



SAN FRANCISCO PORT COMMISSION

**APRIL 27, 2021
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 April 27, 2021

1. CALL TO ORDER / ROLL CALL

This meeting was held by teleconference pursuant to the Governor's Executive Order N-29-20 and the Fifth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency.

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

2. APPROVAL OF MINUTES – April 13, 2021

ACTION: Vice President Adams moved approval of the minutes. Commissioner Gilman seconded the motion. In a roll call vote, the minutes were approved unanimously.

3. PLEDGE OF ALLEGIANCE

4. ANNOUNCEMENTS

- A. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item. Please note that during the public comment period, the moderator will instruct dial-in participants to use a touch-tone phone to register their desire for public comment. Audio prompts will signal to dial-in participants when their Audio Input has been enabled for commenting. Please dial in when the item you wish to comment on is announced.

5. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

No Public Comment.

6. EXECUTIVE

- A. Executive Director's Report

Director Forbes - Good afternoon, President Brandon, Vice President Adams, commissioners, members of the public. I am Elaine Forbes, the executive director of the Port of San Francisco. By now, we're all aware of the Derek Chauvin outcome and that the jury deliberating on the murder of George Floyd got it right.

The guilty verdict held Chauvin accountable. The verdict also provided a powerful message to us all that, working together, we can make change despite the toughest odds. The national reckoning for racial and social justice that Mr. Floyd's murder inspired through the early days of the pandemic is having a lasting effect and gaining traction.

Sadly, the verdict will not bring back Mr. Floyd or heal the deep wounds that communities of color have endured for centuries. Since Mr. Floyd's murder last year, more murders have taken place. However, I remain hopeful that last week's verdict will have a profound and lasting impact in the movement for justice and equity.

Today, Chauvin's conviction stands as an outlier. But I believe it signals things to come as we continue to do the hard work and demand change. We must all do our part. The Port is striving to become an antiracist organization to support this change in the ways we can.

In my report today, I will provide an update on economic recovery and equity. To economic recovery, San Francisco's new COVID cases and hospitalizations remain low. Vaccination efforts continue to reach more people, and we're seeing more and more San Franciscans get a shot.

Sixty-seven percent of San Franciscans have received their first dose of vaccine as has over 85 percent of the city residents over 65. Although consistent vaccine supply remains a challenge, the city continues to make significant progress towards vaccinating people who live and work in San Francisco.

All Port staff members also have access to vaccine. Last week, we were able to secure 50 slots for any staff who had not yet received their first dose, and all staff who wanted to get a shot were able to get one. Although we're making progress, the pandemic is not over.

And we must continue to be vigilant and adhere to common-sense public health guidelines. All members of the public are urged to continue wearing masks, social distancing and hand washing when they're outside their homes.

We're on a long road to economic recovery and look forward to welcoming people back to our waterfront. As we've discussed previously, the Port is facing some very serious financial challenges as a result of the virus.

Port revenues have fallen by nearly 50 percent this year with economic forecasts estimating a total loss of \$100 million over the next five years. Facing possible layoffs and significant risk to our waterfront, the Port is working aggressively to right our financial ship through the recently announced economic recovery initiative.

I'm happy to note that our first action that we're taking in this initiative is pursuing a \$20 million interfund loan from the city. And we've received initial support from our mayor, Mayor London Breed. This concept is subject to further review from the mayor's office and the board of supervisors.

If approved, the loan would be paid back in full over time. This [interloan fund] will help fill the revenue shortfall and would allow us to avoid layoffs in the upcoming fiscal year. Additionally, these needed funds will allow us to care for our aging and deteriorating infrastructure to spur revenue-generating uses.

And finally, the loan will help us rebuild Port fund balance, our savings, which has been very much depleted because of our decision to provide essential Port services, remain open for business and to provide economic relief and support for our tenants.

As the commission knows, maintaining fund balance is important to sustain the Port's strong debt and bond rating and to hedge against future emergencies. The Port is an economic engine for the city. And city leadership understands the value of our organization and will work with us.

Every dollar of economic activity spent on Port property generates nearly \$1.50 in total citywide economic activities, catalyzing growth for the city and the region. Economic activity on Port properties prior to the pandemic supported \$4 billion annual economic output for the city and over 16,000 jobs for the city and region.

As you know, the pandemic has also brought unprecedented financial woes for our tenants. In December 2020, the commission authorized the civic impact rent forgiveness program for nonprofits and community-serving Port tenants to receive up to three months' rent forgiveness.

The program has a maximum total rent forgiveness of up to \$200,000. The Port received 14 eligible applications summing to \$95,000 in rent forgiveness. Staff are processing lease amendments to effectuate the forgiveness.

I'd like to inform the commission that we have allowed one applicant to enter the program even though it has revenues exceeding \$3 million maximum annual revenue threshold.

We made this decision for our Port tenant, Young Community Builders, to enter the program because this tenant otherwise meets the criteria to enter the program. And total rent forgiveness requested by all applicants in the program is less than the maximum amount authorized by you, Port Commission, of \$200,000.

The civic impact rent forgiveness program of 15 tenants sums to approximately \$111,000. So we're happy to welcome Young Community Builders into the program.

Equity -- now shifting gears to equity, I am pleased to report that the Port continues to make progress on our racial equity action plan goals. Recently, the Port leadership team identified key staff to serve on the racial equity change team for their respective divisions.

Each change team member is committed to ensuring processes, systems, decisions and actions reflect and embody the racial equity action plan goals and principles at the division levels. A key and immediate responsibility for the racial equity change team is to monitor and report on their division's progress, implementing one or more of the 30 short-term actions by the end of the year.

The Port race equity team continues to intentionally create a culture of inclusion and celebrate diversity and is working to finalize diversity calendar program to celebrate AAPI heritage month in May.

The purpose of the Port's diversity calendar is to increase staff awareness of other cultures, provide opportunities to engage and invite staff to experience a variety of cultures at the Port through history, art, music and food and collaboration.

And to conclude my remarks, I would like to acknowledge the hard work and excellent collaboration of Port staff and AECOM on Crane Cove Park. AECOM was awarded a merit award in the general design category by the American Society of Landscape Architects, Northern California chapter.

The Northern California chapter represents more than 650 landscape architects. The national professional organization represents 17,000 landscape architects.

And finally, I'm delighted to report that the Energy Observer, a French vessel running on renewable energy, is scheduled to call the Port May 2 through 8. The vessel runs on hydrogen using seawater and has been on a six-year voyage to test the ship while also partnering with the ports they call on to promote and educate about the clean technology.

The Observer will berth at Pier 9. The Observer started its voyage in 2017 from France. She is currently in Long Beach and will head to Hawaii after leaving San Francisco. That concludes my director's report. Thank you.

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

No Public Comment on the Executive Director's Report.

Commissioners' Discussion on the Executive Director's Report:

Commissioner Gilman - Elaine -- Director Forbes, thank you so much for that report and your opening remarks. I think it's really important to recognize the events that are happening nationwide and how they affect the efforts of the Port from an equity perspective and continuing to become an antiracist organization.

So I wanted to let you know I really appreciate those remarks. I also want -- I know we have it coming up as an item -- how excited I am about the [interloan] fund that might be available to us through the city and county of San Francisco to help us sustain this economic crisis. So I just want to thank you and the team for all of your work. And I have no other additional comments. Thank you.

President Brandon - Thank you. Commissioner Woo Ho?

Commissioner Woo Ho - Thank you, Elaine, for the report. And I would echo what Commissioner Gilman has already said and just had one question about the interloan funding. Since you mentioned it, I was going to ask -- since it's also part of the later finance presentation.

Can you tell us what -- I know that it wasn't identified in the staff report. But what are the possible sources of -- which department is the one that is able to give us this \$20 million? What are the candidates? [The airport]?

Director Forbes - Sure. [laughs] That is correct. You have a knack for guessing. We are in discussion with the San Francisco Airport and also with the city's general fund. So of course, the loan would have to comply with all regulatory restrictions.

So the airport is looking carefully at that. There is a precedent for the airport loaning funds to the city actually under the Jordan administration when the

city faced some financial challenges. So there is a precedent. And there is a nexus between airports and ports.

So they've been very gracious to us and are looking very carefully. But the city is also looking internally at the city's general fund sources and accounts in the general fund.

Commissioner Woo Ho - Okay. So I would think that the general fund is very stressed at this point given all the demands that are being made. And the rest of the city is also trying to obviously go through economic recovery. I'm going to reserve my other remarks when we get to that part of the financial presentation to ask more questions. But thank you very much for the report and highlighting that for us upfront.

Director Forbes - Thank you, Commissioner.

President Brandon - Thank you. Commissioner Burton?

Commissioner Burton - No comment.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - Director Forbes, I really appreciate your strong message. Thank you. I think Commissioner Gilman and Woo Ho answered my questions. It'd be good. Hopefully, maybe we can get the money from the airport.

I'm just really concerned about the attacks on our governor and a possible recall. And it just seems like this year is going to be a little bit like last year. And we'll get through it. And with you and President Brandon's leadership and this commission, we'll get through it.

It seems like you have one good day. And then, it seems like we take a couple steps back. But I'm hopeful because I know we were hoping to get some money from the state. So thank you. And I appreciate the effort of you and your team. Thank you.

President Brandon - Thank you, Vice President Adams. Elaine, thank you so much for your opening comments and your compassion. You know, it's really a sad time, just four days ago on my birthday, another young black man was executed.

And it just seems to continue to happen. So I know we have a long way to go. I'm so happy with the work we are doing here at the Port under your leadership. So thank you very much. It does not go unnoticed. I really appreciate your support and your compassion.

And I think we are so lucky to have an executive director that is a finance whiz, that came up with this wonderful concept of borrowing from another city department in order to tide us through. So we don't have to do any layoffs at this time. And we can try to manage our finances.

So I really want to thank you and the finance team for coming up with this wonderful idea for us to move forward. So thank you. Carl, next item, please.

