report on that as well to make this whole circle complete and to connect the dots. Does that make sense, Stephanie?

Stephanie Tang - Yeah. I understand and --

Commissioner Woo Ho - So I know it's going to take more work and analysis. But I think there's a message to say that -- you know, because I think we have taken sort of -- we're better at this, I think, than many of the other departments in the city.

And I think we've been at it for a while. Commissioner Brandon has been championing it, and she's been pushing. And I think we're probably ready to take this next step to sort of be able to add that into the equation so that we can show why it makes sense and as a role model for other agencies to say that we're not just doing it because we're pushing an equity objective.

It's because it's good business. It's successful. We're helping. And in many cases -- I remember some of our parking contracts we insisted on some training programs so that the bigger operators could train the littler operators so all of those things of how we help people to succeed, to step up one more step.

And I think people -- as I said to you in our discussion on LBE lending -- do you give them the fish? Or do you teach them how to fish? And this is one of those where hopefully we can show that, you know -- and I think Brookfield mentioned that they're awarding more contracts.

But hopefully, they're teaching people how to fish not just to give them the fish. And that's, I think, an important part of what we should be doing in our equity programs and what -- the LBE program so they cannot remain LBEs forever. They should be growing.

And hopefully, that's just the first step in their career paths and their success. That would be my hopefully -- my hope and vision for what we're doing ultimately. Thank you.

President Brandon - Thank you.

Commissioner Woo Ho - So Stephanie, that make sense?

Stephanie Tang - Yes. Thank you. I will take that, and we'll add that for next time.

President Brandon - Thank you, Stephanie. Commissioner Burton?

Commissioner Burton - A great report but no other comment.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - Stephanie and Tiffany, great report. As we all know for 20-some years President Brandon has been the drum major for LBEs and equality and diversity in our Port and making sure it's a level playing field.

And clearly, we want those that are out there. We definitely want their work to be on the level of excellence. And we hope that the Port can be the beacon of light for the other city agencies that, if the Port can do it, so can we.

And I just appreciate your work. And let's continue to fine tune this thing and let everybody point to the Port as somebody that said, hey, if the Port can do it, we can do it. Thanks.

President Brandon - Thank you. Stephanie and Tiffany, thank you so much for this detailed report. There is a lot of great information in the report. And I really want to thank you, Stephanie, Tiffany and Boris, for creating a model that is intentional in increasing our LBE participation and the fact that we are now asking our development partners to mentor, to provide technical assistance, [head up the] LBE lending program.

And we're trying to mitigate barriers wherever we see them. So I just really want to commend all of you and our partners in Mission Rock, Pier 70 and our own resilience team who are making an intentional effort to try and mitigate the barriers and bring more local businesses into our project.

And I think we have just done such a phenomenal job in that everybody is LBE focused and intentionally reaching out to our LBE firms. And now, we have to get just as intentional with our minority firms.

We have to be able -- and hopefully, with all these measures in place, we will start attracting more minority firms that can do business with the Port. So I just want to thank all of you guys. You've done a phenomenal job.

And I know it's only going to get better. I just have one question. Did I read in the report that we were setting up an LBE advisory committee?

Stephanie Tang - No. There is an LBE advisory committee already.

President Brandon - There is an LBE advisory committee.

Stephanie Tang - It's not a Port committee. It's a committee which is through the contract monitoring division. And it's a combination of both the departments as well as the LBE community. So the Port is a stakeholder at the LBE advisory committee.

And they are an entity which -- one of our goals in terms of stakeholder groups is that we want to make sure that we are communicating and briefing them about what the Port plans are and letting them know what our initiatives are as those as some of the key stakeholders who communicate with a lot of the members of the community.

President Brandon - Great. That's good to hear. So there's a lot of information sharing going on with other city departments and best practices and seeing who's doing what better. Well, that's great. I'm really happy to hear that. Thank you. And I congratulate you, Tiffany, Boris and the entire team on where you're taking our LBE efforts.

And I look forward to, you know, the new things you're putting in place in January and then you reporting back in July, seeing more successes. So thank you.

11. WATERFRONT RESILIENCE PROGRAM

A. Informational presentation regarding the U.S. Army Corps of Engineers Flood Resiliency Study – Focused Array of Alternatives.

Kelley Capone - Okay. Thank you. There we go. Thank you. Hi. My name is Kelley Capone. I work with the waterfront resilience program. And I'm the project manager for the Army Corps of Engineers flood study. I'm going to start off the presentation.

And then, we're going to go to Matt Wickens and Lindy Lowe for some more detail on a couple of items. Next slide, please. Thank you. I'll provide an overview of the flood study and the process and identify some key milestones.

And then, we'll get into a little more detail on the future without project, stakeholder input, the alternatives development process, which includes a focused array. And we've identified some key considerations for the Port Commission. And then, we'll talk about next steps. Next slide, please.

The waterfront's resilience program covers seven-and-a-half miles of the waterfront. It includes several major efforts. And we're here to talk to you today about the Army Corps of Engineers flood resiliency study that's one of the major efforts in the waterfront resilience program. Next slide, please.

This graphic shows that there are a couple of the major efforts in the waterfront resilience program intersect. And here, we have the Embarcadero seawall program, which overlaps with the Army Corps of Engineers flood study.

And in that overlap is where there are Proposition A projects with flooding benefits that will be included in the Army Corps of Engineers alternatives. So that's how some of that is related within the waterfront resilience program. Next slide, please.

The study is a partnership between the Port and the Army Corps of Engineers. The Port is referred to as the non-federal sponsor or the local sponsor. And this study utilizes local and federal expertise to create a study that is a 50-50 cost share between the two partners, the Port and the Army Corps of Engineers.

The study will assess five sea-level rise curves that includes three Army Corps of Engineers curves and two curves from the State of California. The study includes robust community input. And as part of the study, we determine if there's a federal interest.

And if a federal interest is determined and the program is approved, the federal government would fund 65 percent of the design and construction costs. And the local sponsor would fund the r -- [audio gap]. Sorry. I accidentally went on mute. Next slide, please. Back one. Okay.

Sorry. My slides are out of order. You can go ahead to the next slide. The Army Corps of Engineers process includes several steps. At a very high level, we identify a future without project. And then, we -- and the future without project accounts for damages and consequences of flooding.

And the damages are put into four accounts. And you'll hear more from Matt Wickens later on in this presentation on the future without project and these accounts. Could you go to the next slide, please? Okay. This is the slide I want to be on.

So in parallel to developing the future without project, we identify problems, opportunities, objectives, constraints and considerations, sometimes referred as POOCCs. That leads into an alternatives formulation process, step number three, where there are three levels of alternatives that are identified: an initial array, a focused array and a final array.

And right now, we're in the focused-array stage. And you'll hear more from Lindy later on in the presentation, a little more details about this focused array. As we proceed into the final array, what comes out of the final array as step number four is we identify two alternatives, a national economic development plan and a locally preferred plan.

From there, one of those plans is identified as a tentatively selected plan. Or it could be a negotiated plan. But a tentatively selected plan is identified. And that plan is further developed in the feasibility study and evaluated under NEPA, the National Environmental Policy Act.

And the final product that would come out of this process is a report called an integrated feasibility study and NEPA document. Okay. You can go to the next slide.

