



SAN FRANCISCO PORT COMMISSION

**APRIL 12, 2022
MINUTES OF THE MEETING**

MEMBERS, PORT COMMISSION

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

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

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING APRIL 12, 2022

1. CALL TO ORDER / ROLL CALL / RAMAYTUSH OHLONE LAND ACKNOWLEDGEMENT

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

The Commission Affairs Manager read the Ramaytush Ohlone Land Acknowledgment.

2. APPROVAL OF MINUTES – March 8, 2022

ACTION: Commissioner Brandon moved approval of the minutes. Commissioner Gilman seconded the motion. The minutes were approved unanimously.

3. PLEDGE OF ALLEGIANCE

4. ANNOUNCEMENTS

The Commission Affairs Manager announced the following:

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones and similar sound-producing electronic devices are prohibited at this meeting. The Chair may order the removal from the meeting room of any person responsible for the ringing of or use of a cell phone or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make public comments on each agenda item unless the Port Commission adopts a shorter period on any item. Public comment must be in respect to the current agenda item. For in-person public comment, please fill out a speaker card and hand it to the Port Commission Affairs Manager. For remote public comment, instructions are on the first page of this agenda. During public comment, the moderator will instruct you to dial *3 to be

added to the queue. An audio prompt will signal when it is your turn to speak.

5. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Liz Diaz: Thank you. My name is Liz Diaz. I have the company North Beach Marine Canvas, which has been in business for over 30 years. I've been a tenant of the Pier 40 for over 25 years. We have a lease out there. It was up in 2020. It did not get renewed during COVID.

I am grateful that you all read the letter that I presented with you. It was about seven pages. This was a call to arms out in the pier. The rental increase was 60 percent -- over 60 percent. And in the prior five years on my lease with you guys, it increased a normal amount, a couple percentages, whatever. That was quite doable.

I'm a sustainable business. I've made it all the way through COVID. And then, to be slammed with a 60 percent rental increase, I'm sorry, was construed as an invitation to leave. I understand it's not an invitation to leave.

I understand that the Port wants to work with me. But I'd like it to be understood that maritime businesses in San Francisco are not just the big ones. It's the little ones like myself which are manual labor. We go out. We work on things. I sew. We make cushions for boats. We make large covers.

I need empty space to work on that. The rental increase was based on the research the Port did for generalized storage. None of us that are in business out there do store. We are -- I'm going to give you a little back story that people don't necessarily know because we've been around for so long.

But the Pier 40 marine businesses were invited by San Francisco redevelopment to be on that pier in that location in double-wide trailers that we purchased that the Port asked us to cut off the axles, place the trailers exactly where they are. And we were allowed to do business inside those trailers.

We are in no means any form of dead storage. We were not allowed to go up. We're not allowed to go out. We're allowed to do what we're specifically there to do, which I also included in the letter that you have.

Because we're such a unique situation out there and because I've been in business in San Francisco for over 30 years, I'd like to ask you if you have any questions for me while I'm in front of you. Right now in my one -- my 40 seconds left, do you have a quick question for me? Because --

Vice President Woo Ho: Unfortunately, our procedures are that we cannot comment on any items that are not on the agenda. But we would certainly like

our staff to contact you and work further and give us a report back on how they can work the situation with you -- a solution that is satisfactory to both sides. But we cannot really have any discussion here today at the commission unfortunately.

Liz Diaz: Okay. I really look forward to working with all of you and to understand -- in the future, the maritime community, the small maritime community is going to coalesce. We need to have a more unified voice because we don't want to be mistaken for storage. And you don't want to lose us because we're mislabeled as storage. Thank you.

Margaret Cromwell: I'm ready. My name is Margaret Cromwell. I'm formerly the associate port captain for Hornblower Cruises and Events at Pier 3. And I'm here representing Cal Marine Electronics. We're another tenant down at Pier 40, as Liz was just recounting.

There's been a really extreme rent increase. Cal Marine Electronics has been present in San Francisco since 1952. What we do is we repair, install navigation equipment, anything electronic on boats, depth sounders, radars, VHF radios.

Some of our clients include: San Francisco Fire Department; San Francisco Police Department; WETA is a big one; Blue and Gold; Golden Gate Ferries; Red and White; Hornblower, now City Cruises; Army Corps of Engineers; the water taxis; various tug companies. It goes on and on.

We are responsive to emergency calls frequently. We will talk captains through issues if we have to over the phone. We address problems that would keep the boats down and out of commission for a length of time.

We do our best to get there as quickly as possible and get them back on the water. I bring this all up just to say that we're essential. We're needed. We worked through the pandemic. And at the same time, we're a very small business.

Our margins are very, very fine. We pay our bills. We make payroll. We pay our rent. But we can't withstand such a large rent increase. No matter what the intent behind it was, if we functionally have to leave San Francisco, we're not going to be able to service all of these necessary businesses the way that we can as promptly as we used to be able to in San Francisco. Right.

Other than that, you know, we've done our best to deal with all the challenges that we've all dealt with, the supply chain issues, inflation, now gas prices. So this would just be kind of the straw that breaks the camel's back as far as I'm concerned.

In my last minute, I would just point out that, as Liz touched on, the maritime community is what makes San Francisco what it is. And there's a lot of us here who work in the industry kind of below the radar so to speak.

But once we're gone, those skills aren't exactly easily learned. There's not a lot of people coming through. These are commodities. There's very few places in the Bay much less in San Francisco where you could go and you could find people like Liz who will make your canvas, find us who would install your electronics.

We have riggers there. There's all kinds of amazing businesses at Pier 40. And it would just be such a travesty to see that disappear just because we want something newer or flashier there. Thank you.

6. EXECUTIVE

A. Executive Director's Report

- Economic Recovery
- Equity
- Key Project Updates

Director Forbes: Good afternoon, Vice President Woo Ho, commissioners, Port staff and members of the public. I am Elaine Forbes, the executive director. First, I want to pause to recognize the historic confirmation of Judge Ketanji Brown to the Supreme Court last week.

This confirmation signals a bright future. The impact of her appointment will be felt by us all, especially our young black women and girls who can now see themselves in the highest seats of our judicial system.

Judge Brown's unique experience as a public defender and her work defending our nation's most vulnerable people of color who are disproportionately arrested, prosecuted and imprisoned will now be at the court in the ongoing fight for racial justice and economic justice.

The confirmation has restored a sense of hope for us all. Now, I'm excited to turn to economic recovery. We are seeing signs of revival and economic recovery with more people on our waterfront. First, like many other businesses located in San Francisco, the Port welcomed telecommuting employees back to the offices on a hybrid schedule.