7. CONSENT

- A. Request approval to amend and restate the existing Memorandum of Understanding with the Department of Public Health for use of Piers 30-32 as a CityTestSF COVID-19 testing site in support of the City's public health response to COVID-19 to: (1) clarify that rent for use of the site is due for the entire term beginning April 6, 2020; (2) reduce the premises to approximately 172,400 sq.ft. of open pier deck effective April 1, 2021; and (3) extend the term through no later than June 30, 2022, on a month-to-month basis. (Resolution 21-19)

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

No Public Comment on Item 7A.

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 21-19 is adopted. Carl, next item please.

8. FINANCE & ADMINISTRATION

- A. Request approval of the Port's Fiscal Year (FY) 2021-22 Operating and Capital Budget Supplemental Appropriation. (Resolutions 21-20 and 21-21)

Nate Cruz - Good afternoon, commissioners. My name is Nate Cruz with the finance division of the Port of San Francisco. I'm here today to request approval for the FY '21-'22 supplemental appropriation. Next slide, please.

Just to remind you of the historic context under which we're submitting this request, this visual might look familiar at this point. This is the revenue history of the Port until we hit COVID. And it tells a pretty blunt picture about our situation.

Over the five-year recovery that we're forecasting before we return to normal revenue levels, we're forecasting over a \$100 million shortfall. And that requires a significant adjustment to the way the Port does business in order to make sure that we can be financially sound in the future. Next slide, please.

Here is a little bit more revenue detail than we provided to you in the informational item a month ago. The table on the top provides details on revenues both before and after the pandemic by different types of business line.

So you can see that commercial rents -- that includes both fixed-rate and percentage-rate tenants -- is down about 15 percent. And that's for the eight-month period before the pandemic started, from July to February 2020 versus the most recent eight-month period that we have data for.

Parking is predictably down significantly at 66 percent. Cruises are almost non-existent -- cruise revenue that is. Cargo has been wonderfully stable. Fishing and harbor services are also down a bit, around 15 percent down.

The table below that on the bottom takes that same revenue numbers but slices it in different ways. It slices it by division, so you can see real estate versus maritime. And instead of showing the decrease, what it does -- it shows you the proportion of the total revenue picture.

So before the pandemic, real estate represented about 77.6 percent of total Port revenues with maritime picking up 22.4. And that proportion has remained relatively stable. During the pandemic, real estate revenues are about 80 percent. And maritime is about 20. Next slide, please.

So the supplemental that we're proposing for you today for approval has a number of components. I'll go through each one of them. The first is the operating budget changes. The changes to the salary and benefits line -- we'd identified over \$2 million of savings by moving quite a bit of Port labor off of the harbor fund and onto capital projects or outside funding sources.

That is largely offset -- not entirely -- but largely offset by the cost-of-living increases to city labor rates. So the net adjustment there is a savings of \$400,000. In other current expenses, we're requesting an increase to the budget a little over \$3 million.

That's almost entirely attributable to an ongoing rent negotiation with Prologis at Pier 1. The real estate team is working diligently to cut the best deal possible for the Port. So the budget adjustment you see here is a budget assumption. It's not necessarily the final deal.

Materials and supplies -- we realized a small savings there. Interdepartmental work orders -- those are up by \$200,000 and change. That's also due to city labor rates going up with cost-of-living increases.

In programmatic projects, we identified roughly \$600,000 of savings across various projects in the Port. But we also increased a very important project that we think we -- we hope to not need, but we may. And that's the project we use to prepare vacant facilities for new tenants.

You know, we hope all tenants can weather the storm. But in case they can't and need to vacate the facilities, we want to make sure we have the resources to repopulate those vacancies as soon as possible. So that's a net savings of roughly \$200,000.

The SBH operating budget -- that's South Beach Harbor -- that's also seeing an increase. That's also due to the city labor rates going up by the cost of living. Next slide, please.

So this is the next component of the supplemental. And this is a capital de-appropriation. This is pretty unusual. What we've done -- because we've been spending so deeply into our fund balance this year, we really need to replenish that.

So what we're proposing is to go back to unspent funds that were appropriated in previous budget years, in previous appropriations, and take the unspent money and replenish it to fund balance. Those defunded projects were identified in late fall through a ranking process that the deputy directors had.

And we identified \$17.7 million of savings, which effectively defers these projects until funds are re-appropriated to them in the future. On top of that \$17.7 million of defunded projects, the finance and accounting and the deputy director, staff members at the Port identified technical adjustments of a little over \$9 million.

That's closing out old projects. That's right-sizing projects that maybe have more funds that we currently anticipate needing. So we were able to identify quite a bit of funds there. And then, finally, we're also appropriating \$11.5 million.

And that's just paying the Port's fund balance back from an advance we'd provided to the resilience program. We had seen that there was some litigation that was going to tie up the seawall bond issuance. So rather than let the program stall, we advanced them \$11.5 million.

Those bonds have now been issued, so we can pay ourselves back. So the total replenishment to fund balance is roughly \$38.3 million. Next slide, please.

So that's how we -- that affected capital appropriations from prior years. This slide provides an overview of what we're doing with the FY '21-'22 capital budget. We're achieving some savings in the project-management office, savings of over \$600,000.

That's from moving some of those employees over to projects that are funded by outside sources. We're putting the fire-protection-engineer costs in the operating budget where they properly belong. No changes to the resilience program or Homeland Security grant match funding.

We're increasing our contingency-project funding by a million dollars. And that's specifically for overages for existing projects. We're also funding the facility-condition-assessment project. We've done this in prior years.

This is a project where we send teams of engineers out to each facility and really get granular data that enables us to make much better decisions about return on investments when we're selecting where we should spend our very valuable capital dollars. So we're funding that to do more research on additional facilities.

We also need to replenish our insurance deductible because of the Shed C fire. We need to make sure we have funds available if there's an additional catastrophe. Our deductible exceeds the \$750,000. But this is sort of a down payment towards working our way back up to the full deductible amount.

And then, finally, we're also creating a new project. It's a contingency specifically for unforeseen needs. So it's slightly different than the contingency for overages on existing projects. So this is for unforeseen needs, emergencies that pop up, ADA projects that are currently not known. And that's in the amount of \$500,000.

There's also a new project in the Northern Waterfront in the amount of a million dollars to clean up the oil seepage at Hyde Street Harbor. As has been mentioned, we hope to recover all if not most of this money from the -- we've identified the source of the leak. I think it's the fuel dock operator.

So we expect to recover most of this million dollars. But we wanted to make sure that funding was available to effectuate the cleanup in a rapid manner. And in the Southern Waterfront, there's no changes to the budget that you approved -- let's see. It was about a year and a half ago.

The Southern Waterfront beautification fund is unchanged at \$2 million. And the project to upgrade fendering at Pier 80 Berth C remains funded at \$375,000. Next slide, please.

So this table is an unusual table. We've only introduced this during these sort of COVID budget presentations. But it really provides the full sort of snapshot of the Port's finances through the pandemic and then also what we hope is the recovery window.

So what you're seeing is a forecast of the fund balance, revenues and expenses through recovery in '25-'26 and even '26-'27. So in the current year, we're expecting -- you see the starting fund balance was roughly \$69 million. Revenues flow in. Expenses flow out.

And we're expecting to lose or, you know, withdraw from fund balance almost \$50 million this year with an ending fund balance of \$20 million. In '21-'22 -- and that's the subject year of the proposed appropriation -- we start the year with not very much fund balance.

The revenues come in. But in that blue box, that horizontal box, you'll see in the first row -- now, you can see the effects of this capital defunding. Right. We're bringing that \$38.3 million in to replenish fund balance.

The operating savings that we discussed in our prior slide -- you see there's \$2.4 million of savings there. And those continue in out years. Then, again, the expenses go out. In FY '21-'22, we think we're going to actually be able to contribute to fund balance \$13.2 million after all is said and done and bring fund balance back above \$30 million, which is sort of an important threshold for us.

And then, in '22-'23, same thing happens: starting fund balance, revenues come in. But there's this other line. This is future ERI savings. It's the bottom of that blue box. And ERI is the economic recovery initiative that we've discussed with you a bit before.

But that's really the exercise the deputies have started now to identify ongoing savings that are going to be necessary to keep the Port on a secure financial footing. The existing savings that we've identified so far were certainly difficult. But they're fairly simple to operationalize.

These ERI savings are going to be much harder and require a lot of cross-divisional work. And that's what we're just starting now. So this is the financial picture that we're forecasting at the current time with what we know with the COVID recovery, which again has quite a bit of uncertainty attached to it. Next slide, please.

Now, one of the big things that's changed since we've last talked to you about the supplemental is staff has made significant progress to secure an interfund loan. And I want to give a lot of credit to Director Forbes here who had the -- I mean, this is really an unprecedented event -- and really has provided a lot of leadership and paved the way for us to make this ask.

But what we're including in the resolutions before you today is permission and authority to enter into a \$20 million loan -- or I'm sorry. I should say up to a \$20 million loan that would be repaid in full within 20 years.

Now, these are all draft terms at this point. We're still working to define the fine points. Currently, we're envisioning that payments would be interest only for the first five years to allow for the recovery and the revenues to rebound.

And then, we would pay it off, again, within the next 15 years. But if things recover more quickly or if something changes in the stimulus landscape, we can always repay it early. Currently, we're envisioning the interest rate to be equal to the cost of funds that the lender -- the other department -- we haven't identified them yet -- would have earned on that money.

It all sits in an account that's a pooled account that the treasurer controls. It's roughly 2 percent. But what's really critical about this loan is, in the last presentation, we mentioned there might be a handful of layoffs. If we're able to secure this loan, it eliminates the need for any layoffs in fiscal year '21-'22. Next slide, please.

So this slide is very similar to the one we just saw. But now, you can see in green the effects of the interfund loan. So not only does it mitigate the need for layoffs, it also does two key things that I want to point out.

First is you see the fund-balance numbers on the bottom. The fund-balance numbers there are much better than in the previous slide. They all stay above \$30 million, which is a number that, in coordination with our financial advisors, have come up with really a minimum level that we need to have through the pandemic.

We certainly need to build that number back up to roughly \$60 million to have a healthy fund-balance level. But 30 is kind of a threshold for us that we really want to have -- be able to maintain. The other thing that this does is, if you

look at the bottom of that blue box, future ERI savings in '22-'23 -- now that number is \$5 million.