These are some major milestones in the study process. We are currently undergoing an agency technical review, which may result in recommendations that cause us to adjust some of these dates. But right now, we're aiming to get to a final array of alternatives in early 2021.

And we would be coming back to the Port Commission and to the public with that final array. And that is kind of an overview of the process. You can go to the next slide. And now, what we're going to do is get into more detail of the future without project from Matt Wickens. On to you, Matt.

Matt Wickens - Excellent. Thank you, Kelley. And thank you, commissioners. My name is Matt Wickens. And I'm an engineer with the resilience program serving as technical lead for the flood study. As Kelley has mentioned, one of the key steps for the study is development of the future-without-project condition.

And I'm going to give you a quick introduction to this process and explain why it is important. Next slide, please. In advance of making an investment decision, the team must first understand what flood damages may occur in the future and how they impact the city and ultimately national economy.

These damages are quantified through what is known as the future-without-project condition. Because it will take years for federal investment to be implemented, the start year for the analysis is considered to be 2040.

Due to the time value of money, the analysis only considers damages that occur within a 50-year period of that study, making the period of analysis 2040 to 2090. With the present value of flood damages during this period exceed the present value of the costs in order to build a plan, it is determined that there is a federal interest, meaning that the government will fund flood protection in San Francisco. Next slide, please.

Now, jumping into the process a bit for defining the future-without-project condition, the first step is to fully understand the assets and services at risk of flooding. To do this, the team has collaborated with city partners, Port tenants and stakeholders to assign value to the physical infrastructure, to estimate the impact of disruption in order to compile an exhaustive database to be used in the economic modeling.

Now, the graphic on the right can be quickly overwhelming. And this is just the southernmost reach of the study. Next slide, please. So study wide, the database covers 2,500 buildings, miles and miles of roadway and tracks as well as dozens of other critical elements of city infrastructure.

I want to point out that the database is not just intended to capture stuff but also people and the impacts that flooding will have on their lives, which include over 11,000 jobs, 350,000 regional commuters and 13,000 residents, more than half of which are people of color. Next slide.

So once we understand the inventory of assets, the next step is to determine what sort of floods could occur over the period of analysis. As a lifecycle analysis, this model will simulate potential storms many, many times to arrive at the most likely flood damages.

So these storms are based on the historic record of Bay storms and are randomly sampled throughout the analysis. And additionally, due to the uncertainty in sea-level rise, the analysis is repeated five times to predict what the future-without-project damages would be along five different sea-level rise curves.

And those curves are demonstrated on the left, which show that, on the lowest of curves, sea-level rise by 2090 may be less than a foot. On the higher curve, the one-in-200 change, sea-level rise could be six feet in that same period of time.

The figure on the right demonstrates where we have rare 100-year flood events and what that elevation looks like relative to the shoreline as well as where the daily high tide is at the shoreline. And you can see that the 100-year flood today is equal to about high tide with three feet of sea-level rise. Next slide, please.

To understand the relationship between flood likelihood and the damages that it causes, the figure on the right shows a low-level flood that has a high likelihood of occurrence in the analysis. The facilities in this flood will see damage in almost all scenarios and carry a lot of weight in the computation of future-without-project condition. Next slide.

On the other hand, a larger flood event has a lower likelihood of occurrence but will impact many more facilities and people. The analysis will determine whether or not this increase in flood damages is offset by the low likelihood of occurrence and whether or not it makes sense for federal investment to [protect] these facilities from flooding. Next slide, please.

So with a robust inventory and an understanding of flood scenarios, the computerized planning model runs hundreds of simulations to predict when and where damages will occur. As you can see in the figure on the left, the dots

indicate facilities of high value that see more than \$10 million worth of damage between 2040 and 2090.

These are primarily clustered in the Financial District, within Mission Creek, along Mission Bay as well as a few bordering Islais Creek and down there at Pier 96. It's important to note that almost none of the piers are highlighted with a red dot when it comes to federal interest in the account that I'll describe in a second.

Now, these are draft findings. And we're currently undergoing a technical review through the Army Corps vertical chain. So these results are expected to change a little bit. But it's not yet determined how much. Next slide.

So most of what I've described in the figure that was shown on the previous slide applies to the national economic development account. The Corps uses four distinct accounts or metrics for quantifying and qualifying the future-without-project condition.

The national economic development account captures the impact to the national output of goods and services. This is related to why taxpayers in Kansas or Alaska or the Carolinas would fund flood protection in San Francisco.

Now, the next account, the environmental quality account, is a non-monetary measure of the impact to ecological, cultural and aesthetic resources. The regional economic development account captures the impact to the region, property values, business revenues, wages earned and the tax impacts.

And finally, the other social effects account captures the impact of people and community such as the displacement, connectedness, leisure and recreation. This account additionally quantifies the extent to which vulnerable populations are impacted by potential flooding. Next slide, please.

So all of these accounts will be used as a baseline measure for possible investment for the future-with-project condition. So once you've completed the future-without-project condition, you look at all the different flood plans in the future with project, and you compare the two.

So the main driver that will determine federal interest and plan selection is the national economic development account, which hinges on a cost-benefit ratio being greater than one -- excuse me -- benefit-to-cost ratio being greater than one.

For this reason, it's desirable from a local perspective to count as many damages as possible into that NED account. And for this reason, the Port is pursuing policy exemptions through the [Corps] vertical chain where appropriate in order to capture as many benefits as possible under that NED account.

Additionally, the Port will leverage the other accounts to inform the locally preferred plan and push to incorporate the latest resilience guidance written into the [Corps] planning process to understand and best make use of those other three accounts. Next slide, please.

So in summary, the future-without-project condition effectively defines the size and scope of the potential federal flood-risk-mitigation plan. Due to the complexity of the San Francisco waterfront and the importance of accurately capturing future risks, this milestone is currently delayed.

The Port continues to work with the Corps to maximize potential benefits in a manner consistent with Corps policy, rules and guidelines. The economic model used to quantify flood damages is being used for the first time on the West Coast as part of this study such that the Port and Army Corps experts are thoroughly vetting the output.

Additionally, the team is working to ensure the impacts from future tidal flooding and the systematic disruption that this would cause to city functions are captured and monetized as part of the future without project in the national economic development account.

I apologize for the alphabet soup of acronyms. It's a little bit of an Army Corps world. And with that, I'd like to hand the presentation off to Lindy Lowe, who is leading stakeholder outreach and plan formulation for the flood study as well as the resilience program at large.

Lindy Lowe - Thank you, Matt. Good afternoon, President Brandon, Vice President Adams. And welcome Commissioner Burton. My name is Lindy Lowe. And I'm the Port's resilience officer. My portion of the presentation, as Matt just said, includes stakeholder engagement, the Army Corps focused-array work and key considerations for the commission from that work. Next slide, please.

The waterfront resilience program has included robust engagement throughout the waterfront and the city and partnership with some wonderful local women-owned and minority-owned firms. This engagement has included citywide and neighborhood events, a community meeting series in three locations, youth engagement, mixers, home owners association and public housing engagement, tenant engagement and over 100 presentations and discussions with community advisory groups, neighborhood groups and issue-area groups.