This has been good to see everyone in the office. And the office workers are increasing foot traffic up and down the Port where office workers are again able to enjoy our restaurants, retail, ferries, excursions and other recreation.

Last weekend, we welcomed our world champion San Francisco Giants home. This brings excitement and energy to the city. Fingers crossed the Giants will continue deep into the fall.

Last week, [SF Bloom] welcomed events at the Ferry Building. And this was incredibly well received. This month, the cruise industry is back and bigger than ever. Last week was a double header. And we've [since -- since] the resumption of cruise operations, we're proud to welcome the Princess lines again and the new vessel, Discovery Princess.

Thanks to the extraordinary work of our mighty maritime division, we are expecting 21 calls in April including the maiden call of the Carnival Miracle who will home port in San Francisco. The Carnival Miracle is expected to make 20 calls.

Cruise has stood over the last six months as a very stable and steady revenue source for all of us. Each has brought in thousands of passengers and crew who have bolstered the vital local hospitality and tourism sectors that are so critical to our city's long-term economic recovery.

And not only has maritime been busy with cruise, they've also been busy with the very, very popular off-the-boat fish-sales program. Unfortunately, commercial crab season was cut short after whale entanglements were observed off the coast. The season closed Friday, April 8. Fishers offered off-the-boat sales until the remaining crabs were sold.

Salmon season was open to sports fishermen on April 2. And we're continuing to wait on the timing of commercial salmon fishers. It is anticipated that four of the 11 fishing vessels that participated in our crab sales will continue on with salmon.

We continue to support our fisher community and San Francisco residents and people around the Bay who are really excited to buy fish off the boats. I was there on Saturday and bought two crabs. And I met a couple from Tracy who was very excited to get their crabs. And I will say the crab was delicious, as it was live and prepared very well.

Now, I'm also proud to announce that we have submitted our application for the second tranche of funding to the State Lands Commission. We submitted an application for \$58.2 million. And the State Lands Commission appears ready to grant our request. We will know formally at the April 26 meeting.

This funding, of course, will keep us from having to execute any layoffs. We're able to backfill critical positions. And we're able to invest in deferred maintenance that we had to cut back on during the early days of the pandemic.

We've been working very hard to secure other state and federal sources. We were very fortunate last week to meet with the number two at the Department of Transportation, Polly Trottenberg. I met with her along with Andre Coleman, our maritime director, and Boris Delepine, our legislative affairs manager.

As the number-two official and operating officer, she supports Secretary Buttigieg. And she provides a lot of leadership and strategic vision for the DOT. We're really hopeful that her visit will begin a relationship that will be very valuable to us in our economic recovery.

And we are working hard on securing state funds in the governor's really once-in-a-lifetime investment in ports. We're not out of the woods yet. We still face an uncertain recovery. But I'm just much more confident and optimistic than I've been. And I really want to thank this commission for guiding us as we recover.

To equity, when the organization is strong, we're all strong. And we're never losing sight of providing economic opportunities for our small business and contractors. We recently hosted the sixth annual contracts open house.

This event was virtual. This connects our small and micro-businesses to larger contractors and primes, so they can work together and have partnership opportunities. We hosted 115 attendants and nine workshops for participants.

And I just want to recognize Commissioner Brandon who thought of this idea six years ago with staff and has attended every one. And I'm happy to say they've gotten better every year. You'll hear in the presentation more on this effort. And I'm so proud we're connecting people to jobs and opportunities.

Now to key projects, I turn to Mission Rock. It continues to provide excitement and progress for our waterfront. Just yesterday, the project team celebrated the topping off of the structures at Building A as well as the start of construction on Building F.

This is a significant milestone for our project. Now, all four parcels in phase one are under construction along with the park, which began in March. We are seeing the outlines of the new communities that we planned with much more open space, affordable homes and a waterfront for everyone.

And I want to thank the Port commissioners for your leadership on economic recovery, equity and our key project success. That [includes] my director's report. And I apologize for this extra-thick mask, which is very hard to project through. I hope you heard me. And I wish you all a wonderful spring season. Thank you.

No Public Comment on the Executive Director's Report.

Commissioners' Discussion on the Executive Director's Report:

Commissioner Brandon: Elaine, thank you so much for your report, a lot of great information. I echo your comments on the nomination and approval of Justice Ketanji Jackson Brown to the Supreme Court. That was definitely a historic day in history. So thank you for mentioning that.

I was able to attend to opening day last week, and it was so wonderful to see everyone at the ballpark. I think it was sold out. And it was a beautiful day. And just to see so many people inside and outside the ballpark was wonderful and just shows that we are on our way to recovery.

It's great that the cruise industry is also increasing its ships at port and bringing more individuals to the waterfront. I think it's absolutely phenomenal that we applied for our second tranche of \$58.2 million.

And it's just so wonderful that we have that and other funding opportunities to keep us on a good road to recovery. Thank you for reporting about the sixth annual contracting open house. I think that is something that the Port does that not many other city departments do.

And it's just a great way for our LBEs and our minority contractors to find out what's going on at the Port because we do have so much opportunity.

And it's so phenomenal that Mission Rock is starting on their fourth parcel. Just to see what has happened over the last year and a half, two years is just amazing to see the new community taking form. So thank you so much for your report and all that was in it.

Vice President Woo Ho: Thank you. Commissioner Gilman?

Commissioner Gilman: Thank you, Director Forbes, for your report. I want to echo everything that Commissioner Brandon said. The waterfront is back to life. I spent time also this weekend at Fisherman's Wharf and Little Embarcadero. And tourists are back and locals as well.

So it's lovely to see that we're bouncing back somewhat. I also had the opportunity to go to opening day. And the pride for San Francisco and the excitement of people being back was really felt. So thank you so much for that.

I would like to ask -- and it could just be a written report. It doesn't need to be an informational. I do think, based on the public comment we received today, it would be nice to get some data. We do have a maritime rent-relief program for tenants that are maritime.

It would be nice to see sort of, of the people arrears in rent or who owe back rent or who might have been eligible, how many people have opted in? So we can

make sure that we break down barriers to that program, so we can capture all of our small businesses. So that can just be a written report in the next packet. It doesn't, for me, need to necessarily be an informational.

And then, I did just want to comment on Mission Rock. It is so phenomenal and great that movement is happening, that when you go down there, you see that neighborhood. I do want to lift up two components of it that I think, at least from where I sit, they've done incredibly well which is around their LBE contracting, their partnership with CityBuild, the first women's class and the fact that there's 40 percent affordable housing on that site.

I hope that is a standard for all of our developments that are moving forward and that we're in current negotiations with. I think they're really the gold standard on those two issues.