In the prior slide without the interfund loan, the target net savings needed there was closer to \$8 million. And so the work that the deputies are doing, if we're able to secure the interfund loan, will be less severe to the Port.

So I think the way to think of what the interfund loan does for -- is it really lessens the intensity of the revenue-shortfall shock. It allows us to stretch the effects out over time and sort of soften the effects. Next slide, please.

So the next steps are obviously we want to secure that loan. We're working diligently with the mayor's office and the controller's office pretty regularly. And if we're able to secure that loan, it will be entered into the budget that is submitted to the board of supervisors on June 1st.

As far as the future ERI work -- that economic recovery initiative -- that work has already begun. We've had multiple meetings with the deputies. We're framing out ideas and trying to cost them out at this point.

But really, there's a lot of months of work ahead of us to understand how to implement them. Real implementation won't happen until FY '22-'23. But we will be certainly back to you to update you with our progress on ERI as that information is available. And that concludes my presentation. Next slide, please. I'm happy to answer any questions you have.

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

No Public Comment on Item 8A.

Commissioners Discussion on Item 8A:

Commissioner Woo Ho - Hi. Thank you, Nate, for that report. Appreciate the progress that you all have made in terms of looking at the difficult decisions as far as how we're going to move forward on the financial side. And as I mentioned earlier with Director Forbes's report, very good news to hear about the interfund loan.

I guess only one thing -- and I think this is something to be -- I think you all are very conservative. I personally think that the recovery in this country economically is going to come sooner than perhaps what the city is projecting.

But that will be good news so that the revenues may start to climb faster in the latter part of 2022-23, we're already feeling that the economy has

recovered to a much greater extent already though it is not affecting some of our tenants as much as far as hospitality or travel.

But if you look at some of what's happening with the corporate earnings that is coming out for the second quarter and other indicators, it's very clear that the economy is on a fast pace at the moment and should be impacting the country's whole -- consumer confidence is up. So spending is going to be up.

So there will be some good news. And I hope that this all -- and people want to travel. So I think we hope to see some of this impact us. Of course, we are living with some restrictions like the cruises, etcetera. So we know we're going to hear more about that later.

So I hope that your forecast further out is going to be more positive than what you have now. And I understand that you probably -- it will be. At this point in time, it's in lockstep with what the controller's office is saying.

But I'm hoping that there will be a faster recovery. And it's really on the revenue side, which is the most important side. Then, turning onto the expense side, I did hear what you said. But I guess I just want to clarify one thing.

The \$20 million loan helps you to avoid the layoffs, which is a good thing because we need -- our resources are very precious in terms of what we're trying to do. And we have so many things that we are trying to do both short term as well as operational as well as strategic.

But in the presentation that you put out earlier, the savings there or what you were cutting out was only about \$400,000. But we're getting about \$20 million. So I guess some of it is reflected in what you're calling ERI savings.

But that's a big differential. So I guess I need a little bit more explanation and understanding of where the \$20 million is going to be applied beyond layoffs.

Nate Cruz - It's basically --

Commissioner Woo Ho - Avoiding layoffs.

Nate Cruz - Yes, Commissioner. The application of the \$20 million in proceeds would go and sit in our fund balance and would allow us to use our revenues to offset both, as you pointed out, any layoffs. But also, we would keep a larger cushion in our fund balance.

And we would be lowering that ERI target. We're not sure what the effects of the ERI will be quite yet. So it's hard to specify what the difference is. Does that answer your question?

Director Forbes - If I could add a couple comments, Nate --

Commissioner Woo Ho - Okay. I just wanted --

Nate Cruz - Please.

Director Forbes - If I could add a couple comments --

Commissioner Woo Ho - Go ahead.

Director Forbes - The decision about where the funds would go, whether to fund balance -- that's the technical place that the funds would go but whether, in future budgets, we would allocate our funds to capital investments to keep our facilities open and not shuttered or to avoid layoffs, into expenditures or into fund balance, as Nate is describing, is subject to future decision from the Port Commission and the future budget process.

So what Nate is showing is a projection of where all the revenues would go and how that \$20 million would be utilized. But it is subject to future Port Commission decision making and also very much subject to what the economic recovery initiative yields.

So those are assumptions of what is possible. And Nate had showed the earlier \$10 million down as a result of the \$20 million loan. We don't know yet what we can safely assume in savings or revenue enhancements as a result of the economic recovery initiative.

So how successful that is will depend very much where the \$20 million loan funds are appropriated. I hope that helps. Nate, please jump in if I've missed anything.

Commissioner Woo Ho - Yeah. I appreciate that explanation because, clearly, you know, your layoffs were not going to equal \$20 million. And I think we all would have been shocked if that's the case. So I guess a couple things just from a finance point of view -- it sounds like, if you're going to put it in fund balance, if you're putting it into -- that you're going to actually use it in the future so the balance is shored up.

Then, I would suggest that you also think about a concept that -- and I guess, if you're taking the 20, you're actually going to take an actual \$20 million cash from whatever agency in the city is going to give it to you? Or I'm not sure exactly what accounting entries you're making.

But my suggestion would be, if you're putting it there to shore yourself up, to give yourself a reserve, that you wouldn't want to draw down and have to pay out interest when you don't need the money yet.

So what I'm saying is it probably is smarter to -- well, I should say that, from my point of view as a banker, it would be good to know that you have a line that you could draw upon when you needed it.

But if you're not actually using the money in expenses upfront or in capital projects, then don't borrow more than you need because, between agencies, if you could set up some sort of structure that would be more of a line versus strictly a takedown of 100 percent in financial terms -- now, that's something -- you might want to take down a portion of it because you do have some things that you need to sort of mitigate.

But when I hear we're going to cushion the layoffs, and that's only \$400,000, there's a lot left in between. And your explanation just now, Elaine, did not give me the sense that you have identified very specifically.

So I would say maybe you come up with a hybrid structure. I would just give you some pointers to say maybe you can work out a hybrid structure, which is more based on a draw down as you need versus draw down everything and have to pay interest on it. Does that make sense?

Nate Cruz - Yeah. Absolutely, Commissioner. That's a point of discussion currently. I didn't include it in the slides. But a drawdown model is something we've been considering to achieve the benefits that you've exactly described.

Commissioner Woo Ho - Right. So don't pay interest on anything that you don't have to. And then, the other agency is still going to earn that money in the marketplace. The city would be better off too.

Other than that, I think I understand what you're trying to do and that this is sort of a way to sort of cushion, I guess, a bit more of a soft landing for us.

And as I said, I'm hoping that your projections over time are going to be actually better than what you're showing here and that we're continuing to look at what your economic recovery -- both opportunities as well as expenses over time. I'll pass the baton on. Thank you.

President Brandon - Thank you. Commissioner Gilman?

Commissioner Gilman - Thank you so much for the report. Commissioner Woo Ho's questions were really helpful in clarifying. The only thing I'll add is I hope that the San Francisco Board of Supervisors along with the support from Mayor Breed really moves this forward.

I think this intercity loan is a way to help us have a healthy fund balance and move us forward to avoid layoffs in a time where, compared to many other enterprise departments, like the airport and SFMTA, we have not received to date one dollar of COVID relief funds from the federal government.

Hopefully, moving forward, that changes with the infrastructure package that's pending right now in D.C. and Leader Pelosi's leadership on this matter. But I want to applaud the staff for a creative idea to help the Port move forward. Thank you.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - First of all, Nate, thank you. Commissioner Woo Ho, I really appreciated your comments. And I want to say to Director Forbes I like this. We're not sitting back playing victim. We're playing chess instead of checkers. And I like that.

I really like it that we made a decision. We're going for it. And I support it. I appreciate Commissioner Woo Ho. She comes from that world of finance, her and President Brandon. I don't -- and so do you, Director Forbes.

But just as a working person, two and two is four to me, and three and three is six. So that's how I think. But we are playing chess instead of playing checkers. We're thinking out of the box. We've never had to go here.

And I'm on board. I just want to say thank you. Commissioner Woo Ho, thank you for your comments and President Brandon. Y'all understand finances. I think the staff will be happy. And we've got some wiggle room now to give us some time.

I'm hoping, as you say Commissioner Woo Ho, that the economy will get better. But unfortunately, we don't have a crystal ball. But I'm hoping that it'll be faster than later. So thank you.

President Brandon - Thank you. Nate, thank you so much for this report, very comprehensive, very good. I just want to, again, tell you how much I appreciate the team coming up with this innovative concept and to also thank Mayor Breed for allowing us to explore it with other city departments.

So I think this puts us in a really -- a better position than we were, you know, earlier this year. Again, I do hope that we're able to receive some of the infrastructure funds or the PPE funds or some type of funds to help us as we continue to try and help all of our tenants.

So thank you so much for all the work that you put into this. And with that, Carl, can I please 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. Resolutions 21-20 and 21-22 are adopted. Carl, next item please.

- B. Informational presentation on the Port's Contracting Activity and Local Business Enterprise (LBE) Strategic Initiatives for the First and Second Quarters for Fiscal Year 2020-2021 (July 1, 2020 – December 31, 2020).

Stephanie Tang - Good afternoon, commissioners. Stephanie Tang here with Tiffany Tatum from the contracts and procurement team here to present this information item on the local business enterprise contracting activity for the first two quarters of the fiscal year but also report back on our LBE engagement strategy. Next slide, please.

We have a two-part agenda today. We're first going to be looking at a rundown of the LBE contracting activity, the awards, the payments and outreach. And the second part will be to look at the LBE engagement strategy including looking at the citywide contacts for the LBE program, reporting on the deliverables we presented in October and brief you on what we're going to do next. Next slide, please.

As you know, the LBE program is governed by administrative code chapter 14B and administered by the contract monitoring division, CMD. In December 2020, there were 1,071 certified small and local businesses.

And there are three types of these businesses: the minority businesses enterprise in the blue section, the women business enterprise in the red section and the other business enterprise in OBEs in the yellow section.