Additionally, acknowledging that people cannot always come to meetings or events, which is especially true now, we have been engaging digitally. Next slide, please.

The team has also been engaging city departments and resource agencies. Working with the Corps, we have convened an interagency coordinating team for

city departments and others to meet and provide guidance at each key stage in the flood resilience study.

We have also convened a resource agency working group to advise on regulatory permitting and resource issues. Next slide. The team held our first digital meeting last month in the Embarcadero segment of the waterfront and presented the findings from the multi-hazard risk assessment, introduced attendees to seismic and flood measures and summarized stakeholder input to date and identified Port, city and community priorities for each of the waterfront subareas. Next slide.

In response to COVID-19, the team developed the waterfront resilience story maps and [measures explorer] to engage the public in the program and give people an easy way to provide input. The story maps cover the Port's entire jurisdiction plus Aquatic Park.

To date, there have been more than 100,000 visits to the site. We will continue to be creative with our engagement particularly as we move into alternatives development and continue to deal with the COVID-19 environment. Next slide.

I will now provide an overview of the focused-array development process that we just wrapped up with our Army Corps partners. This is our second iteration of alternatives, the first being the initial array that I think was presented last year to the commission. Next slide.

The subarea material that we used in the waterfront story maps was developed actually to support the focused-array work. Using the subareas to frame the work made it possible to have a more detailed and refined understanding of each of these areas rather than working at a high level that waterfront-wide scale that we used for the initial array which can be a challenge.

The focused-array material included existing conditions, sets and services, stakeholder priorities, hazards, risks and consequences, existing and proposed projects and measures and approaches for all of the subareas from Aquatic Park to Heron's Head Park and lend approximately a quarter of a mile.

The work relied on knowledge of city and Port staff, used an integrated team to address both flood and seismic measures and used public feedback obtained to date to inform alternatives development. Next slide.

This map helps the commission to understand what we mean by subareas. These are the 15 subareas: Aquatic Park, the Ferry Building, South Beach -- we have several around the Islais Creek area that we use to frame the material. Next slide.

The materials created at the subarea scale were designed to be detailed enough for use by the team and easy and well-designed enough to be shared with a broad audience digitally on the story maps to serve both purposes. Next slide.

And the subarea scale problems, opportunities, objectives, constraints and considerations -- in order to not use an acronym -- have been used and designed to give us a lot more detail of each subarea and are available online and to share with the commission to get commission input on these important materials. Next slide, please.

We also assessed the appropriate measures for each of the subareas and applied them in the -- which one will fit in the subarea. Some work in some locations better than others. And some don't work at all in some locations. So we wanted to do that matching process for each of these subareas with the flood measures. Next slide, please.

And although the study is all about flooding, the team also understands that seismic measures need to accompany those flood measures particularly in the Embarcadero segment of the study. And the process considered the application of seismic measures for certain alternatives that we developed in the focused array. Next slide.

We used all of that material to develop the focused array. And we layered on themes, which is a common approach in the Corps process to ensure that a wide range of issues and approaches is considered. Next slide.

The themes we used included ecological, historic and cultural, transportation and mobility, community cohesiveness, seismic and disaster response and non-structural. Next slide.

Going to go through some of the key findings from the focused-array work -- those findings include that most of the piers, as Matt mentioned, are not likely to be included in the Army Corps project -- in the final project because they cannot serve as city flood protection to date. And the piers do not appear to meet the NED cost-benefit ratio.

And those are preliminary findings. But those are the findings that we have to date. There's also a finding that the options for the creeks are very challenging due to the combined flood risk of both a high bay and a creek that is trying to empty into that high bay and then those low-lying bridges across the creeks.

It's also important to note that, while the Army Corps policy requires consideration of non-structural measures such as relocation, waterproofing, ring walls, structure elevation increases and local policies and zoning changes, these measures can be very difficult to apply along a dense urban waterfront with so many Port and city-critical assets involved. Next slide.

We found that, while there are not many opportunities for horizontal levees or large marsh areas to reduce flooding, there are a number of opportunities for ecological enhancements across the waterfront.

We also found that applying flood measures to the area reinforced the fact -- found that, while we applied flood measures to the area, the fact was reinforced that we are working in a very narrow adaptation zone in most areas of the waterfront.

And this narrow adaptation zone may require work in the roadways or the bay or both. Another key finding is that the Port and the city need to establish a desired level of flood protection to inform the study. Next slide.

As we worked, we came to understand how critical it is for us to develop alternatives that integrate both flood and seismic measures together, particularly in the Embarcadero segment of the waterfront. Additionally, during the work on the focused array, we discovered how much flood risk is inland of the Port's jurisdiction making engagement and partnership with the city critical at each step of the process.

We also found that most of the flood-risk measures and approaches that we identified will require somewhat large construction areas and at least temporary disruption of a variety of activities. Next slide.

These images depict the structural measures that we used in the northern waterfront. And those structural measures include raised wharves and bulkhead buildings, raised roadways, raised pathways, ecological seawalls, tide pools and native vegetative terraces.

In the Mission Creek area, we identified [tide gates] and barriers as well as raised roadways, pathways and earthen levees. Next slide, please. In the southern waterfront, the structural measures included -- actually, these are the nonstructural measures.

So in the -- we also have nonstructural measures that we included that are those policy changes such as zoning, raising structures, waterproofing and relocating assets. We also used site-specific measures for critical assets such as the muni portal and BART. Next slide, please.

And this is another depiction of those nonstructural measures in the different locations along the waterfront, elevating structures in place and using them as part of the flood measures.

So for instance, where you have parks or bulkhead buildings and wharves, elevating those structures both protects them in place but also provides some flood protection behind them, the use of dry flood proofing on ground floors for

those inland assets and then elevating bridges across creeks as another example. Next slide.

As you can see, ecological measures are broadly applicable including vegetative terraces, stepped slopes tide pools, ecological seawalls and breakwaters and beach nourishment at Aquatic Park. Next slide.

In the southern waterfront, we identified a wide variety of ecological measures including tide pool units, ecological piles and walls, shellfish reefs, vegetative revetments, beaches and stepped slopes. Next slide.

Some of the findings that will inform the final array for each geography include -- there is a combination of hard edges and structural systems in the Embarcadero segment that can be ecologically enhanced in the bay and the shoreline with the adaptation zone located between the Embarcadero roadway and the near shore area.

In the central waterfront and Mission Creek area, there is an opportunity for a soft edge combined with raised elements that protect inland assets and an elevated-pathway parkway for the entire length of the area as well as a need for raised bridges over the creeks.

For the piers, there's a combination of policy considerations and flood proofing with flood-risk measures that also include raised bulkhead wharves and buildings. And then, in Islais creek, it is possible to protect the maritime uses by raising the edges of the piers and softening some of the areas around the creek to provide more room for [open water]. Next slide.

Upon completing the focused-array work, the team and its partners began to identify the key themes and findings that I just presented and several issues that we would like to share with you for your consideration. Next slide.

The first finding relates to the piers. As Matt identified in the future-without-project section of the presentation, we are not finding a national economic development level of value for the piers.

Additionally, the piers are not able to serve as flood protection except at the bulkhead wharves and buildings. So we want to ensure that we highlight this for the commission now and ask the commission if they have any questions or guidance for Port staff and the Army Corps as we advance this work.