And then, I just did want to pause and recognize the atrocities that are happening in our sister port cities of Mariupol and Odessa. I think we need to acknowledge that this war is causing damage to the Baltic Sea. And while they're not sister port cities, I hope that, as a port, we could support the people of Ukraine. That concludes my comments.

Vice President Woo Ho: Thank you. Thank you, Elaine, for a very comprehensive report. I think you've touched upon all the corners of the Port. I also want to echo what Commissioner Brandon said, that having the nomination of Judge Brown to the Supreme Court was a historic moment for our country and, I think, a wonderful statement.

She is just a wonderful role model in everything that she's done in her career so far. So I'm really looking forward to how she can contribute on the Supreme Court going forward.

And I think that it's true what you heard from Commissioner Brandon and Commissioner Gilman is that we are seeing not just green sprouts but I think real growth here everywhere along the waterfront. And that's great.

And it's wonderful to see that -- connecting also the fact that people are going back to the office, and that is also reviving the Port because people need to eat. They need to get out. They need to walk around. And that just helps the activation of the waterfront.

So it's great to see that even though I'm sure there will be a lot of people that will continue to have part of the hybrid work model where they're not here all the time. But I imagine the ferries are getting more crowded, and that's also great.

So I think, you know -- so I didn't get to go to the Giants opening day. But I think it's another hometown celebration for San Francisco. And it sort of brings us back

into springtime. That's a tradition that I think we've had forever. So I think it inspires everybody.

And all the other things you said about the cruise industry which is very critical to us in terms of not just the cruise calls but what it does for the tourism for San Francisco and -- I'm happy to hear about the off-the-boat sales. And I'm glad we're going to transition from crab to salmon. I think it's a wonderful program unique to San Francisco.

And of course, you guys have done a terrific job on the funding side. So I want to again thank you. It's really heartwarming, given how much we were hurt during the pandemic, for us to be able to find some relief and that it helps us to get us back on our feet financially as well and that you've laid the seeds with your meetings with Secretary Buttigieg's number-two person. I'm not sure I remembered the name. But you said that and that we continue to --

Director Forbes: Polly Trottenberg.

Vice President Woo Ho: [laughs] Okay -- that we continue to cultivate it because, at the end of the day, it's a people business and in terms of making connections so that we can continue to find sources of funding both at the federal and at state level which is very important and that we also continue the great equity programs that Commissioner Brandon has championed with our contractors' workshop --

-- and, of course, Mission Rock which I think, from my very first Port Commission meeting when we were just approving the negotiations and our negotiation agreements and development agreements. And now to see that they're actually pushing away is really very heartwarming.

So I think, you know, when you pull it out, it's like a big jigsaw puzzle. Right. Every puzzle -- every piece of the puzzle contributes to make a picture of good strength going forward. And of course, you know, we don't do things perfectly.

We've heard that earlier from some of our public comments. But we will also continue to work to how we can help everybody that is part of the San Francisco waterfront. That is what this commission really wants to strive for. So thank you.

7. CONSENT

- A. Request approval of a resolution adopting findings under new State urgency legislation to allow certain members of this body to attend meetings remotely during the COVID-19 emergency; continuing to allow certain members to attend remotely for the next 30 days; and directing the Commission Affairs Manager to agendize a similar resolution at a Commission meeting within 30 days. (Resolution 22-16)

- B. Request to authorize Port staff to modify Construction Contract No. 2814R, Crane Cove Park Building 49 Re-bid, to increase the authorization for the contract amount not to exceed an additional \$565,000. (Resolution 22-17)
- C. Request adoption of the 2022 Uncollectable Balances Write-Off Policy. (Resolution 22-18)
- D. Request authorization for Port staff to enter into a Memorandum of Understanding between the Port and the City's Real Estate Division regarding the purchase, at fair market value, by City of approximately 2.6 acres of Port property located at 1236 Carroll Avenue in the Southern Waterfront to develop a new fire personnel training facility. (Resolution 22-19)
- E. Request approval of Mutual Termination Agreement for Port Lease No. L-7491 (2829 Taylor Street) and Port Lease No. L-9171 (360 Jefferson Street) with Alioto Fish Company, Ltd. (Resolution 22-20)

ACTION: Commissioner Brandon moved approval of the consent calendar. Commissioner Gilman seconded the motion.

No Public Comment on the Consent Calendar.

All Commissioners were in favor.

Vice President Woo Ho: Resolutions 22-16, 22-17, 22-18, 22-19 and 22-20 are adopted and passed unanimously.

8. FINANCE & ADMINISTRATION

- A. Request authorization to award Hollins Construction Inc ("HCI") a contract for As-Needed Technical Services for Pier 70 and Mission Rock Development Projects in an amount not to exceed \$3,000,000. (Resolution 22-21)

Stephanie Tang: Good afternoon, commissioners. I am Stephanie Tang. And I am the contracts and procurement manager with the Port of San Francisco. I am here for an action item to award the as-needed technical services contract for development projects to Hollins Consulting -- I apologize to Guy for the error in your name -- Hollins Consulting for this project.

Thank you to Paul Chasan, the project manager, and to [Elizabeth Alexander Toot] for the collaboration in getting to this item today. Here we go. So I'm here to seek the authorization to award Hollins Consulting, Inc. a contract for the as-

needed technical services for the development projects for \$3 million with a not-to-exceed term of five years.

We'll start with four years with the option to extend for one more year. The development projects including Pier 70 and Mission Rock advance the strategic plan through evolution, productivity, equity and resilience.

This slide shows the contract scope. The Port requires assistance for as-needed multi-disciplinary engineering assistance. The consultant reviews the submittals of our development partners and then looks at the scopes that could include planning and mapping, land transfers, reviewing plans for infrastructure as well as looking at all the engineering items during the construction phase.

This slide shows the process for this formal solicitation. We advertised in January and held the pre-proposal the following week. We advertised to 223 firms including advertising to BIPOC trade organizations.

And since completing a REAP item, we also advertised to BIPOC trade organizations outside of San Francisco. We hosted a pre-proposal conference with 27 participants and responded to nine questions. Proposals were due after a five-week advertisement period.

Two proposals were received. One proposal was deemed nonresponsive due to noncompliance with the LBE requirements. With a single responsive proposal, we could actually just enter into direct negotiations.

We did, however, want to ensure that an independent panel made a determination on the qualifications of the submitted proposal. As such, the proposal was reviewed. And CMD oversaw the process. We did dispense with the interview.

Hollins Consulting scored extremely well. After the CMD rating bonus was applied, they scored 102.66 out of 100 possible points. Hollins Consulting is the high-scoring entity. And Guy Hollins is here today.