The pie chart on the right is a pullout of the MBE slide to show you the breakdown of the ethnicity of MBEs within that piece. The largest segment are for Asian-owned firms followed by Latinx-owned firms and then African-American-owned firms.

You'll note that, as a city, there was an overall decline in the number of certified micro and small firms by about 14 percent from the July 1, 2020

numbers. When you compare the two time periods, there was a small increase in WBEs. MBEs remained steady. And there was a decrease in the share of OBEs. Next slide, please.

In the reporting period, the Port awarded five contracts for a total of \$3.2 million. Four of the five contracts were awarded to LBEs, including an African-American-owned firm, a Latinx-owned firm and a non-profit.

Fifty-five percent of contract dollars were awarded to LBEs. And please note that one contract was not awarded to an LBE, and it was a federal contract where you can't have an LBE preference. So if we exclude that contract, then the Port really awarded 100 percent of our contracts subject to the LBE program to the LBE pro -- to LBEs. Next slide, please.

The Port contract payments was \$3.0 million or 14 percent of payments. The percentage to as-needed and professional-services contract remains strong with over 30 percent of payments. Now, when you look at construction, you might be wondering, why is it only 4 percent?

And it's really the Mission Bay Ferry Landing contract, which drives the numbers down. That had 2 percent of payments on a \$10 million contract. And the reason why is that the Mission Bay Ferry Landing had a contract change order.

And what happened was that the scope of work that would have been done by one of the LBEs, an OBE, was eliminated. Now, the Port staff really had to consider this. But the tradeoff was to -- by eliminating the scope of work, we were able to dispose of the dredge materials in a more environmentally beneficial way.

It's also safer. We were contributing to the Montezuma Wetlands Restoration Project. And we also saved \$355,000. At the last Port Commission meeting, there was a request to report on LBE performance for time and budget.

There were no construction projects closed out during this reporting period. But that will be presented in future reports. Next slide, please.

Let's turn to performance over time. How are we tracking? The contract awards remain very strong. And the dollar awards remain within trend, especially if we exclude the Mission Bay Ferry Landing from those numbers. Next slide, please.

Now, Chapter 14B is required for contracts I've already mentioned. The LBE program and how it is applied to the developer agreements is negotiated. And it through the foresight of this Port Commission that the real estate division and the private developers have agreed not only to include the LBE program

but also to include a citywide first, which was to include an LBE goal in the design phase of a project, again, at Mission Rock.

There are two development deals to report today. Pier 70 is at 28 percent of contract awards. And Mission Rock is at 10 percent of contract awards. Now, in total, \$83 million in these projects has been awarded to LBEs. And \$5 million has been awarded to black-owned businesses.

I'm delighted to share this outcome with the commission today. The Port has widened the lens in how we think about the economic activity of our organization, and the stimulating impact of our development deals is bearing fruit for the communities in San Francisco. Next slide, please.

In addition to our contracts, how we engage with our community is also a core function. The Port, as you know, launched the LBE emergency relief program where we have currently approved 17 loans and reaching about \$700,000 in funds approved.

Tiffany's developed an expanded database for outreach including synthesizing data for every ethnic chamber of commerce in our state and also integrating regional organizations for outreach. We were the first department to host the city's mentor protégé program and demonstrate our commitment to LBEs and ongoing technical assistance and partnership between subs and primes.

We briefed the LBE advisory committee and had four one-on-one meetings with advisory committee members to both listen and discuss pain points and opportunities. And finally, we hosted a workshop on technical assistance on over-water work to hear from LBE firms about obstacles to bidding at the Port and also to dispel the myth that all of our projects are over water. Next slide, please.

So this is the point of the presentation where we're going to move from what we did to our strategic thinking, our outcomes and future work. The slide in front of you is the same slide you saw in October. And it's our basic approach: internal practices, the importance of partnership, the technical assistance and really merging our efforts with the racial equity action plan, the REAP.

So as we were implementing our strategy, we wanted to set goals but also think about -- what was the context for the work we wanted to do? And how are we kind of performing overall by looking at the past? Next slide, please.

For a period looking at the last two fiscal years, we looked at the data reported by CMD on LBE participation for similar departments. The LBEs are the ones in blue. And the non-LBEs are in yellow. And the other departments looking at the left are bars one and three, and the Port is bars two and four.

Now, I'm delighted to announce that, when we compare the Port's results to similar departments, SFO, PUC, Rec and Park, Public Works, they awarded 38 percent of contracts to LBEs. And the Port awarded 62 percent of contract awards to LBEs.

Now, these are pretty great results. And I'd like to take a moment to thank my predecessor, Boris, but also all the project managers and Port staff who worked to create micro set-aside opportunities, edited contract specs to encourage professional services joint ventures and helped many LBE bidders on their journey to becoming a prime.

We may be a small department in the overall city picture. But there's been a continued emphasis to develop practices towards LBE engagement. And these results speak for themselves.

When it comes to the contract awards by dollar, we're still doing better than the city departments. Those are the bars on the right. Other departments are awarding 32 percent of dollars. And the Port is at 39 percent of dollars. These are still really impressive results.

But we're going to do some more analysis to understand why we went from astronomically better to just merely excellent. Next slide, please.

Now, when we look at the LBE awards by dividing the entities into LBE type, we see that the Port has the same exceptional results for OBEs and WBEs. Make no mistake. We're still better than the other departments for MBE awards. But this is another area where we've gone from astonishing to merely excellent.

So how do we think about this? When I take a step back and I look at these results, I think we are certainly well beyond what would be expected and that our areas of growth should really be strategies for MBE engagement.

The path forward for equity and contracting is with working and making sure that we implement the racial equity action plan. Next, Tiffany is going to share how we have completed all of our deliverables and to share what's coming up next. Next slide, please.

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'm here before you again to underline what Stephanie has already said and to highlight our continued efforts for fiscal year 2022. On slide eight,

Stephanie highlighted the community-engagement efforts that was completed between July 2020 and December 2020.

We have had the opportunity to touch a lot of communities. And engagement will continue to be a core value of our work. We are committed to meeting our deliverables. But let's be clear that completing bullet points does not mean we are finished.

These activities are things we will continue to work and rework and track over time so that the value of the LBE program continues to deepen into the contracting process at the Port. Next slide, please.

Our July 1 activities are underway. By July 1, we will have built on our previous efforts with new activities that include developing phase one of an LBE toolkit. We intend for this toolkit to be a collection of resources that give staff the foundation for doing LBE equity work, understanding the requirements but also best practices and how to implement this program in a meaningful way.

Additionally, we will also be working to develop a conceptual framework for an LBE loan program and complete our racial equity action plan deliverables.

By the end of the calendar year, we intend to roll out and implement a fully vetted and final version of the phase one LBE engagement toolkit, enhance LBE payment data improvements with divisions, which will be an internal process improvement to ensure that, as Port staff, we have the systems in place to monitor LBE utilization and revamp the contract close-out process for as-needed contracts in order to improve the Port LBE program from the initial thinking and outreach all the way through the conclusion of the Port's engagement with our primes on LBE utilization.

As always, we will continue engaging with our community stakeholders and implement additional supports to Port divisions. Next slide, please.

This concludes our presentation. Thank you for the opportunity to present. Stephanie and I are available for questions.

No Public Comment on Item 8B.

Commissioners Discussion on Item 8B:

Commissioner Gilman - Thank you so much for the report. I really want to thank Tiffany and Stephanie for your diligence and for pointing out, in particular, you know, where we had some gaps and need to do better. We always need to strive for excellence on this.

So I just really want to thank both of you. And I do want to just point out -- sort of tying back to our last agenda item -- even in the midst of our own financial concerns and deficits at the Port, I really want to commend the LBE loan program and President Brandon and her stewardship and leadership on that and the fact that you spoke about that again in the report.

I think, even when we are having our own challenges, to help our LBE tenants and our contractors be able to be positioned to do more work for us and with us is key in that partnership. So I want to thank you for the report.

And as always, we need to continue to align this with our racial equity report and recommendations. And I have faith, Tiffany and Stephanie and with Director Forbes and President Brandon's leadership, that we'll get there. So thank you so much for the report. And it is still impressive that we are doing better than most other city departments. So thank you.

President Brandon - Thank you. Commissioner Burton?

Commissioner Burton - I think it was wonderful comments. We just all have to keep our fingers crossed with some semi-good news. I talked to the deputy director of finance today. And they are so very -- encouraging the governor to send that money to us.

I mean, she can't guarantee anything. But she's very optimistic. And I've known her for quite a while. So she knows what she's doing. She and her boss, the [full] director of finance, they're all very supportive.

And I know that we've got the State Lands Commission support [yesterday]. So I think we're going to at least -- I'm praying we're going to get that money. But it looks better than we might think.

President Brandon - Thank you so much. We really appreciate your support and all the work you're doing to help us. Thank you. Vice President Adams?

Vice President Adams - Stephanie and Tiffany, it goes without saying, once again, just another great presentation. It was very flawless, right to the point, very well thought out. You answered all my questions. And I just want to thank you both for the work that you're doing and thank you. Appreciate it.

President Brandon - Thank you. Stephanie and Tiffany, thank you so much for this report. I think this is one of the most comprehensive reports that we've seen on this subject in a long time. So even the staff report was much more detailed than your presentation.

So you guys put a lot of thought, a lot of work and a lot of focus into this. So I really want to tell you how much I appreciate it. I just have one question.

That's regarding the Ferry Landing project. Can you explain again why we're not meeting our numbers there or why we can't meet our numbers there?

Stephanie Tang - Yeah. So I may need Rod's help. But let me explain my understanding of it -- is that there was going to be a scope of work for how the material is going to be disposed. And that was the scope of work which was going to be done by the OBE.

Now, after the contract had been executed, it turns out that there was actually another way that was approved to dispose of the materials, which hadn't been approved earlier. And as a result of this new change, there were many benefits to disposing of the material.

Originally, it was going to be disposed possibly in a deep-ocean disposal site, which involves moving the materials a much further distance. And it's basically just leaving it in the ocean whereas the new site is both safer as well as a more environmentally friendly as well as cheaper way of doing it.