It is important to note that there are a number of other options for funding and financing for the piers including public-private partners such as the historic piers rehabilitation effort, Port capital funding and grant funding such as FEMA grants. Next slide, please.

As previously described, the Corps requires these studies to include non-structural alternatives that include relocating assets, setbacks, flood proofing and zoning and use restrictions. We'd like to know if there is any guidance that the Port Commission would like to provide as it relates to the use of these nonstructural measures in this very urbanized waterfront. Next slide, please.

As I presented earlier, there are a number of opportunities to ecologically enhance the shoreline, the near-shore environment and the creeks. While we continue to refine this work, we wanted to ensure that the commission agreed that ecological enhancements within the study area are an important value to the Port Commission and that we should continue these approaches in the alternatives process. Next slide.

Finally, as I mentioned, the team integrated seismic and flood measures together for some of the focused-array work and is doing so for the Port's integrated alternatives process with the idea that the flood-risk measures could be phased in later where appropriate or incorporated together and implemented at the same time.

We wanted to provide the commission with this information to preview that, when we present alternatives including for Proposition A, we will present alternatives with different options for phasing and timing. Next slide. Next slide.

Thank you for your time today. I know that this is a lot of information. And I apologize for the long presentation. Hopefully, it was helpful for your understanding of the program, the work we're doing and the Army Corps specifically, that work.

Here are some of the next steps for the study. The project-delivery team, which is a partnership of the Port staff and the Corps, will continue to advance the future-without-project work that Matt presented.

We will also continue to advance alternatives development and use input on the focused array to develop that final array. During our continued engagement with the Port Commission and other stakeholders, we will refine and revise those problems, opportunities, objectives, constraints and considerations as well as that focused-array work.

And we will continue engaging the commission particularly on program framing, LBE participation and alternatives development in the upcoming months including December, January, February and March. Next slide. Thank you again. Matt, Kelley and I are available for your questions and comments.

No Public Comment on Item 11A.

Commissioners' Discussion on Item 11A:

Commissioner Woo Ho - Thank you, staff. This is a very, very comprehensive report. And I think, for me at least, it's putting the jigsaw puzzle together because, obviously, this is an important piece. As you mentioned, it intersects with some of the other projects that we're trying to figure out in terms of our challenge going forward with the seawall.

So obviously, the Army Corps of Engineers has a very specific sort of process, etcetera. So I appreciate the comprehensiveness and the detail and understanding where this leads to. And I'm assuming that, if we are in agreement with the Army Corps of Engineers on some of the measures -- because first of all, I guess the assessment of the damage.

And I don't know if they put a monetary -- you didn't mention the monetary damage that they said for the flooding for particularly for the downtown area if that is known at this time or is still under study. Obviously, we're hoping to not have that happen.

So that is why we want to study what the measures of the mitigation efforts can be. And it's very useful to know that, you know, some of it's ecological. That was sort of a first for me to understand that there are some ecological measures in addition to some what you would call hard-state kind of solutions that you have to put in place or if you need structures.

The other I think very big aha for me at least is the fact that the piers are not going to be covered, not so much that I'm surprised that they're not a measure to resist or prevent flooding.

But I guess I think the ultimate objective here is to understand how much national funding we can get from the Corps of Engineers to help us with our potential flooding issues. So the aha for me is the piers are not going to be included in any funding request that we think is needed for whatever, both seismic and flooding. And that's a separate exercise.

So I think that [national] -- I mean, I would like to at least get agreement that what we're trying to do is figure out the cost eventually for all these measures and how much the federal government is going to be able to give us under this type of auspices.

And then, what else is left for us to explore on our own? And what is covered and not covered? So as I said, you don't have all the answers to the jigsaw puzzle today. But these are more pieces to put in the jigsaw puzzle.

But I think that -- am I right to assume that what our objective is is to find out eventually how much national and federal funding is going to be available to help us mitigate these issues? We're not there yet. You don't know yet.

Kelley Capone - Hi. This is Kelley Capone. Y --

Commissioner Woo Ho - Would that be fair to say as --

Kelley Capone - You're correct on that.

Commissioner Woo Ho - Okay. So that's --

Kelley Capone - [And then, I wanted to answer on that] --

Commissioner Woo Ho - And then --

Kelley Capone - We have to continue working on the future without project, which is quantifying the economic impacts of the flooding in the future without project. But also, as we develop the alternatives, there is an exercise to do cost estimating for the alternatives so that that can be compared.

We can compare the total cost of damages and compare the cost of what the program would be to implement. So we will be doing that work.

Commissioner Woo Ho - Okay. So we talked -- I think it was maybe in Matt's presentation -- about the flooding projections from 2000 -- I think it was '40 through '90. When would we expect the timeline of some of the [unintelligible] measures that could be im -- I mean just not even very specific because I know it's not precise enough at this point.

But are we talking five years from now? Ten years from now? What timeline are we talking about when we would be able to say, "Okay. We know enough about the damages. We've fulfilled the requirement of the cost-benefit ratio, etcetera, the three-to-one"?

And now, we need to invest some of the measures, as you call them, under the various sort of framework and vocabulary that the Army Corps of Engineers likes to use but, in my simple layman terms, the measures to mitigate this going forward. What timeline are we talking about, do you think?

Kelley Capone - So the study timeline is the 2040 through 2090. So that is the timeframe that we're looking at. And the sea-level rise -- we have the curve -- the sea-level-rise curves that we're looking at, are estimating sea-level rise over time.

So our study period again is 2040 through 2090. And these types of projects will be implemented -- may start to be implemented right around the 2040 or just before the 2040 time period, so they're in place.

But we can also move some projects forward faster and implement them earlier if they're part of the final program or the tentatively selected plan that we will be identifying. If they're part of that, we can enter into certain agreements to implement some of the projects earlier.

So we haven't landed totally on when the projects would be implemented and exactly what projects will even be in the program. But there is an opportunity to implement some of them earlier.

Lindy Lowe - So Commissioner --

Commissioner Woo Ho - Okay. For instance, the ecological programs seem to me like there are some things that are less costly and things that you can do environmentally that are not going to be as complicated as some of the other projects funding. Sorry. I didn't mean to cut you off.

Lindy Lowe - No. That's fine. That's a great comment. I just wanted to follow up on Kelley's comment or response. Because it's going to be an effort that is phased over time, that is why it starts in 2040. We need to phase the work over time.

We will not start implementing in 2040. We will likely start implementing closer to 2030. But because we have seven-and-a-half miles of waterfront, in order to get a complete project that will start accruing the benefits and not be outflanked so to speak or have that flooding come in and around, we'll take that 10 years to implement those projects over time.

And that's why we have that later date for the start of the benefits accrual so to speak. So Matt, do you want to follow up on any of that?

Matt Wickens - Yeah. I'll add a little bit there. So right now, we're on this trajectory where we could potentially use Prop A funding as an Army Corps match, implement something through Prop A that is then part of this tentatively selected plan.

So that would be implemented in the next six years. And that's something that's building towards that 2040 future. We wanted to make sure that that base year was far enough out that we were able to capture sea-level rise and make sure that plans were recognizing the potential damages from sea-level rise while also giving us time to implement a phased approach over seven-and-a-half miles.