They are a San Francisco-based firm. They are an MBE, LBE. And they are certified as a small firm in their categories. The proposed team will have 100 percent LBE participation. And Hollins has significant experience with other city agencies and is the current contract holder for the current as-needed engineering contract for the development projects.

After the request of the award, Port will work towards finalizing a contract and seeks to enter into an agreement around June 1st. The total maximum term including the extension is five years. The resolution before you is 22-21 for the award of this contract to Hollins Construct -- Hollins Consulting for \$3 million. And

this concludes my presentation. And I welcome your questions about this contract award.

ACTION: Commissioner Brandon moved approval Item 8A. Commissioner Gilman seconded the motion.

No Public Comment on the Item 8A.

Commissioners' Discussion on Item 8A:

Commissioner Gilman: Thank you so much, Stephanie, for this report. It seems like you did your process and due diligence. And I support this item and have no questions.

Vice President Woo Ho: Commissioner Brandon?

Commissioner Brandon: Stephanie, thank you so much for the report. And I want to say that I think I met Guy at one of the contracting open houses. And because of COVID, I don't know how many years ago, [laughs] maybe three or four. And at that time, he had not done any business with the Port.

So it's just great to see that, you know, the open house is working. And we are finding qualified, experienced businesses that can compete for Port projects. So I just want to say thank you, and good luck, Guy.

Vice President Woo Ho: Thank you. The report was complete. And I had been briefed previously. So I have no further questions. Thank you. All in favor?

Commissioner Brandon: Aye.

Commissioner Gilman: Aye.

Vice President Woo Ho: The motion passes unanimously. Resolution 22-21 is adopted.

- B. Informational presentation on Local Business Enterprise Contracting Activity for Quarter 1 and 2 for Fiscal Year 2021-2022 (July 1, 2021 through December 31, 2021) and contracting recommendations.

Stephanie Tang: I'm back. [laughter] So I'm here for the -- my goodness. It looks as if -- here we go. Okay. So I'm here to discuss the first two quarters of fiscal year '21-'22 for the period covering July through December 2021.

Unfortunately, Tiffany Tatum was not able to be here today. She does send her regards. And I will try to do her section justice. I'm having some technical

problems. Here we go.

My presentation is going to cover three items today: looking at the contracts that we awarded, the payments that were made and looking at the development agreements. We're also going to look at alignments in the delegated authority. And finally, we're going to talk a little bit about our outreach strategy.

This slide will look familiar to you. And that's because it was the same slide you saw at the last presentation. CMD did not publish new data. So this is the data that we have on the current composition of the LBE community.

It is especially exciting for me to present information about women and minority firms on the day where we have our three women commissioners here representing the commission. This was a relatively quiet period in terms of two contracts being awarded.

One contract was awarded to a WBE firm. But I do want to share a little story about this firm. They previously had been on a project, and they did not win. We did a debrief with them. And about six months later, they came back and happened to win.

So this is part of our whole process of wanting to make sure that we're engaging with firms and making sure that there's ongoing learning from bidding and working and -- with potential people who are working with the Port.

This slide goes through the payments that were made. It was about \$7.7 million in total payments with 38 percent made on as-needed contracts to local businesses. Professional services was about 45 percent. And for constructions firm, it was 64 percent.

Overall, the LBE participation on the contracts in the program was just under 50 percent, far exceeding the aspirational goals of both the mayor and the Port Commission. This slide looks at the five-year trends. Granted, we're only halfway through the year.

But it gives you a sense on if we think we're going to be approaching the targets or not. Right now, I think that, by the end of the year, we will be. And we kind of are right now in line with what we would expect.

This slide looks at the development agreements. Right now, there's \$62 million from Pier 70 which has been awarded to small, micro or SBA LBEs. And the development agreements is \$83.2 million, which is actually 16 percent, not 15 percent, awarded to small, micro or SBA LBEs for Mission Rock.

This next section of the presentation I'm going to talk to you a little bit about some of the changes that happened in chapter 14B. This is also a similar slide to

what you saw last time except what's highlighted are the changes to the threshold and minimum competitive amount calculations.

This was a change that was desired by the community. And the community wanted this because it would increase the opportunity to potentially have micro-LBE set-aside contracts. So as a result of changing the thresholds, the construction threshold in chapter 6 is going to increase from \$706,000 to \$1 million.

And the professional services, non-construction minimum competitive threshold will increase from \$127,000 to \$200,000. So the question is, why am I bringing this to you? The reason why is that the delegations for the executive director for signature in executing contracts is different depending on the statute.

In chapter 6, the delegated authority for the executive director automatically increases. That's just written into chapter 6. So as of July 1st, the delegated authority to the executive director will increase to \$1 million.

For chapter 21 professional services contract, that will only increase with an act by commission. This was last increased in 2010. At that time, it was \$100,000. It has subsequently increased in both 2015 as well as 2020 and will increase again in 2022.

To ensure that the Port is in alignment with what other city departments as well as making sure that the contracting processes are very clear, it is the recommendation of staff to increase the executive director's delegated authority to match that of either the threshold or the minimum competitive amount.

There's two other what I will call clean-up opportunities that we could also make. First is with contract service orders. A contract service order is the particular scope of services from an as-needed contract.

And generally, in other departments, that executive director's authority aligns with what the threshold is. And that would be staff's recommendation. There are also contracts with public entities. And these are contracts where the intended purpose of the contract is to do government business.

So for example, the recent SBDC MOU would be that type of contract. And it is also the recommendation of staff to align that with the threshold.

Now, these are the slides that Tiffany was going to present. And I wanted to talk to you -- I'll do my best to tell you about what she was going to say. About two weeks ago, we started -- let me back up. The contracting and REAP strategies is something that we have been working on very diligently to make sure that the LBE program is embedded into the work of the Port.

And what has been very exciting for Tiffany and I is that we don't have to initiate the conversations anymore. Folks in other divisions are coming to us with either equity or contracting strategies as they're approaching their work.

And we feel like that's a really strong initiative to show that the culture change is actually happening. I also want to talk to you about the contracting open house that Elaine has already mentioned. As we were figuring out what to do, we know that this event is a signature event of the Port.

But when we have to do a second virtual event, we wanted to figure out, how do we make a virtual event make sense and build on the strengths of a virtual event? So the first thing we did was that, coming out of the event, all of the workshops were recorded.

They're now on the Port website which means that you didn't have to be in the room. We were able to really capture, you know, what was happening. And now, that's on a website so that anybody can figure out and can get access to all the wonderful content we delivered that day.

The next thing we did is that we partnered with an event-management company which does virtual matchmaking. Subs were able to initiate private one-on-one meetings with the prime. And through our efforts, we hosted 77 one-on-one meetings.