And it is not a scope of work that this LBE could do as well as was interested in doing. And I'm not sure if they were capable of doing it or not. But there were many conversations around the specific LBE engaged in this.

I do want to point out that there are other LBEs that are on this contract. And their utilization is actually higher than what the initial goal had been. So while the LBE utilization for the one LBE is down, it is better for the other LBEs.

President Brandon - Okay. Because I know that this is a huge project.

Stephanie Tang - Yes.

President Brandon - So I just want to make sure that, going forward, that we are honoring our LBE commitments. Although, I do want to say you guys are doing an incredible job on LBE outreach and on contracting with LBEs.

I think we still, as noted, have work to do when it comes to MBEs. We're still inching our way along. So I really appreciate all that you've put in place to expand the opportunities going forward. This was a great report. And I really appreciate all the work that you and Tiffany put into it. Thank you.

Commissioner Woo Ho - President Brandon, you skipped me. President Brandon, you skipped me.

President Brando - Doreen -- Commissioner Woo Ho, I am so sorry.

Commissioner Woo Ho - No. No. No. Number one, I just wanted to echo what I guess previous speakers have already said. This is a tremendous report.

Wow. To improve where we have -- I want to really commend all of you on the staff said and Executive Director Forbes and also -- this has been the passion of our president here, President Brandon.

And she has been pounding the pavement on this ever since I've been on this commission. So it's no wonder that we are making the progress maybe better than perhaps some other city departments. But I think we've reached a milestone here that I just want to make sure that I personally also recognize and thank all of you for doing that.

Whenever I look at one of these reports -- and I noticed, Stephanie, you do listen. And you and Tiffany mentioned technical assistance. One of the things that strikes me with LBE and MBEs is, as you just mentioned on the Mission Rock project, sometimes people just don't have the qualifications.

And I'm just wondering, you know, we make our big-scale developers in the city put aside funds for affordable housing, etcetera. I'm just wondering whether there's ever going to be a day when we not just mandate, you know, that you need to have LBEs.

But it's really giving them a leg up in terms of being -- to get qualified technically, to have the skills and the capability to do the work, whether we would ever consider saying you need to put aside funds to train people that can come and do this work after you.

And I was just thinking about the -- we sort of ask the developers to put aside funds for affordable housing. If there's something that we could be more than just -- because you can mandate saying you should put aside X percent of the project.

But if you don't have enough people who qualify to do it and we want to make sure that the outcome of the projects are at the quality standards that we expect so that we don't have to go do rework and spend more money, there's got to be a way to help people bring them a leg up, technical assistance, teach them how to do the work.

And I think that burden isn't just on the Port. But it's on everybody that is doing this kind of work. And some of it's very specialized. So I'll just give that as an idea to think about. I don't know if other people in the city have thought about it.

But I know that the city has made a lot of progress on affordable housing in that regard because we've pushed the idea of -- we're pushing LBE participation. But that's my thought for the day is to say, is there anything more where we can get other people to share in technical assistance and ask them to consider that as part of their contract --

Stephanie Tang - I do believe that there's --

Commissioner Woo Ho - -- and teach people [how to get there]?

Stephanie Tang - Sorry. I do believe that there is a way in which the developers contribute to an OEWD, the Office of Economic and Workforce Development, which is one of the main training arms. I don't have a lot of the details here. But it's something we can come back to you with as to what the developers are doing as it relates to that fund.

Commissioner Woo Ho - Okay. That would be helpful because, I mean, we obviously give out so many contracts. And our work is very specialized. And if there's anything that we, as a policy or what we could do maybe to complement or maybe in part of the OEWD's program, the -- let's see how we can make one plus one equal three. Make sense, President Brandon?

Stephanie Tang - Absolutely.

President Brandon - Yes. Definitely. I give my apologies. But no. That's a great point. I want you to know that, quarterly, we do meet with our development partners. We meet with Mission Rock, with Pier 70, with the -- what do you call it? Waterfront -- no.

Stephanie Tang - Resilience.

President Brandon - The resilience team -- to make sure that our development partners, our general partners are all -- we're all working together to make sure that we are increasing our LBE opportunities and input. So we do do that.

And we started this about two years ago. And it's working extremely well. And Stephanie and Tiffany are doing a great job on following up with them and working with them and being a part of the team.

Thank you so much for your comments, Commissioner Woo Ho, because that is definitely something that we would like to continue to do. Thank you. Carl, next item, please.

9. PLANNING & ENVIRONMENT

- A. Request approval of a resolution authorizing the Executive Director to execute a First Amendment to the Transit Shelter Advertising Agreement with the San Francisco Municipal Transportation Agency and Clear Channel Outdoor, Inc. to reduce the minimum annual guarantee payments, and administrative and marketing payments, from May 1,

2020 through June 30, 2022, due to the impacts from the COVID-19 pandemic. (Resolution 21-22)

Dan Hodapp - Good afternoon, commissioners. This is Dan Hodapp with the Port's planning and environment division. And good afternoon, President Brandon and all the rest of the commissioners here. Can I have the next slide, please.

Going to talk about the Clear Channel agreement and the resolution in front of you that I was presenting at our last commission meeting earlier in April. Very briefly, what this contract covers, in 2007, the Port entered into an agreement with the SFMTA, the San Francisco Municipal Transportation Agency, and Clear Channel to maintain transit shelters.

And as per the agreement, Clear Channel has the right to display advertising panels. SFMTA and the Port share revenue from the advertising with Clear Channel. Clear Channel is in compliance with the agreement in all ways.

The term is for 15 years with a city option to extend five years. There are about 20 months remaining within this 15-year contract. Can I have next slide, please?

Regarding the COVID-19 pandemic and its impact on transit, transit ridership is down 60 to 70 percent, and ad revenues are down 60 to 88 percent, creating a significant hardship for Clear Channel and also impacting the revenues to the city and the Port. Next slide, please.

Port revenue under the agreement -- of the advertising panels, 44 of the 1706 are on Port property. That's about 2.58 percent or about one in 40 of the panels that are spread throughout the city. The revenues have increased annually over the past 12 years.

Pre-COVID, they were at about 440,000 annually over the life of the agreement. The Port has received about 3.6 million in total. Next slide, please.

There were some questions about the revenue -- how it's being disbursed and when it's being disbursed under the proposed amendment. The proposed amendment affects the payments to the city and the Port from January of 2020 to December of 2022, although in different periods, it affects it differently.

Prior to the pandemic, in this period the Port expected to receive about \$1.34 million total. With the amendment, the Port would receive \$702,000 total or a decrease of \$638,000. Payments would be guaranteed.

The period from January to April of 2020 -- we have received that payment, the \$146,000. And that is the full amount under the existing agreement. The proposed amendment states that, per the last two months of that first six months from May and June of 2020, there would be no payment made.

From July 2020 to June 2021 -- so that's a 12-month period -- instead of receiving the approximately \$440,000, we would be receiving \$152,000. From July 2021 to June 2022 -- another 12 month period -- instead of the 440, we would be getting \$162,000.

And then, in the last six months of this three-year period, we would anticipate receiving the full payment which comes to, at that time, at about \$240,000. That's how the disbursement -- there are some other changes to the agreement that don't impact the Port, but they do MTA such as some of the management pieces.

And there are also some givebacks from Clear Channel to allow public messaging in some of the advertising panels. Regarding the amendment approval process, their agreement requires all parties to approve any amendment.

And the three parties on the agreement from the -- are Clear Channel, SFMTA and the Port Commission. The SFMTA approved it on March 2nd. The resolution is in front of you today. And the next stop would be the Board of Supervisors. And the agreement is also acceptable to Clear Channel. Next slide, please.

Gail Stein of SFMTA is here to assist if you may have questions. Thank you for your attention.

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

No Public Comment on Item 9A.

Commissioners Discussion on Item 9A:

Commissioner Burton - Yes. Thank you, Madam Chair. Clear Channel is -- they also have television, right? Hello?

Dan Hodapp - They have many different business lines. Our agreement is solely with the transit shelters.

Commissioner Burton - That wasn't my question. They also have television, right?

Dan Hodapp - You know, I'm not much of an expert on television. I can't even answer that.

Commissioner Burton - [crosstalk] -- not an expert. They either have television, or they don't. I think they do.

Dan Hodapp - Right.

Commissioner Burton - And all of the money, when it's all over, I would assume goes into the same pot.

Dan Hodapp - Our agreement is -- [crosstalk] Commissioner, our agreement is solely on the --

Commissioner Burton - I understand that.

Dan Hodapp: Okay.

Commissioner Burton - Thank you. I appreciate it. All right. So our agreement is solely dealing with the "billboards" or the shelters on Port land, which the revenue that comes from that then goes into Clear Channel. And Clear Channel -- I don't believe that their money is divided into money from this and money from that necessarily.

But I guess that we have a -- in case things bounce back, do we have any kind of meaningful COLA? Or is just we're just statutorily limited to what contract you people have agreed to?

Dan Hodapp - If I may address that --

Commissioner Burton - Yes. I would hope so.

Dan Hodapp - Okay. What I just displayed is a minimum annual guarantee that the Port would be receiving. And it is not subject to the condition of the economy. The economy and the advertising revenues decrease. The Port would still receive that. If it increases, it would still receive that. If --

Commissioner Burton - If they increase, we would not get more than that is what I'm seeing.

Dan Hodapp - There is a revenue share -- excuse me. There is a revenue-sharing clause in the agreement. If it exceeds a certain threshold, then the Port and the city would benefit from the revenue sharing.

Commissioner Burton - What threshold is that?

Dan Hodapp - I would have to refer to Gail Stein with SFMTA if she is available to answer that. I don't have that number.

Commissioner Burton - Okay. [crosstalk]

Dan Hodapp - The revenue sharing has existed throughout the first 12 years of the agreement. And we have never reached the --

Commissioner Burton - Sir, unfortunately the only thing I have some knowledge of is the transit advertising in the city, having been involved in it 30-something years ago. So I kind of understand it. And the question I have is semi-simple. Is there a COLA built into it that would provide more money for the city and the Port if revenues to Clear Channel exceed the guarantee?