So it's -- we can start implementing as soon as possible. At the same time, we want to make sure what we're doing is in line with that plan that's part of the Army Corps process.

Commissioner Woo Ho - Okay. And my other question is -- as I said, to me, it's a jigsaw puzzle trying to put all the pieces together. So you mentioned, you know,

specific areas that will have specific mitigation measures or focused -- whatever it is that you use the vocabulary.

And then, we also have the rebuilding of the seawall. It seems like the rebuilding of the seawall addresses other -- some of it covers some of the geography. Some of it does not. And I guess I'm not sure if I can differentiate what the seawall is going to do versus all the things that you mentioned in this study and the specific tactics that have already been identified or specific areas.

Perhaps, I'm not understanding the whole picture as well as I should. Could you comment on that?

Lindy Lowe - So let me try and explain quickly our integrated-alternatives process. That integrated alternatives process is looking at the Port's full seven-and-a-half miles. And we're looking at or we're applying both flood and seismic measures to each of -- to that whole seven-and-a-half miles.

Then, we're applying a series of lenses which are Prop A funding guidelines, for instance. So which of these alternatives can be funded by Prop A? And that could be anything in the Embarcadero segment of the waterfront that is reducing the risks associated with the seawall, not necessarily rebuilding the seawall but the risks associated with the seawall, reducing seismic risk first and foremost and then potentially also flood risk.

In the areas south of Mission Creek, that alternatives development process cannot use that funding source. So that alternatives development process is for the Corps as well as potentially other funding sources.

Around Islais Creek, we have a partnership with SFMTA and SF Planning to look at that Islais Creek area. And there may be potentially other funding sources for work that comes out of that project as well as this Corps work.

So we're looking at alternatives development for the full seven-and-a-half miles. And then, we're identifying which of those actions within those alternatives and which of those alternatives could be funded by Prop A and which of those alternatives could be funded by the Army Corps.

And then, what are the other funding sources and financing mechanisms that we can find that can fund all of the rest of those alternatives including those areas in the Embarcadero segment that we can't fund because we don't have enough resources. The Prop A funding will only go so far. So it's one alternatives process both [crosstalk] seismic, flood --

Commissioner Woo Ho - Okay. My last question just relates to -- the Army Corps of Engineers has been doing this study with us. And I think we've been in the

forefront of resilience. And I commend Port staff and Elaine Forbes for leading the effort to -- and the whole city for being very focused on what we need to do.

So it's going to get down to being competitive eventually at the federal level in terms of other cities and other coastal cities also studying something similar.

Where would you say the study that we're doing with the Army Corps of Engineers stands against other studies that they're doing in other cities that are also facing maybe not exactly the same issues but some of the same issues and given what we've seen in the weather patterns particularly on the East Coast over the last year or so in particular as it relates to climate change?

You have any knowledge or comments on that? Because it seems like, as fast as we get down through the path, the better off we are. Right?

Lindy Lowe - I think that's right. And I'll let Kelley and Matt chime in as well. But I think it's very important for us to identify a tentatively selected plan within the next couple of -- you know, within the next year because, as you have identified, this is an issue that a lot of jurisdictions are confronting.

I think the fact that we have so many critical assets, both Port and city assets, that are really important to the region, the nation and the state helps us in that "competition."

I think the other way we're looking at it is as a partnership because we're really also learning from those other studies and leveraging what we're doing in our study for that other work in other places as well as leveraging what they've been doing in other places and learning from that as we do our work.

A lot of this is new. The sea-level-rise issue layered on to the current flooding issue is something that we're all, particularly with the Corps, learning how to apply together. And then, that G2CRM model that Matt mentioned is -- I believe our study is the first study on the West Coast that's using it. So we're on the forefront of that.

Commissioner Woo Ho - What would be some of the other major cities that they're studying at the same time as we are?

Matt Wickens - I believe there's about five studies that are currently ongoing in Florida that were appropriated under a separate emergency authority. Miami Back Bay is one of the large ones. There's also Norfolk. And there was a study in New York.

And we're kind of looking to all of those as some examples. There's also a large study in Galveston on the Texas coastline. And I think a lot of what the Corps has

done and the way things have been funded especially from an economic-damage perspective is looking at historic and past damages.

That's a question we constantly get. What damages have you seen on your shoreline from flooding to date? And they just don't compare to a Sandy. So we're trying to get over that hurdle and kind of a paradigm shift that we're really at the forefront. And we're tackling a problem before it becomes a problem.

Commissioner Woo Ho - Okay. Thank you.

President Brandon - Commissioner Gilman?

Commissioner Gilman - So first off, I really want to thank Kelley and Lindy and Matt for an incredibly in-depth report and also staff report as well. So thank you for all of your time and diligence that you put into this. I had some similar thread lines to Commissioner Woo Ho's questions.

So I won't revisit them because I feel they were answered well. I just sort of wanted to elevate any kind of ecological enhancements that we can do besides having a I -- sometimes a lower price point than brick-and-mortar kind of mitigations.

I just also think, too, it enhances the environment of the waterfront. And I think we have a responsibility to do that. So I want to say that resonated with me. And thank you also for calling out the piers. I mean, we do have the historic piers RFP coming out for the northeast waterfront.

And hopefully, we'll need to maybe put some mitigation measures there as a way to protect them. I was surprised that they wouldn't be considered part of it. But they're an important piece of the waterfront and for the Port itself. So I don't have any other questions. Thank you so much for the staff report.

President Brandon - Thank you. Commissioner Burton?

Commissioner Burton - No questions. And thank you for a very informative and interesting report.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - I'm good. Thank you.

President Brandon - Thank you. Kelley, Matt and Lindy, thank you so much for this report. This was extremely comprehensive and very helpful. I think Commissioner Woo Ho asked a lot of great questions and a lot of food for thought.

I think that we're very fortunate to be able to partner with the Army Corps on this effort and that -- woo -- it's a lot of information. I really want to commend you guys on the digital-engagement strategy.

I happened to go through the story maps and the POOCC not for every subarea but for a few. And I just thought it was so informational, even the history of the different subareas. So I do encourage everyone to visit that site.

It really is a lot of great information on this project and what we're trying to do. So I really want to thank you for that. I'm not quite sure I have anything to add other than I look forward to you coming back. And I know this is a long process, and a lot of thought has to go into it but just appreciate what you've done so far. So thank you very much for this very, very good report.

Kelley Capone - Thank you.

Lindy Lowe - Thank you, commissioners.

12. PLANNING & ENVIRONMENT

A. Informational presentation on PG&E Sediment Remedial Action Planning for Pier 39 to Pier 43½ offshore sediment.

Kathryn Purcell - Thank you. Good evening, commissioners. Again, welcome, Commissioner Burton. My name is Kathryn Purcell. I work in the Port's planning and environment division. As detailed in today's staff report, I originally provided a presentation in March 2019 on the Pier 39 to Pier 43 1/2 sediment remediation project.

This is a project which is being performed by Pacific Gas and Electric with support from the Port staff. I'm pleased to be here today to provide the Port Commission and the public with a status report on the project and the work PG&E continues to perform in compliance with requirements of the San Francisco Regional Water Quality Control Board. Next slide, please.