That's 13 hours of actual networking that happened. Look, I love the energy. I love the chatter if we're in a big room. But we were able to let people have these one-on-one conversations without the social awkwardness of elbowing your way into talking to someone you don't know.

So I just want to highlight a quote that one participant sent to me after the event where she said, "As a micro LBE formed during COVID, we've been struggling to meet with primes and with the agencies to introduce ourselves. This event provided the chance to finally meet with large primes and, of course, to hear about the great info on our upcoming projects. And the setup was actually more effective than in-person events because it allowed for undivided attention from the primes."

I, myself, participate in some of these one-on-one sessions. And because I was sitting at my desk at my computer, I could instantaneously look up information, email them back right away and do all of this right then without having to go back and follow up.

So we're now talking about, how do we marry the energy of the room with also this ability to have these one-on-one sessions and really great opportunity to connect. And while Tiffany is not here, I do want to give her the oppor -- I do want to say that she has done extraordinary work in making sure, how do we --

innovative?

How are we constantly improving? And how do we make sure that what we did last year is the floor for next year, not the ceiling? And that is what we're constantly striving for with our kind of outreach and equity work. And with that, I will conclude. And I'm available for your questions.

No Public Comment on Item 8B.

Commissioners' Discussion on Item 8B:

Commissioner Brandon: Stephanie, thank you again for a very comprehensive report. The staff report was very good. And I read through the entire thing. And I just want to thank you and Tiffany for doing amazing work. You guys have really done a great job in working with the divisions and creating opportunities for our LBE community. It's really showing in a lot of our contracting. So I just want to thank both of you. Please keep up the great work. Thank you.

Vice President Woo Ho: Commissioner Gilman?

Commissioner Gilman: Thank you so much for this report. Just want to say that is super impressive on the networking, 77 individual session. So kudos to you and the staff. I hope that we learn, through COVID, that for many people virtual events are much more accessible, are easier.

Folks don't have to travel. So hopefully, we can find a good combination moving forward for when we do this again. And I had just one question. I might have missed it in the staff report. I know this is informational. It'll come back to us as an action item.

On the delegated authority, is there any other director within the city who will not be at the threshold July 1? Are we sort of the special [starfruit] that we need to take commission action to have Elaine -- Director Forbes be sort of at the same level as the rest of her department heads throughout the city?

Stephanie Tang: I can't answer for all of the commissions right off the top of my head. But I do know that, for both MTA and the PUC, as of right now, their director has authority above what the threshold is.

Commissioner Gilman: Okay.

Stephanie Tang: And the Port actually has a relatively lower -- at the time that I did an analysis about a year ago, we were the lowest of all the chapter 6 departments. So we would be moving up to just what the threshold is, not even beyond what that is. I don't know what the other commissions are doing though in

terms of with the change if they are making additional upward adjustments.

Commissioner Gilman: Actually, that's perfect. That answers my questions for when we need to take action next. Thank you so much.

Commissioner Brandon: I have one more question. I'm sorry, just one more question. Gail remind -- Commissioner Gilman reminded me that I have another question. What is the difference between current and threshold today?

Stephanie Tang: Are we able to go back to the -- are you able to pull up the slides?

Commissioner Brandon: Page nine.

Stephanie Tang: Great. The threshold today is what it currently says in the administrative code. The current is the current delegated authority of our executive director.

Commissioner Brandon: Got it.

Stephanie Tang: So the executive director's authority is on the first line. The threshold in the code is the second line. What the threshold will increase on July 1st is on the third line.

Commissioner Gilman: Got it.

Commissioner Brandon: So we're basically doubling each of the categories.

Stephanie Tang: We're basically doubling it. But it'll just be to what the threshold currently is. And in 2010 when the \$100,000 was established, that was the threshold as of 2010. So we're just keeping in line with what the Board of Supervisors' thresholds are. But it is a doubling.

Commissioner Brandon: So when you're saying currently, you mean threshold as of July 1st.

Stephanie Tang: Yes.

Commissioner Brandon: Okay.

Stephanie Tang: Yeah.

Commissioner Brandon: Thank you.

Stephanie Tang: This is all very complicated, specific contracting stuff.

Commissioner Gilman: And we'll need to take action on that at our next meeting. Or is it just automatic that it goes to the threshold? It needs --

Vice President Woo Ho: No.

Commissioner Gilman: -- to be an action item, right?

Vice President Woo Ho: No. Because it says here Port Commission has to delegate --

Commissioner Gilman: Right.

Vice President Woo Ho: -- to the executive director. We have to approve.

Stephanie Tang: So the chapter 6 threshold will increase automatically with no action.

Commissioner Gilman: Okay. But nothing else will. Okay.

Stephanie Tang: Nothing else will. That's right. Thank you for asking.

Vice President Woo Ho: Thank you, Stephanie. Certainly, the passion that you and Tiffany have comes through and I think makes a difference in terms of what we see in terms of the results of the report that you indicated on the LBEs. And I know this is a passion of Commissioner Brandon.

And the fact that we've exceeded the goal of the mayor and our commission, congratulations. That's, first of all, to be recognized. And the fact that, on the REAP, that other departments -- that you're leaders in this area for the whole city is another major accomplishment and that everybody is now looking to the Port to see how we can improve.

And I love how you have improved the open house because what we heard about earlier was more like, okay. We had one more activity that is our tradition. But what you've really done is add some innovative elements to make it much more meaningful.

I think it's helping because I think you can repeat an activity. But if it's the same, it doesn't necessarily get you better results. But it seems like you're multiplying. So it's one plus one equal three, greater and greater results. And it's helping both I think the primes as well as the LBEs to understand how they can really learn from each other and make this work better.

And we'll have better quality as a result in terms of the people who actually do business with the Port which I think is really our goal is to have quality work be the outcome in addition to sustaining these businesses that need to be sustained

and the employment and everything else that happens that is good for the city and for us at the Port to see the work that's done.

So I think this is a great report. I think it's very uplifting especially in this time after COVID. It's nice to hear how we can continue to continue the momentum of what we need to do. So thank you very much for the report. And we will be happy to vote on the items next time on the delegated authority.

I think those -- it does make sense. I think we don't -- there's no reason for us to be under any minimums. I think we should really be in alignment with other departments in the city. And unfortunately, not since -- well, since 2010, even though we're facing higher inflation right now, there has been inflation since 2010. So we should recognize that as well.

Director Forbes: Vice President Woo Ho, if I might make a reflection, something Stephanie said -- she said other divisions are starting to think about equity and bringing strategy and ideas to Stephanie and Tiffany. And I just want to say that that's the culture change we're looking for.