Dan Hodapp - Yes. There is through a revenue-sharing agreement. And Gail Stein has just popped up here. And I would like her to address that threshold.

Commissioner Burton - Wonderful.

Dan Hodapp - -- for you.

Gail Stein - Hi, commissioners. This is Gail Stein from the MTA. Thank you for hearing and considering this item. The contract does have a revenue share of 50 percent.

So that means that, if Clear Channel, during the fiscal year that ends June 30th, earns more than \$11.8 million in revenue, then the MTA would receive more than [5 point] million. And the Port would then receive a higher percentage through its part, which is 2.58 percent. So yes. There is a way for there to be more.

Commissioner Burton - So there is COLA going forward?

Gail Stein - Yes. Yes. There is.

Commissioner Burton - And I'm sorry. I [missed whatever]. But what would be the percentage of increase at a certain level would be what? How is it -- it would be determined by the revenue by Clear Channel on Port property only, which I assume is just a percentage of revenue that Clear Channel gets throughout the whole city? Right?

Gail Stein - Yes. It's for the whole city. So for example, if the MTA received \$200,000 over the \$5.9 million from the first year, the Port would then receive 2.58 percent of that extra \$200,000.

Commissioner Burton - How about the next year?

Gail Stein - Same thing.

Commissioner Burton - In other words, the COLA is ongoing.

Gail Stein - Yes. There has been a revenue share for the entire contract. And that is not going away as a result of this amendment.

Commissioner Burton - Okay. So the contract that the city has with Clear Channel -- and I'm only really concerned as it affects the Port. But it's an ongoing -- it's a flat fee with an ongoing [cola] for the term of the contract.

Gail Stein - Yes.

Commissioner Burton - Okay. Thank you very much, ma'am. I appreciate it. Thank you, Madam Chair.

President Brandon - Thank you. Commissioner Woo Ho?

Commissioner Woo Ho - No. I have no further questions. Thank you.

President Brandon - Thank you. Commissioner Gilman?

Commissioner Gilman - I have no other questions. I support the item.

President Brandon - Vice President Adams?

Vice President Adams - I have no questions. I support the item.

President Brandon - Thank you. Dan, thank you so much. I don't think much has changed since the last time you presented it. And it was a great report. So thank you very much. We have a motion and a second. Carl, can we please 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 21-22 is adopted. Carl, next item please.

10. MARITIME

- A. Request approval for an extension of the Terminal Management Agreement (TMA) between the Port of San Francisco (Port) and Pacific Cruise Ship Terminal LLC (PCST), by one month for each month's duration of pause in cruise operations, for use of the Pier 27 and Pier 35 Cruise Terminals. (Resolution 21-23)

Andre Coleman - Good afternoon, President Brandon, Vice President Adams, commissioners. My name is Andre Coleman, deputy director of maritime. I'm joined by Brendan O'Meara with the maritime division and Anthony Newman, president of Metro Cruise Services today.

At the Port Commission meeting on April 13th, staff provided the Port Commission with an informational presentation regarding the state of the cruise industry and impacts to the Port of San Francisco. Also, staff lightly touched on the impacts the pause in cruises had on the Port's cruise terminal operator, Pacific Cruise Ship Terminals, or more commonly referred to as Metro Cruise.

Today's presentation will focus on the impacts to Metro Cruise and Metro's request for an extension of the terminal-management agreement. Next slide, please.

So timeline of events -- this timeline was presented during the April 13th meeting. In short, in March of 2020, at the outset of the pandemic, the industry announced a pause in operations of its members in order to assess and address the risk posed by the pandemic.

In that same month, the CDC director issued a no-sail order, which has remained in effect to date. There was a recent update that occurred on April 2nd. However, at this time, it is unknown when cruise will resume from U.S. ports. Next slide, please.

Impacts to the Port of San Francisco -- in 2020, the Port was scheduled to host 117 cruise calls, approximately 380,000 passengers of which only 12 calls materialized. To quantify revenue impacts, the combined calendar year for 2020 and 2021 to date -- direct impacts to the Port of San Francisco include 198 cancelled cruise calls equating to approximately \$15 million in lost passenger revenues alone -- lost tariff passengers revenue alone.

And extending into the local economy, it is estimated a single ship call generates approximately \$500,000 in direct spending by passengers and crew. I'll touch on the last two bullet points on this slide a little later in the presentation. Next slide, please.

With regard to our impacts to our cruise terminal operator, Metro Cruise and Events, they have experienced significant economic setbacks due to the

industry's prolonged pause in cruise operations. Similarly to the Port's inability to generate passenger tariff revenue, the inactivity of cruise has effectively hamstrung Metro's ability to generate revenue from stevedore operations, ground operations and event management, all of which is required under the terminal-management agreement.

Despite having no idea of the timing for the return of cruise, Metro has continued to keep the terminal in a good state of repair for the past year plus at a cost of approximately \$90,000 per month. In August of 2020, the Port Commission approved Resolution 20-41, which provided a targeted approach for tenant relief.

But given the uniqueness of the Port's terminal-management agreements, the relief program excluded the Port's terminal operators. However, as noted at the time, relief for terminal operators could be negotiated on an as-needed basis to the extent relief is requested.

Metro has formally approached the Port and requested relief in the form of extending the terminal-management agreement. Next slide, please.

So just a little bit of background on the current terminal-management agreement -- it has been in place since September of 2014 with the opening of Pier 27, Jimmy Herman Cruise Terminal. It is a 10-year term with one five-year option.

The agreement includes a management fee paid to the Port, which Metro has continued to pay throughout the pause in cruise. Currently, it's at a monthly rate of approximately \$18,000 a month. Management services include cruise operations, events management, parking operations and other ancillary uses.

For events, those revenues are split 50/50. And if I may, I just wanted to follow up on a question I believe Commissioner Gilman had posed during the April 13th presentation regarding events and public -- events open to the public.

So included in the Pier 29 license agreement that the Port has with Metro, Metro is required to host four events per year free of charge to the public. So an example of that is the facility has been activated during Fleet Week, which includes Metro -- have live music, games and entertainment for family.

Additionally, there is a discounted rate for nonprofit events. And since 2015, there have been -- believe 35 nonprofit events have occurred at the cruise terminals. Next slide, please.

So the proposed amendment to the Metro terminal-management agreement is to extend the initial term by one month for each month with no cruise activity beginning in March of 2020 for a maximum of 24 months.

So basically, once everything was put on pause in 2020, for each month that we have not had a cruise operation that month would count. The first cruise call with activate the additional months and lock in the new expiration date.

So the extension would be added to their 10-year term. And then, the five-year option will remain and be added on from the new expiration date. Next slide, please.

Benefits to the Port -- an extension of the terminal-management agreement will provide considerable value to both parties and will improve the financial feasibility of the terminal-management agreement and preserve Metro's ability to continue operations at the Port.

As shown in the earlier slide, Metro has continued to pay the monthly stevedoring fee throughout the pause in operations and, in the proposed amendment, would continue to do so for each month of extension.

As we rebound from the pause in cruise, this amendment will provide stability in our cruise operations as we continue to work with our trusted partner, Metro, to adapt and enhance our terminal for the same resumption of cruise and events.

And the amendment provides confidence to the various cruise lines and industry stakeholders that the Port and Metro are committed to the safe resumption of cruising in San Francisco. Next slide, please.

So just for an outlook, again, with regards to Port of San Francisco for 2020, forecast for cruise at the Port is extremely bright. As it stands today, we are projecting -- or we have requests for 118 cruise calls.

That number -- we are -- for passenger counts, we're estimating somewhere around 300,000. That number does factor in sailings at reduced capacities. Driving the increase in calls is the entrance of the Carnival Cruise Line into San Francisco.

As I've mentioned in a previous presentation, we have the Carnival Miracle that will be home ported in San Francisco in 2022 with 22 home port calls. Again, there are still a lot of questions on the table. And industry-wide collaboration is crucial for the safe resumption of cruise.

Staff continues to engage in dialogue with the American Association of Port Authorities, the California Association of Port Authorities and the America Seaport Cruise Committees towards the safe resumption of cruise.

In conclusion, staff recommends that you approve Metro's request for an extension to the terminal-management agreement. That concludes my presentation. And I'm happy to answer any questions that you may have.

ACTION: Vice President Adams moved approval of the resolution.
Commissioner Woo Ho seconded the motion.

No Public Comment on Item 10A.

Commissioners Discussion on Item 10A:

Commissioner Woo Ho - Thank you, Andre, for this presentation and appreciate what you gave us in terms of the background briefing at the last commission meeting. So we do have a good sense of what the background is going on in the cruise industry.

I guess I -- my understanding -- and let me make sure that I understand this report correctly -- is that we're simply extending the terminal-management agreement for the period of time that the cruise ship terminal has been inactive from the standpoint of cruising.

And you did mention the benefits at the end. So there is no financial -- we are not giving up any financial terms as a result of that. We're just extending the terminal-management agreement. Is that my -- am I understanding that correctly?

Andre Coleman - That is correct, just extending the management agreement and, in doing so, for each month of extension Metro will continue to pay the management fee to the Port.

Commissioner Woo Ho - Okay. And then, they basically are just trying to sort of make up for the period of time that they didn't have -- that we didn't have the cruise ship terminal either for cruising or for special events. And they just thought that this would be a good time to execute this agreement.

So it sounds like they also are obviously positive about the future in terms of when we do see the cruise industry come back. I think, from what I can read, once the CDC sort of goes, this industry is poised to take off very quickly because everybody wants to go somewhere. And at least that's what I hear -- younger people as well as older people.

And I guess the cruise industry has made a great point to say that they are as safe as airplanes if not safer. So I just want to be sure that there is no financial negotiation that we're making. We're just simply extending.

And that's really to help us, which is good that we have a partner for the longer term as well. So that gives us stability, which is one of the points that you made so just want to make sure my understanding was correct.

Andre Coleman - That is correct.

Commissioner Woo Ho - Okay. I'm supportive of the item. And I hope that we see some cruising coming back very quickly and that the CDC moves forward to release the cruise ships to do that except we do have still the issue that Canada does not accept, I guess, cruises. Mexico does. So that's one of the things that gets the cruise lines thinking -- since they have to comply with the Jones Act. Right.