Today's presentation will briefly review the background to the site, milestones completed and PG&E's proposed remedial alternative for the site. I will also review next steps and the schedule to complete engineering design, permitting, construction and touch on ongoing stakeholder outreach and engagement on the project. Next slide, please.

As shown on this waterfront map, the project site is located on the Port's northern waterfront. Extending from north to south, the site includes Pier 43 1/2, home of Red and White Fleet's Golden Gate Bridge tours and Bay excursions, down to the Pier 43 historic Ferry Arch and Promenade, then extending down to what we call

Pier 41 1/2 where Blue and Gold operate ferry services including Sausalito, Tiburon, Vallejo, Benicia and other areas.

We then step down to the Pier 39 West marina where Blue and Gold operates SF Bay and Alcatraz tours. And then, finally, the southernmost location would be Pier 39 East. And this is home of a small-craft marina with over 300 vessels. Next slide, please.

As shown on this map, PG&E and its predecessors' entities operated a manufactured gas plant, what we call an MGP, located between Jefferson and Beach Streets from the early 1900s to approximately 1931.

The plant was sold in the mid-'50s, subsequently demolished. And in 1963, a hotel was constructed on what is the 250 Beach Street block. In 1997, as part of a hotel addition, soil investigations and contaminated soils were excavated and removed from the Beach Street site.

Stepping over to our site, in 2011 and 2013, the Port's tenant Pier 39 identified polycyclic aromatic hydrocarbons, or what we call PAHs in sediment in both Pier 39 East and Pier 39 West Basins related to the historic manufactured gas plant operation.

Coming forward into 2017, the water board ordered PG&E as the primary responsible party for the PAHs and the Port as the property owner to further investigate offshore sediments. The red outline that you see on this map represents what we call our investigation area basically encompassing Pier 39 East Basin, Pier 39 West Basin all the way over to the eastern side of Pier 45 and extending approximately 1,000 feet offshore into the bay. Next slide, please.

PG&E with Port cooperation and oversight continue to respond to the water board orders and complete critical path milestones including completion of required soil, sediment and groundwater investigations from 2016 through 2019.

In January of 2020, PG&E submitted the final remedial investigation report to the water board, which determined the extent of PAH contamination in sediments at the site. In June of 2020, the water board issued its conditional concurrence of the RI report and in order to complete a feasibility study remedial action plan or what we call the FS wrap for the site.

I want to note that, even before PG&E exited bankruptcy on July 1, 2020, it continued to work with the Port to complete a pre-design investigation and prepare the draft FS wrap. We have also held numerous interagency meetings to review and confirm the scope and the completeness of the investigations and the upcoming FS wrap. Next slide, please.

Per the RI report and the draft FS wrap to be submitted to the water board later this week, the objective of the project is to remediate bay sediments impacted with PAHs to protect human health and the environment.

The [FS] wrap will propose a remedial alternative that includes marine debris removal, focused dredging to remove contaminated sediments, placement of cap materials, construction and environmental monitoring and post-construction institutional controls.

Remedial design will address contaminated sediments in areas A through E that are shown on this map. Again working left to right, area A is the Pier 43 1/2 Red and White Fleet footprint. Area B is the Pier 43 Ferry Arch.

Moving to Area C is where we have Blue and Gold ferries. Area D moves into the Pier 39 West marina. And then, finally, Area E is the Pier 39 East marina. Next slide, please.

Construction-related project components will include mobilizing marine-based equipment and materials such as dredge equipment barges, sediment scows and tugs. PG&E will also install debris booms and silt curtains around barges to aid in protecting the environment.

Once mobilized, there will be marine debris removed primarily around the former Pier 43 apron area. They will temporarily remove select piles and docks to allow equipment access to perform construction work.

We'll then proceed with dredging, transport and disposal of dredge materials. Once dredging is completed, there will be installation of sand cap and/or armoring material on post-dredge areas. Finally, site restoration and demobilization will be completed. Next slide.

Upcoming project milestones include, of course, the submittal of the FS wrap later this week. As part of the site analysis required for the FS wrap, PG&E will need to further determine soil and geotechnical conditions for areas of the site.

As recently discussed with Port and tenant staff, PG&E is preparing to mobilize early next week to begin a three-week geotechnical investigation and collect samples from various locations shown on this map.

This work is being coordinated so as not to impact tenant operations and be completed prior to the Thanksgiving holiday. Next slide, please.

As shown on this slide, in addition to the submittal of the FS wrap, the water board is preparing a draft CEQA initial study for the remediation project. The Port anticipates the water board will issue the project fact sheet, the draft FS wrap and the CEQA initial study for public comment first quarter of 2021.

Once the wrap and the CEQA documents are finalized, we understand the water board will issue a clean-up order requiring the remedial design and the plans be finalized and implemented to complete remediation in each of the five areas identified in the FS wrap.

Meanwhile, PG&E, with support from the Port, will continue to advance engineering design plan specifications along with permitting over the next 24 to 26 months with the goal to obtain all of our project permits by the end of 2022. Next slide, please.

PG&E, in coordination with the Port, have developed this rather detailed project schedule, which will require a multi-year design and permitting process to authorize remediation in all five areas of the site.

In addition, we anticipate construction will be scheduled over five years during in-water regulatory work windows which are June 1 through November 30th beginning in 2023. Next slide, please.

Port staff has actively worked with PG&E staff and their consultant team to respond to the water board orders, perform the investigations to characterize sediments and define areas requiring remediation.

We have held numerous interagency status meetings both in person and through WebEx to review and discuss investigation work plans and findings and the scope of the FS wrap. It's also important to note that the Port and PG&E staff continue to work with Pier 39, Blue and Gold and Red and White fleet staff to coordinate site access and minimize operational impacts during field work and to discuss the scope of the proposed remedial plans and the timeline.

It is also important to note that PG&E is working directly with tenants on costs associated with tenant impacts due to the contamination. Next slide, please.

As previously discussed, the water board will undergo a public review and comment period on the PG&E FS wrap and on the board-prepared CEQA initial study in the first quarter 2021. We also understand the water board will draft a clean-up order that will undergo public review and comment following approval of the wrap and the CEQA studies.

With that, the Port staff proposes to return and provide an update to the Port commissioners and the public in the fourth quarter of 2021 and detail PG&E's further progress on the actual engineering design plans and the project permitting.

This concludes my presentation. And I'm available for any questions or clarifications you may have. Thank you.

Public Comment on Item 12A:

Susan Karasoff - Hi. This is Susan Karasoff from the California Native Plant Society. Thank you so much for this public briefing. Please make sure that any ecological measures that you do incorporate only local native plants so that we have the opportunity to meet both San Francisco and state biodiversity goals of enhancing not only the native plants that we have but all of the wildlife that depend on them.

And I apologize for missing this opportunity to make the same comment on the Army Corps of Engineers flood resilience project as well. Please make sure that all of the ecological measures include only native plants. Thank you for listening. My comments are complete.

Commissioners' Discussion on Item 12A:

Commissioner Gilman - Thank you, Kathryn, for this really informative report. And I have no questions for you at this time. This is an important thing for us to get mitigated and move forward since both Pier 39 and the hotel on Jefferson and Beach are popular tourist sites. And we need to get it taken care of, so we can go back to having folks on the waterfront. So thank you.