And I have shared with Commissioner Brandon many times. Commissioner Brandon would ask, "Why is it always me looking at this? Why aren't we all doing this together? Why aren't we being equitable for everyone as a core value of every single individual?"

And Stephanie, I was really rewarded when you said that you're hearing from other divisions equity strategies because that is the culture change we're seeking. And I'm really proud of all of the work we've done together. And thank you, Commissioner Brandon, for leading our way. Thank you.

Vice President Woo Ho: Yeah. Cultural change is not easy. So --

Director Forbes: No.

Vice President Woo Ho: -- it's wonderful to see that you are helping to do more. You're making a difference in the city. So thank you, both of you, in terms of -- and the others on your team, Elaine, for making this happen.

9. WATERFRONT RESILIENCE PROGRAM

- A. Informational presentation regarding Waterfront Resilience Program (WRP) Local Business Enterprise (LBE) Subcontracting and WRP Equity Actions.

Brad Benson: Good afternoon, Vice President Woo Ho, commissioners, Director Forbes, members of the public and staff. Brad Benson. I'm the Port's waterfront resilience director here to provide a quarterly update on the waterfront resilience

program's LBE contracting -- subcontracting efforts and equity efforts, standing in today for Carlos Colon, our program administrator.

If we could start with the presentation, please -- so this is just a brief overview of today's presentation. We want to provide an introduction to the public just where we are in program development, talk about prioritizing equity in the program, give an update about our CH2M Hill contract and LBE subcontracting within that contract and then end with next steps.

So for those who haven't been following the waterfront resilience program, this is an effort that the Port's been undertaking since 2018. It's a Port-wide resilience effort. We've got a number of strategies under development.

We're developing an adaptation plan covering the entire Port. We're very lucky to be in a coastal flood study with the Army Corps of Engineers from Aquatic Park down to Heron's Head Park in the Bayview.

Voters adopted Proposition A in 2018, the seawall earthquake safety bond, to fund urgent life-safety and disaster-response improvements and flood improvements in the Embarcadero seawall area from, again, Aquatic Park to Mission Creek.

We're advancing similar seismic analysis in the southern waterfront with the Port engineering division, have been working with other city departments around Islais Creek with our San Francisco Municipal Transportation Agency, Planning Department and Public Utilities Commission.

And our work relates to broader resilience efforts within the Port including the historic pier rehabilitation program. We hit a major milestone in December. We presented to the Port Commission work coming out of our planning effort and multi-hazard-risk-assessment work identifying 23 Embarcadero early projects that we think are the most important life-safety and disaster-response projects along the waterfront.

We recommended 11 go to pre-design using Proposition A funding. We're advancing other projects through a geographic strategy and coordination with Port long-term tenants, capital programs and other city departments.

And this is really vital to some of the equity work that we're doing in the program that I'll talk about in a moment. So you know, we have three main thrusts of the equity work that we're undertaking right now.

We have a workforce development and LBE subcontracting task ongoing in the program led by the Allen Group with support by Davis and Associates and RDJ Enterprise. We're trying to look at strategies to get San Francisco residents into the types of job training available in the city, so they're positioned for the

resilience jobs that we'll be funding along the waterfront over the coming years and decades.

We've been similarly trying to identify subcontractors who can match up with primes so that they're positioned for future bidding opportunities within the program. And we see that coming up on the horizon within the next couple of years.

The waterfront resilience program team participated in that contract open house, presented about the program. We're really eager to see that kind of matchmaking happen so that we have strong teams pursuing the work in the resilience program.

And then, we're being very aggressive about developing new funding sources waterfront wide so that we have an equitable approach to investment along the waterfront. Oops. Sorry about that.

So we're really inspired by our colleagues in the Port and elsewhere in the city who are doing race equity action planning. Queuing off of that work, we've started a new task in the program starting with a discovery phase, getting the equity team up to speed about all the different work streams that are happening in the waterfront resilience program including a series of interviews to support development of a roadmap to equity so that we can seek equitable outcomes in terms of program development and investment over time.

We're really thinking deeply about how we engage in terms of the planning effort. We're thinking about big changes to the waterfront over time. And we really want to be intentional about inviting people into the public-engagement process who don't normally come to public meetings and participate.

Turning to our CH2M Hill Engineers contract, this is the primary contract supporting the program. As of this quarter, we've had total payments to the contract of approximately \$31 million, \$7.5 million approximately going to our LBE subcontractors.

That represents 23.9 percent of the payments made to date, of those 6.7 percent to MBE contractors. I would like to point out that number is actually a little over 10 percent because our subcontractors can either register as MBE contractors or WBE contractors. And they can only choose one designation.

We've had about 17.4 percent go to our WBE contractors with the breakdown by race as you see on the slide. Looking at planned versus actual expenditures, we've got -- right now, we're in the planning and program development phase, phase one of the contract.

We're starting phase two, which is preliminary design. In each of the tasks in

phase one, CH2M has exceeded their planned expenditures on LBEs. Overall, they were planned to be at 12.8 percent of the total contract on LBE expenditures to date. Their actual is at 15 percent, roughly 2 percent higher than planned.

So we're on a good trend line in the program, continuing the trend over the last couple of quarterly reports. In terms of next steps, we will continue to report to the commission at the same time Stephanie provides updates about Port-wide LBE subcontracting.

And we intend to provide an update on contracting going forward in the waterfront resilience program about the middle of this year. And with that, I'm happy to answer any questions that you may have.

Vice President Woo Ho: Thank you, Brad. Thank you for that report. It dovetails very nicely with what Stephanie has said. So it's good to have the two combined together on a very important part of what we're doing in terms of resilience.

No Public Comment on the Item 9A.

Commissioners' Discussion on Item 9A:

Commissioner Gilman: Thank you, Brad, for this thorough report and for the staff report. It's really exciting to see us move forward with the 11 projects we picked for the design phase. So it's exciting to see that. I can't wait to hear more details.

Again, I do want to echo what Vice President Woo Ho said. Having you do this with Stephanie's report really gives us a total snapshot. Resiliency is so important so that, 50, 60, 100 years from now, people are still enjoying this waterfront. So thank you so much for the report. I have no questions.

Vice President Woo Ho: Thank you. Commissioner Brandon?

Commissioner Brandon: Brad, thank you so much for this report. As Commissioner Gilman said, it's wonderful that it's happening at the same time as the other contracting reports are happening so that it all flows together. So I really appreciate the presentation.

I just had a couple of questions. I'm wondering if -- and I want to thank you because we are moving in the right direction. I know we started out a little slow, but we are moving in the right direction. And I think it's great that we are opening up opportunities to more individuals.