Andre Coleman - Correct. Yes. They --

Commissioner Woo Ho - Okay. [crosstalk]

Andre Coleman - Yeah. The Canada -- Canada's prohibition on cruises is still in effect through February of 2022, I believe it is. But I know there are ongoing discussions to potentially address maybe a technical stop or other ways where, when the U.S. is ready to resume cruise, that call can occur, which will open up the Alaska season and on the East Coast respective ports as well.

Commissioner Woo Ho - Okay. Well, I hope one day that -- you know, I mean, I think there are some longer kind of round-the-world cruises that start in Los Angeles. And I'm hoping that one day that we can also pitch that we can be the starting point for some of those really longer round-the-world cruises that either go down to South America or whatever.

I have friends who are going on these cruises. But they're getting on in Los Angeles. So why not San Francisco? So hopefully, we can keep that [on] as we keep talking to our partners in the cruise industry.

It would be great to have -- as Commissioner Adams has always said, he wants to see a million cruise passengers. Well, we're going to have to come up with a variety of lin -- I mean routes, I guess, to increase the traffic more than the traditional ones that we have because Alaska, Mexico or Hawaii is just not going to create a million cruise ship passengers. You have to have more exciting, I guess, itineraries to attract that many people. Thank you.

Andre Coleman - Thank you for your comments, Commissioner Woo Ho.

President Brandon - Thank you. Commissioner Burton?

Commissioner Burton - No questions. No comment.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - Andre, great work -- report. My only problem -- I'm going to support it -- is that the Port -- you and Metro left labor behind. Nobody from the union got on board to say they supported this. And it's labor that does this.

And I know it's a business thing. And sometimes, business forgets about their partner, labor. And you guys left labor out, you and Metro both. And I'm going to remind the union of that, that you guys left them out, you and Metro.

But that being said, I'm going to support that because it's good. But when we talk about partnership, sometimes we forget about those that make it happen besides those economically that make it happen. So I'll just leave it at that. And I will remind them. Thank you.

Andre Coleman - Thank you for your comments, Commissioner Adams. I'll just note that, you know, in the April 13th presentation, you know, I did highlight that our growth in cruise is attributed to the work that the ILWU has performed throughout the years.

I think, you know, to have a significant jump from 85 vessels on average for their prior five years to now being at roughly 117 is a testament to the turnout of the workforce. And I think I noted that in the April 13th presentation as well that there has been a significant amount of lost ILWU work shifts for longshore, clerk and watchmen as well.

So we are both aware of that. And I think, as we move forward towards resumption, we appreciate the reminder. But we will have to engage labor ahead of resumption to ensure that the work environment is adequate and that it's safe for the workforce and that we have everything in place to get back to the level of productivity that we were pre-pandemic. So --

President Brandon - Thank you. Commissioner Gilman had to leave early. And she wanted me to thank you for addressing the community-event piece of it. But Andre, thank you so much for this report. I am in full support of this. And I think it's very fair.

And maritime is the reason that we're here. So thank you again for working out this agreement. Carl, can we please have a roll-call vote?

Roll Call Vote:

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

President Brandon - Motion passes unanimously. Resolution 21-23 is adopted. Carl, next item please.

- B. Informational presentation on Pier 45 Shed C post-fire interim improvements and a long-term replacement strategy to benefit the fishing industry.

Assistant Director Martin - Good afternoon, commissioners. Mike Martin, assistant Port director. I'm going to make a few introductory remarks and then hand over the presentation to Dominic Moreno of the maritime division and Dan Hodapp of planning and environment.

But I wanted to sort of frame this item today by sort of looking back over the a little over 11 months we've had since the fire ripped through Shed C of Pier 45 last May. The fire, I think, put the Port in a position of having a number of sort of urgent short and long-term tasks ahead of it in order to sort of get back onto its footing.

There were the immediate needs to sort of make the site safe, to allow for salvage of anything that could be salvaged, to work out an interim approach to sort of reactivating the site in support of the fishing industry and operations at Pier 45.

We had to initiate a claim and a negotiation with our insurer. And we had to also start alongside all of these sort of urgent near-term tasks, start putting the building blocks together for what it would mean to rebuild at the site and what it would mean to sort of do that in a smart way that would enhance what is there and hopefully put us in a better position to deal with the resilience challenges faced by all of Port property.

I guess the backdrop to all of this was we were about two months into shelter in place and the pandemic and all of the destabilizing aspects of working remotely, having to sort of coordinate among different people who were onsite versus at home and all the things that made it hard to develop sort of an interdivisional strategy.

So we put together an interdivisional working group that really, I think, was exemplary in sort of stepping up to that challenge because the interested departments and the interested divisions of the Port really had to have

representation and sort of one place that we could have a single discussion about all of these different things sort of spidering out from the experience we had with the fire.

So today represents an opportunity to share our status and the results of some of that work and also look at and preview with you the next steps we're seeing in refining the vision of a rebuild at Shed C.

One thing about that long-term conversation that I'd like to share is something I've said in a number of meetings and people have said in a number of meetings as we've thought about it, which is, typically, when facilities are being built or rehabilitated on Port property, we're looking to sort of harness the skills and opportunities of private developers who are able to step in and sort of bring their expertise to the task.

In this instance, the Port is the developer. We are the ones that are going to be putting together the strategy and the thinking behind what is to be rebuilt there. So I think we need to do a really thoughtful effort at putting together what it is we think the facility needs to be and sort of how we can get there with the resources we have available in our current challenged situation budget wise.

So today, we welcome the Port Commission's feedback and direction as we prepare to develop further internal analysis and engage in further stakeholder dialogues to bring that conversation into more detail.

Today's presentation, as I mentioned, will be delivered by Dominic Moreno and Dan Hodapp. But I also wanted to give sort of an acknowledgement and a thank you to the rest of the interdivisional working group as well.

That includes Jai Jackson from the planning and environment division, Demetri Amaro and Crezia Tano-Lee from real estate and development and also Nate Cruz from finance and administration. So with that, I'll hand it over to Dominic to take us from here. Thanks.

Dominic Moreno - Thank you, Mike. Good afternoon, President Brandon, Port commissioners, Director Forbes. I am Dominic Moreno with the maritime division. And today, with Dan Hodapp, we'll be providing an informational presentation on the Pier 45 Shed C post-fire interim improvements and long-term replacement strategy to benefit the fishing industry. Next slide, please.

Our informational presentation today will show the post-fire clean-up efforts, our tenant and licensee relocation strategy, the interim Shed C space uses and improvements, the ongoing insurance recovery process and our study to identify long-term improvements and Shed C replacement strategy. Next slide, please.

On Saturday morning, May 23rd of 2020 a fast-moving four-alarm fire started on Pier 45 in Shed C lighting up the early morning sky and destroying the shed. Pier 45, the home of the fishing industry at the Port of San Francisco, suffered losses, and industry operations were disrupted.

The loss of Shed C and most of its contents left the pier without sufficient gear-storage space for fishers and fish processors and destroyed personal property of many fishers, supplies for the historic Jeremiah O'Brien World War II supply ship and office and operations space for Red and White Fleet.

Since the fire, the Port has removed the remains of the shed and coordinated cleanup. A huge thank you to the San Francisco Fire Department for their response. Next slide, please.

The Port immediately began a multi-division, all-hands-on-deck response to prepare our strategy for hazardous material removal and mitigation, demolition, tenant communications and salvage management. The Port contracted with a fire restoration company to remove debris and soot from impacted facilities in Sheds A, B and D.

Upon completion of the fire restoration work, the Port granted reentry of tenants to Sheds A, B and D within two weeks. Port staff worked with approximately 35 licensees displaced by the fire to relocate to Shed A and Pier 35.

Port staff then focused on demolition of the Shed C structure and removal of debris from the footprint. The Port conducted a two-week salvage period including the implementation of precautions that allowed tenants and licensees to safely access the site to remove salvageable property.

The Port assisted 12 licensees in salvaging a variety of gear including 1,000 crab pots. Upon completion of the salvage, the Port proceeded with the remainder of the demolition and debris removal, which was completed in November of 2020.

I would like to highlight here the incredible leadership of Director Forbes, the incredible work of all divisions within the Port to get this massive job done. But I would especially like to highlight engineering and maintenance's outstanding effort and dedication to this project, all done, as said, within the height of the global COVID-19 pandemic.

Of note, I'd also like to thank our demolition contractor, Silverado, for their safe and efficient operations to clear this site. Next slide, please.

By late June, the initial [assemblance] of a plan to provide temporary space to Pier 45 stakeholders was coming together. And by July, through the incredible resourcefulness of the real estate team and specifically Demetri Amaro, a relocation plan for those directly affected by the fire was ready for implementation.

The primary groups that needed space included the fishing community, the fishers and processors, Red and White Fleet office and maintenance area and the Jeremiah O'Brien. Staff identified the fleet would need to regain approximately 20,000 square feet of fish gear storage including space for crab pots and other fleet-related items.

However, there was also a small need for fish-processor storage. The Port initially provided open storage space to 15 dislocated gear-storage tenants from Shed C with plans to construct fence space at a later date.

The Red and White Fleet, excursion operator and San Francisco icon, relocated their headquarters and administration to the boats moored at Pier 43 1/2. The Red and White Fleet's maritime maintenance and engineering workshop area was relocated to approximately 1,500 square feet in Shed A.

The historic Liberty ship SS Jeremiah O'Brien, which survived the May 23rd fire, was relocated within days, on May 26, 2020, to Pier 35 for emergency lay berth. As many of you know, the Lucky O'Brien returned last week -- or excuse me -- last month on March 23, 2021, just 10 months from the day of the fire.

And she sits at Pier 45 currently with a planned reopening to the public in June. A big thank to Metro, our cruise terminal operator at Pier 35, for accommodating the emergency relocation. Next slide, please.

Simultaneous with relocation efforts, Port staff, led by Crezia Tano-Lee, prepared a three-phase interim improvement plan to address the needs of the fishing industry and to begin to generate revenue at the site.