Kathryn Purcell – Thank you.

President Brandon - Thank you. Commissioner Woo Ho?

Commissioner Woo Ho - I'm supportive of the item. Thank you very much for the report. And I agree with Commissioner Gilman. So I have no further questions.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - Thanks, Kathryn, very much. I really appreciate the report. And definitely with Pier 39, we've got to get that going and so important to maritime and those. So thank you so much. Appreciate your work.

Kathryn Purcell - You're welcome.

President Brandon - Thank you. Kathryn, thank you so much for this very detailed report. We really appreciate the briefing. I just have a couple of questions. And one is, who is doing the remediation? Is it the Port? Or is it PG&E?

Kathryn Purcell - PG&E will be performing the remediation. PG&E is the primary responsible party and will perform remediation. The Port staff are just supporting through technical review and oversight and aiding in outreach and engagement.

President Brandon - Great. And just -- and I know there is -- I'm just wondering why it takes so long.

Kathryn Purcell - Well, it's a very complex location. We've got five separate operating areas that will have to be temporarily repositioned and worked around. We also can only do in-water construction work of this nature from June 1st to November 30th of any given year.

So the plan and the CEQA study and the permitting and the engineering design is about a two-year process to get all of the permits and the engineering completed. And then, we'll remediate each of the five areas over five separate years due to that in-water study.

And I think it's also critical that we contain public access and tenant operation interruption. So that's the other design is to tackle each area individually, complete it and then move to the next area.

President Brandon - Great. Thank you so much for the presentation.

13. MARITIME

A. Informational presentation on the Pier 70 shipyard and Memorandum of Understanding with the San Francisco Public Utilities Commission.

Andre Coleman - All right. Good evening, President Brandon, members of the commission, Director Forbes and members of the public My name is Andre Coleman, deputy director of maritime. And today, I'm joined by Gerry Roybal with the Port maritime division and Rebecca Benassini with the Port real estate and development division.

Today's presentation is an informational item on the Pier 70 shipyard. The presentation will cover interim tenanting and operations at the shipyard as well as future planning. I will also provide a general overview on a proposed memorandum of understanding with the San Francisco Public Utilities Commission for temporary use of the shipyard's excess power supply. Next slide, please.

As background, the Pier 70 shipyard has had a rich history of ship repair. The shipyard is a unique Port property comprised of approximately 13 acres of land, 17 acres of water parcels and 16 buildings.

Is it a capital-intensive industrial facility with caretaking currently being performed by Port staff. The shipyard features two large floating dry docks, seven heavy-lift marine cranes and a vast inventory of industrial equipment and tools.

Since 1982, the Port held ground leases with viable commercial ship operators who assumed responsibility for all capital and operating costs. Ground leases were in place during this time until the last successive operator, Puglia, abruptly filed for bankruptcy and terminated operations at the shipyard in May of 2017.

Due to the unanticipated abandonment of the facility, the Port entered into a benefits-task agreement with Orton Development Inc. for caretaking of the shipyard in June of 2017. And shortly following, the Port negotiated a settlement agreement with BAE Systems, the predecessor to Puglia, for \$5.7 million.

Those funds are set aside as a reserve for capital improvements, to ensure sustainability of the facility. And I'll touch on some of those capital improvements made thus far later in my presentation. Next slide, please.

The benefits-task agreement was in effect from June of 2017 through May of 2019. During this time, Port staff focused on marketing the shipyard as an available, fully functional ship-repair facility to over 300 similar operations throughout North America.

Also during that time, two Port Commission-authorized RFPs were issued. However, both were unsuccessful in returning a viable shipyard operator. While Port staff was aggressively working to attract a viable shipyard operator, staff also worked through Orton Development to undertake two major capital improvements at the facility, one of those improvements being an electrification-upgrade project, which included the removal of PCB-containing contaminants from the facility, and the second being the demolition of two red-tagged buildings.

The demolition and removal of those buildings have been beneficial to the facility by removing life-safety risk and activating flexible-use space for interim leasing and use. Next slide, please.

As I mentioned during the previous slide, two RFPs were unsuccessful in returning a viable operator. Staff did continue to seek sole-source market opportunities for industrial marine uses. And in early 2019, we received two proposals for operation of the shipyard.

Staff engaged BAE Urban Economics, a third-party consultant, to perform a thorough review of both proposals. In addition, Port staff asked BAE to provide an overview on West Coast and national market opportunities for ship repair at the shipyard. One of the proposals was withdrawn. And the other was ultimately rejected.

Further, BAE's analysis concluded that the competitive landscape and market conditions make it unlikely that a ship-repair operator be able to take on operations of the shipyard without significant public subsidy to address capital requirements.

It was also noted a ship-repair operator would need to have contracts in place for future work to ensure sustainability of shipyard operations. Next slide, please.

So with regards to interim uses, as I mentioned, the benefits-task agreement ended in May of 2019, at which point Port staff assumed the caretaking of the shipyard. From there, Port staff immediately sought to secure interim tenants to offset the cost of essential operating expenses.

On this slide, the picture shows a cargo vessel moored at the shipyard through a lay-berth agreement between the Port and Matson Navigation. These types of agreements, lay-berth agreements occur when a vessel operator or owner requests berthing space alongside a wharf for an extended period of time. These type of requests are frequent and are a good source of revenue for the Port. Next slide, please.

In securing interim tenants and by modifying essential operations such as utilities and security, positive net revenues of \$460,000 were achieved in fiscal years '19-'20. The previous two fiscal years' operating expenses exceeded revenues. And this was due to higher use and utilities and security costs as well as administrative and staff costs associated with the benefits-task agreement, which then expired in May of 2019.

As far as some of our current interim tenants, that includes Anderson Enterprises, doing business as Royal Motors. They're a part of an automobile dealership industry. They stage vehicles at the shipyard facility for delivery to dealerships in San Francisco.

We have the Dutra Group as a -- who is a marine construction and dredging operating and currently working on a few Port projects along the waterfront. Matson Navigation, a domestic vessel operator -- and that was the picture you saw of the Matson Kamokuiki lay berthed on the previous slide.

Marine Express, a harbor service operator -- and we also have utilized the shipyard as overflow berthing and storage for fishermen during the crab season. Other uses include storage at the facility -- Port storage at the facility and office space for Port staff. Next slide, please.

Moving on to the temporary power MOU with the SFPUC, in March of 2019, Port staff was approached by the SFPUC's power enterprise group and began discussions about temporarily sourcing a large portion of power, roughly 5.1 megawatts or 86 percent of the total shipyard power allocation.

Traditionally, 12 megawatts have been supplied to the shipyard. We previously dedicated 5.5 of that 12 to the ODI historic core development project in 2016. And that has left us with the 6.5 for the total megawatts of power.

So with the proposed MOU, it would be for a period of one to three years with the SFPUC paying the Port a minimum of \$1.1 million annually for use. Again, of the total power remaining, SFPUC would take roughly 86 percent, leaving 14 percent of wattage behind, or 1.1 million megawatts.

Port staff is assured through historic peak uses that that remaining 14 percent of the power supply is a sufficient amount of power to supply current interim tenants and future uses. Next slide, please.