So is your team working with Stephanie and Tiffany to help with the outreach to

LBEs and the minority communities for contracting, for jobs, for funding, for everything?

Brad Benson: The answer is yes. So each time we have a new task under the contract, we submit that task to finance and administration and Stephanie for review. Anytime there is a request to add a new contractor with a specific skillset, that has to go through the CMD advertising process to see if there is a qualified LBE subcontractor.

And we collaborate with Stephanie on that work. And yes, we do collaborate with Tiffany as well in terms of the contractor open house, training opportunities. She's very active with the City College training program. So we're looking for all of those opportunities to create synergies with the work that's going on in the program.

Commissioner Brandon: Wonderful. And at the contract open house, how many meetings did you guys have with potential LBEs?

Brad Benson: You know, Adam Varat was the person who made the presentation at the open house. And Carlos was there. So he's out today. So I can't report on the number of connections that we saw with our table. But I'll follow up with the commission with that answer.

Commissioner Brandon: Thank you. I really appreciate it. And I really appreciate the report Thank you.

Brad Benson: Thank you.

Vice President Woo Ho: Thank you. Brad, thank you for that great report. I think, number one, I just want to comment in general as I hear the two reports today. I think that we, at this commission, believe in a lot of transparency. We talk about it a lot with the staff and with Elaine.

And I think the process and the openness of our contracts relative to other government agencies in the city, I think I'm very proud of our record in terms of the transparency and the reporting that we do to make sure that we are meeting our equity goals but also meeting all of our integrity goals at the same time which I think is very important.

So I just had one question on CH2M Hill as the major prime contractor. Obviously, you've given us a report in terms of what they're allocating out of this major contract for the waterfront resilience.

Can you talk a little bit about what they are doing otherwise in general to sort of - is this making a difference to them in terms of how they're working not just with us but maybe with other parts of the city?

Brad Benson: In prior reports, we've talked about some of the equity efforts that CH2M has been pursuing internally. And we think that they have a pretty strong corporate commitment to equity. What I've seen in terms of locally and some of the actions -- they came to us with, you know, at our request, an opportunity to bring on a new intern recruited from the Bay Area.

So we have a new engineering intern who is a CH2M employee who is working for Steven Reel. And she just started -- her name is [Lauren]. And I'm forgetting her last name. I apologize. She just started last week. And we had a welcome lunch today.

I think the entire team is highly motivated to identify LBEs for all the new work that we task under the program. So there's a very consistent effort. And that's why you saw in the stats for each new task in phase one they've exceeded the planned expenditures for LBE work. So I think that there is a good commitment there. And there's a good ethic within the team.

Vice President Woo Ho: Mm-hmm. And I just only make that comment not to say that they aren't but just to get beyond the check-the-box kind of attitude but to really make an effort to sort of improve what we're trying to do here both in terms of the local economy, the city, within the Port, etcetera.

So that's what my comment is addressed to, that we do have primes that are looking to make a difference in terms of how they pursue their work going forward.

Brad Benson: If it would be helpful, in our next report to the commission, we could provide an update about some of the prime-specific sort of equity commitments just to continue that discussion.

B. Informational presentation regarding the San Francisco Living Seawall Pilot Project.

Kelley Capone: Hello, Vice President Woo Ho, commissioners, Director Forbes and member of the public. I'm Kelley Capone. I'm a project manager in the waterfront resilience program. And we're very excited to be here today to tell you about the living seawall pilot study. Can I get the presentation?

Okay. Thank you. The living seawall pilot study is a partnership between the Port of San Francisco and the Smithsonian Environmental Research Center. And this is our agenda here today. So I'd like to start off with introducing the project team.

Again, I'm Kelley Capone. I'm the project manager for this project. Matt Bell is an engineer with the waterfront resilience program. And he's the project

engineer for this. And he's here to -- you'll hear from him later on in this presentation.

But also on the project team is Tim Felton and Luis Vallejos from the Port maintenance division. We have Chela Zabin and Andy Chang, scientists from the Smithsonian Environmental Research Center, and Abby Mohan and Kris May from Pathways Climate Institute.

And we're going to give you an overview on the pilot project today, how it was developed. We'll review some of the native species and the habitats within the Bay. We'll look at a couple of precedents of other living-seawall-type projects. And we'll end with project costs and next steps for this project.

With climate change and sea-level rise and the need for flood protection, there is a movement to focus on nature-based resiliency and engineering with nature and attempt to provide a benefit for the environment. And this means reimagining how seawalls are designed.

We want to emphasize benefits to native species and improve habitat quality within the Bay. And this study will help us learn so that we can incorporate engineering with nature in our future earthquake and flood-risk-reduction projects.

And we have a super-great team that you'll hear about through the whole presentation. We're very proud of this project. This is an overview of the pilot study. The objective is to understand the opportunities for ecological enhancement of seawalls.

And again, this was a collaboration between the waterfront resilience program, Port maintenance, Port engineering and the Smithsonian environmental research center to develop and design this project.

Matt will give you more information on the detail of the project later in the presentation. But in general, this project consists of installing frames with small and large-size tiles, with textured surfaces and admixtures to promote marine growth in three locations and at three tidal elevations.

The scientists will study the growth on the tiles for a minimum of two years of monitoring which will be supported by the Port maintenance division. And at the end of the study, we'll have a report on the potential benefits of the textured surfaces and the admixture to enhance Bay habitat.

This project will add to the Port's nature-based projects. This is a list of some of the nature-based projects the Port has. And I'm going to hand it off to Matt now who is going to review some of the study questions and will provide more detail on the design. And then, I'll come back to talk to you more about the species.

Matt Bell: Thank you, Kelley. Thank you. Okay. Here we go. So the current body of research tells us that surface textures that mimic natural textures generally result in more diverse growth. And you can kind of see this on the slide, the difference between the flat seawall surface and the more rough and textured seawall surface there.

Our study in particular has been designed to answer a number of key gaps in the current research. So most past research on this topic has been done in the intertidal zone, which is between the high and the low tide.

Our study is going to see if the benefit of texture extends into the subtidal zone by having tiles at three elevations and the lowest row of tiles located below low tide. So this is a particularly important zone to study because, with sea-level rise, today's intertidal zone is eventually going to become a subtidal zone.

So continuing on, a lot of current research has focused on a single study site. Our study is looking at how the texture benefit might vary with different wave-exposure and salinity conditions. And we've selected three study sites along the Embarcadero waterfront to capture the effect of these varied conditions.

Most research to date has tested a single scale of textured tile or other enhancement feature. And we want to see if there's a benefit to larger scale. So we're planning to test both small tiles that are one-foot square as well as large tiles that are roughly three feet by six foot.