Phase-one improvements identified here in the blue box were completed in April 2021 and include: adding surface treatments to facilitate the use of the area; establishing an 8,700-square-foot maritime storage area, secured with four and eight-foot-high fencing; installing light poles to accommodate interim phases; and laying out a 32-space parking area for use by service and delivery vehicles serving fish processors located in the Sheds B and D.

I'm happy to report that, beginning May 1st, the first of these parking permits will be issued. Next slide, please.

Phase-two improvements identified here in the yellow box are scheduled to be completed June 30, 2021 and will include: installing additional light poles and electric service connection to the berth of the Jeremiah O'Brien; installing 1,200 feet of additional fencing to define spaces and provide physical security; and relocating Port's maintenance department operations-and-maintenance trailer from Shed A to the Shed C site. Next slide, please.

Phase-three improvements -- the remainder of the pier shown here in the green box -- are scheduled to be completed July 31, 2021 and will include preparing the remaining Shed C footprint, approximately 40,000 square feet for general storage and temporary lay-down space to support future construction projects including the upcoming San Francisco Police Department dock installation at Hyde Street Harbor, Jefferson Street projects and potential additional storage area for commercial fishing.

At this point, I'd like to hand it over to my colleague Dan Hodapp, senior waterfront planner, to discuss additional work of this ongoing project. Dan?

Dan Hodapp - Thank you, Dominic. Again, President Brandon and members of the commission, it's my pleasure to be here to jump in and talk about the insurance recovery -- can I have next slide, please -- talk about insurance recovery on the pier and then go through the Pier 45 long-term improvements and Shed C replacement strategy.

Regarding the insurance recovery, the Port and the city risk manager have engaged with the insurer. And the Port was advanced \$25 million to stabilize the site and make interim improvements on it.

The work being done now is to prepare a basis of design, which will help us understand how much it will cost to rebuild what was there including with required code upgrades but does not include a study to evaluate other rebuild options. Completion of the basis of design is expected by the end of this summer. Could I have next slide, please?

Okay. Onto the long-term improvements for the pier and the Shed C replacement strategy, as Mr. Martin described, this was put together by an interdivision team, Dominic and I and Demetri Amaro and Jai Jackson and Nate Cruz and Crezia Tano-Lee.

I'm going to cover the survey of the fishing industry, which was completed in December of last year, talk a little bit about our facility summary, which we completed last month, and next steps going forward -- highlight one in particular, which will be a resilience charrette planned for next month. Next slide, please.

The findings for the fishing industry -- overall, the fishing industry wants to continue its operations at Pier 45 and wants the Port's support to do so. The survey that was conducted by Port staff reached the many types of industry businesses that operate on Pier 45, which bring in and process a great variety of fish.

Of the fish processors, most have been at Pier 45 for at least 10 years with many for over 25 years. Things that came out of the survey were: a desire for increased improved storage space including cold storage; improved support services including ice making and bait sales; additional office space for the fishing industry; improved vehicle access on Pier 45 and more parking for the fishing industry; and then again the findings, the industry's desire for maintaining Shed C for those industry uses; and the continued use of Pier 45 for the commercial fishing industry. Next, please.

The economic value of the fishing industry -- the Port's role on Pier 45 is one of being the facilitator of the industry, allowing Pier 45 businesses to interact and bring fish to market. The fishing industry is the primary source of Pier 45 revenue where the Port participates and receives revenue at each step in the process.

As fish move from the boat to processors, then distributors and then to restaurants and market, the product increases in value at each step, as does the value of the Port's participation. The arrangement of uses on the pier aids in this exchange and the efficiency of the operation.

Part of our current role is to work with the industry to identify improvements to make the industry more efficient and profitable. This diagram illustrates the fishers, the processors, distributors, restaurants, points out that the fishers are buying grocery and bait and ice.

There's equipment storage that occurs there. There's wharfage paid by processors and distributors. Storage is needed by processors. And there's a variety of other businesses and uses associated on the Pier. Next slide, please.

So the Port prepared a facility summary that looked at the history of the pier, how it's been used, looked at its condition, looked at what we feel -- what can come up. And I'm just going to give you a few takeaways on that.

The facility summary was also attached to your packet for an in-depth look at this. And it's available as an attachment and online on the Port's website. As part of -- and I won't go into great detail.

A few findings -- the substructure and shed buildings are generally in good, usable condition with a few exceptions. Fishing industry occupies most of the pier and generates most of the revenue on Pier 45.

Sheds A and C -- C prior to the fire -- are not as fully used and generate less revenue than Sheds B and D. And public access areas on the pier are not arranged in a united way that is understandable to the public and, as a result, is not well used. Next slide, please.

As along most Port property, sea-level rise is going to play a role. On this diagram at the bottom, the blue line indicates -- is depicting anticipated sea-level rise. And the shed which says Shed title B is wrong. Please either ignore that or insert Sheds A or C to accurately read it.

But what I want to illustrate is the wave action shown on the left side would be the east side and represents the wind-wave action that comes from the fetch across the bay and how that east apron will be the first area to be impacted by rising seas.

If you look way over on the right side of the drawing, the blue line extends. And just below that blue line outside of the shed is the elevation of the central valley of Pier 45, which is where vehicle circulation occurs.

And that's sitting below. It sits below because of it being built to allow truck-dock access into the pier sheds. So the central valley will also be impacted early by rising seas because it sits at this lower elevation.

This condition depicted in probably a less dramatic way could occur in extreme conditions today. It is anticipated to occur with greater regulatory starting around 2030. Between 2040 and 2050, under-pier maintenance will become more difficult. Next slide, please.

To look at the resilience and sea-level rise and earthquake vulnerability in greater detail, we will be conducting a resilience charrette, which will be with Port staff and waterfront plan -- team -- consultants -- waterfront resilience plan consultants -- excuse me -- mixed up there.

And the purpose of that is to look at short and long-term options for this. What would we be doing in the coming years? And how would this affect Pier 45 for the long-term uses on it? Would they be financially viable?

The intent of the charrette is to aid in decision making for the commission and others as we go forward. And we look forward to providing an update of the findings of that for you. It would also inform future studies and could feed into other development decisions going forward.

We also plan to seek stakeholder engagement, reaching out to the fishing industry to review and get their input on preliminary uses and improvements being developed for Pier 45. And our finance team would further the negotiations with the insurance provider. Next slide, please.

And with that, I and others of the team are here to address any questions you may have. Thank you for your time.

No Public Comment on Item 10B.

Commissioners Discussion on Item 10B:

President Brandon - Thank you. Seeing no callers on the phone, public comment is closed. Commissioner Woo Ho?

Commissioner Woo Ho - Thank you, Dominic and Dan, for this very comprehensive report. I've learned a tremendous amount since that tragic accident and the fire at Pier 45. I just want to say I think you guys have done a tremendous job in terms of thinking about it very thoroughly in terms of what needs to be done and also the strategic issues of sea-level rise, etcetera in the next steps.

So I really am not sure that I have many more questions to ask. The only question I had is, looking at the insurance -- and I know that some of the fishing tenants obviously had problems when the fire destroyed a lot of their equipment.

Are we ensuring that the insurance coverage, whether it's -- that they are looking at as well as what we're looking at can -- that we don't repeat any lessons that we should have learned from that incident? So is there anything - - I know that we're looking at -- we're discussing with insurance providers.

But I'm just wondering, is there anything that we've learned about the fire that we should do differently about insurance coverage for the Port and for other partners and stakeholders?

Dan Hodapp - Commissioners, the good thing about this team is we have experts on every topic. And I'm going to highlight Nate Cruz to address this question if I may.

Nate Cruz - Hi, commissioners. Nate Cruz in the finance division. It's still pretty early in the process. I think we're certainly keeping an eye out for lessons learned on how to reshape our coverage or how to be prepared for a claim in the future.

But at this point, I can't think of any particular lessons that we would apply to any future disasters or coverage applications. But I'm thinking of it from the finance side alone. I certainly invite anyone from the real estate team who's thought about interim uses or moving tenants around to add to that.

Well, hearing none, I certainly -- we'll be keeping our eyes open and learning along the way. But right now, it seems a little too early to say anything definitive.

Commissioner Woo Ho - Okay. Thank you. I'm done.

President Brandon - Okay. Thank you. Commissioner Burton?

Commissioner Burton - No comment.

President Brandon - Thank you. Vice President Adams?

Vice President Adams - Thank you, Dominic and Dan. Appreciate it. Thank you.

President Brandon - Thank you so much for the report. A lot of great information. I'm really happy that we are bringing so many different stakeholders together to discuss the long-term uses for this property. So we received \$25 million from the insurance. And that was just to stabilize it. Have those total funds been used?

Dan Hodapp - Commissioner, no. That total has not been used. If you need a general amount on that, I will highlight Nate again for that one. But some of it was used for cleanup and demolition and for the relocation efforts that have occurred.

President Brandon - Thank you.

Nate Cruz - Yeah. Commissioner, Nate Cruz again. We can get you a more specific number. But we've only used a portion of that advance on our claim at this point. But I'll follow up with a more precise answer.

President Brandon - Great. And then, as far as the long-term strategy with our insurance agency, where are we with that?

Nate Cruz - Commissioner, that's a timely question. We're in the middle of renegotiating our coverage for the next fiscal year. The city and county along with the Port -- we renew our coverage on an annual basis. And the property insurance market particularly is under quite a bit of turmoil because of COVID and also climate-change issues like wildfires.

We've seen substantial increases in costs and reductions in coverage. So we're exhausting all the possibilities to maintain an adequate coverage at an economical level. But we don't have any particulars quite yet. We're working tightly with the city manager on a weekly basis to pin down the upcoming fiscal year's coverage.

President Brandon - Great. Thank you. Dan, thank you so much for this report. Really appreciate it. Carl, next item, please.

11. NEW BUSINESS

No New Business.

12. ADJOURNMENT

ACTION: Vice President Adams moved to adjourn the meeting. Commissioner Woo Ho seconded the motion. In a roll call vote, the motion passed unanimously.

President Brandon - The meeting is adjourned at 5:25 PM.