The proposed MOU will allow SFPUC to provide power to the bullet-pointed development projects shown before you under the city's interagency cooperation agreement of Pier 70, all of which are beneficial to the Port. Next slide, please.

So with regard to next steps, staff intends to complete the MOU with the SFPUC and return to the Port Commission to approve the action item, which will create another source of revenue to the facility.

Staff will take on the selective pruning of the shipyard's vast inventory. When Puglia abruptly abandoned the facility in 2017, they left behind all of the shipyard's inventory to include tools, rolling stock and office equipment.

The photo on this slide is a picture of Building 105. And as you can see, since the last day of operation, a lot of the equipment has remained in place. Staff will also explore opportunities and build alliances with state and local educational institutions to create job training and maritime education programs so looking towards working with some of the local institutions in the area, Cal State Maritime, etcetera.

We will continue to explore maritime-trust consistent uses to include a marine-exploration vessel builder, the potential centralization of harbor services and other light industrial maritime operations.

With that said, we have had interest from nontraditional uses for the dry docks. There's been interest in an aquatic center in one of the dry docks. And we also have had interest in a high-end fashion show on the larger dry dock.

With that said, Port staff seeks comment, input and guidance from the Port Commission regarding the strategic objectives and timing for creative repurposing of the shipyard premises and attributes. And we look to incorporate any feedback from the Port Commission as we intend to return in the future -- at a future Port Commission meeting with a more defined reuse plan for the shipyard premises. Next slide, please.

That concludes my presentation. Thank you. And I'm available to answer any questions you may have.

President Brandon - Thank you, Andre. This is a -- okay. We will now open the phone lines to take public comment on item 13A from members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

No Public Comment on Item 13A.

Commissioners' Discussion on Item 13A:

Commissioner Woo Ho - Yeah. I tried to -- yeah. I'm trying to -- I'm on mute. Sorry. Thank you very much, Andre, for that report. We obviously have gone through a lot of saga with this location and trying to find the uses. I think this latest recommendation and the fact that we are going to get at least some revenue coming in from this MOU is great.

So I'm very supportive. I know it's been a journey -- a long journey here. So it's not been easy. So I am supportive of the item. Thank you.

Andre Coleman - Thank you.

President Brandon - Thank you. Commissioner Gilman?

Commissioner Gilman - Same here. I'm supportive of the item and wanted to just also say it's great to see your innovation, you and your team's, working with the PUC to bring in this kind of revenue for the shipyard. So congrats. You should feel good about it.

Andre Coleman - Thank you, Commissioner Gilman.

President Brandon - Vice President Adams?

Vice President Adams - Andre, first, I want to say congratulations, young man. I first remember when you gave your first presentation. You could barely get the words out of your mouth. And that was a great presentation you made today.

And I want you to know that Director Forbes kind of threw you out there and says -- she's been talking about you. So great job. I just want to say -- I know Commiss -- Gilman came on the last year or so. But President Brandon and Commissioner Woo Ho and myself know that this shipyard provided union jobs for many, many years, like 14 different unions, great pensions, health and welfare and created a lot of jobs for District 10.

And we had to come to the hard realization that we couldn't compete with the shipyards up in Portland and up in Alaska. They were doing it for a lot cheaper

than what we could do for it because, in San Francisco, you have to pay union wages. And it costs to live here in the Bay Area.

And we have changed with the times. And so Andre, congratulations. You did what you had to do. But it was the right decision. It just wasn't going to happen for us anymore. And now, we're turning it into something that's very positive.

It's kind of like a dinosaur. Either you change with the times, or you become extinct. So we're changing with the times and moving on. So thank you for your innovative ideas. And we're going to have some revenue. And hopefully some more creative maritime ideas will come in. Thank you.

Andre Coleman - Thank you, Commissioner Adams, for the initial remarks. And if I may, I just want to make note that we have kept the local trade unions apprised throughout where we are today. You know, as I noted in one of my comments in exploring job training, you know, we have had those discussions with them to continue that connection that the shipyard has had with those local trades.

Additionally, it's important to us to maintain light maritime industrial use of the shipyard. And we hope to bring some of those local trades along.

President Brandon - Thank you. Andre, thank you so much for the presentation. And I'm happy to hear that the shipyard does have a positive net revenue flow. And I think this is a great opportunity. Just wondering -- so [unintelligible] it be decided how long they are there? And what is the purpose of them being there for that period, however long it is?

Andre Coleman - I'm sorry, President Brandon. I didn't catch the first part of your question.

President Brandon - I was saying, when will it be decided how long they will be there? And then, once it's decided how long, what exactly are they doing within that period?

Andre Coleman - Is that in regards to the SFPUC MOU?

President Brandon - Yes. Yes.

Andre Coleman - Okay. Rebecca, if you --

Rebecca Benassini - Andre, it's Rebecca. Thank you, Andre. Commissioners, Rebecca Benassini from real estate and development. Andre, wonderful summary. On this particular point, I happen to be the lead on this part of the discussion along with Gerry Roybal.

So SFPUC has already nearly completed their construction of the BCTV electrical line that runs along Illinois Street and up to Mission Rock up to the channel. They need to electrify that line. And then, they can provide power without our assistance.

They think that electrification will take a little bit less than one year. Just in case, we've allowed through the MOU that they can continue to extend past that one year. I think it's in six-month increments. And if they extend, there's a little bit of an increase in the monthly payment they need to make to us because we were expecting about one year.

So they expect about a year. But they added on two more years just in case anything goes awry in terms of the electrification of that line. And once that line is in place, then they'll stop using our allocation of electricity through the shipyard and will get back to our allocated -- the megawatt level that Andre referenced earlier.

President Brandon - Got it. Okay. Thank you. Much appreciated.

Rebecca Benassini - Of course.

Andre Coleman - Thanks, Becca.

President Brandon - Thank you. I look forward to you guys coming back with an action item.

Andre Coleman - Thank you, President Brandon.

13. NEW BUSINESS

Commissioner Gilman - Yes, commissioner -- President Brandon. Sorry. I just wanted to sort of resurface with the staff -- I know it's something we brought up in previous meetings. But I would like to see an informational if possible at the next Port meeting of where we stand with the next iteration of group of tenants on the waterfront that we want to consider rental relief or rental forgiveness for.

We had discussed looking at some of our community-serving tenants that had also nonprofit status, for example, the Bay Aquarium, which has sent numerous emails I know to Port staff and to the commission, concerned about their back rent. Black Coalition on AIDS, Building Together, the folks who house all of the parade items for gay pride and [trans news] etcetera.

I know that was something we said we would look at. And I'm hoping we can either get an update or an informational on that at our next Port meeting.

Director Forbes - Just to comment, we had planned that item in November -- late November, December, also to give an update on tenant relief and speak to that category that we'd left open and plan to come back to on. Thank you for the reminder. And that was our intention. Thank you.

Vice President Adams - President Brandon, this is to you being the chair. If at our next meeting we're going to have closed session, can we start a little early, so we can have the full time to delve into things? Because starting sometime at 2:00 and then 3:15 comes pretty fast. So if we need more time, can we start at 1:45 or 1:30? I mean, it just depends. I'm just referring to as the chair.

14. ADJOURNMENT

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

President Brandon adjourned the meeting at 6:19 p.m.