And finally, most research to date focuses on species richness in general. Our study is going to be monitoring to see whether the texture benefits native species more than nonnative species. Those are some of the things that we're looking for to learn from our study.

Overall, we want to see what conditions lead to the greatest growth and diversity on these surfaces with a particular focus on native species. And the plan is to apply whatever we learn from this pilot study to future resilience-improvement projects.

So the study results are going to help us make smart investments in similar surface-texture enhancements at the places where they're going to actually have the biggest ecological benefit. So pretty clearly, this study is going to be directly applicable to San Francisco's waterfront.

We also think it's going to put us in a leadership role in this growing field of living seawalls. We plan to share these findings. And we think they'll be very relevant to other waterfront projects in the San Francisco Bay. And in general, it's going to contribute to the growing global body of research on this topic.

So here are our three sites. There's the Pier 45 east breakwater. There's the seawall south of the Agriculture Building. And there is the South Beach Harbor east breakwater. So these three sites met our selection criteria and will allow us to capture the different conditions in the north, central and southern portions of the Embarcadero waterfront.

So now, I'm going to talk a little bit about the frame design itself. As Kelley mentioned, we had a really great team that collaborated together to come up with this installation design that -- you know, first and foremost, it supports the experiment. It supports the science. It will also be safe for the scientists to use. It's relatively economical and constructible.

You can see that we are mounting the small tiles to a steel frame. There's a standing platform where the scientists can safely perform the monitoring work. It's a little hard to see here. But the bottom row of tiles on the frame are removable. So you can actually lift them up when you're monitoring out of the subtidal zone, take a look at them and then put them back.

And you can see in these photos -- what you see in these photos is actually a prototype frame that our maintenance division built. And then, we invited the scientists from the Smithsonian to come out, get some hands-on testing and experience with the frame. And we incorporated their feedback into the final design.

So now, I'm going to give it back to Kelley. And she's going to talk a little bit about some of the species we'll be monitoring for.

Kelley Capone: Thanks, Matt. Okay. These are some of the native species in the Bay and some of the target species for this study: The native Olympia oysters on the left are down from historic numbers. They provide food and habitat for other species. And they are a target species for restoration within the Bay.

The rockweed is a seaweed that's found in the mid to high-intertidal zone. It's considered a foundation species. It provides food and habitats. And because of its importance as a foundation species, it's a target for mitigation funding within the Bay.

And I'm sure everybody's familiar with the one on the right, the Pacific herring. This fish requires hard substrate to spawn its eggs. It's important to support food webs within the Bay. It's a commercial fishery. And it's a state-managed fish stock. So these are our three target species that we want to see if there's a benefit to through the tiles and having the surfaces of the seawall.

These are native seaweed species that we expect to see inhabit a healthy shoreline within the Bay. These are species that are found on rocky shorelines

around the Bay. And with the modifications that we're testing to the seawall, we think that it'll help promote these species.

So we expect to see an increase in colonization of these species with the modification of the textured surfaces and the admixture that could be a treatment for the seawall. Similar to the last slide with the algae and the seaweed, these are some of the animals that we expect to colonize the new habitat.

So the top line are grazers and filter feeders. They're chitons and mussels, littorines, which are small snails, and limpets. And the bottom row are more mobile fauna like isopods, crab and nudibranchs. So again, these are some animals that we expect to see colonizing the new habitat.

Globally, there's been an increase in research related to living seawalls. And in general, the research is finding that the traditional vertical seawalls -- Matt showed the picture of the traditional seawall and the steps that were over at Marina Green -- that the research is finding that traditional vertical seawalls do not provide good habitat for native species.

So when seawalls mimic elements of nature like having crevices and grooves and pits and interesting little spaces or having water-retaining features, there's a benefit to native species.

This is an example of the Sydney Harbor living seawall. And what they did in Sydney is use these tiles that mimic mangrove prop roots because that's what would be along their shoreline if they didn't have a seawall. So they use what's local and native.

And a little closer to home, this is the Elliott Bay Seattle seawall which is salmon focused. This is an ambitious project with multiple elements. It's really something. If anyone's interested to learn more about this project, it's a very interesting project.

They were finding that juvenile salmon used the area in front of their seawall as a migration corridor. And they were avoiding urban areas and dark spaces. And they were not feeding during their migration. So they had a goal to increase -- to improve the corridor for salmon.

So they installed this seawall that has glass blocks at the top that lets light in, vertical sloped textured areas and a marine mattress to create feeding areas and a good migration corridor. So it was an improvement for the salmon.

Okay. Back to our living seawall pilot project, this is the phases and the costs. We've completed phase one. We are in phase two now. We're doing the permitting and the fabrication and purchasing the materials. The total cost for

the project is just over a million dollars.

This is the last slide here. And this is our next steps. So we're going to complete any permitting and notifications that we need to do, purchase the materials, complete a health and safety plan. We'll fabricate and install the frames which will be done by Port maintenance.

There will be a baseline survey and two years of monitoring by the Smithsonian scientists, all supported by Port maintenance. And at the end of the study, everything will be removed from the Bay. And we'll have a report that will help us to design our seawall and also be available for all Port projects but all projects within the Bay.

And that data is also -- go into the global research to be used around the world. So that is our living seawall project. And if you have any questions, I'd be happy to answer them.

No Public Comment on Item 9B.

Commissioners' Discussion on Item 9B:

Commissioner Brandon: Thank you, Kelley and Matt, for this report. I think this is a very innovative project. And it will definitely add to our nature-based projects that we already have along the waterfront. I think it's exciting.

I just had a couple questions regarding the funding. I'm wondering -- so can you just tell me a little more about what the collaboration is? Is it that we pay for it, and then the scientists come and study it? How does that work?

Kelley Capone: We are paying for it. The collaboration was really in the design and the design of the study and the design of the frames. This is funded through the [bond A] work that will be -- because the design will be used --

Commissioner Brandon: Right. So that's -- the Port is paying for it.

Kelley Capone: Mm-hmm. Yes.

Commissioner Brandon: Right.

Kelley Capone: Yeah.

Commissioner Brandon: So is the Smithsonian paying for any part of this? Or are we --

Kelley Capone: No.

Commissioner Brandon: So we're paying for the scientific monitoring also?

Kelley Capone: Yes.

Commissioner Brandon: So we're paying the Smithsonian to come and monitor?

Kelley Capone: We are. Yes.

Commissioner Brandon: Okay.

Kelley Capone: Yes. We are going to also apply for some grants to try to see if we can get some grants to help with the monitoring process.

Commissioner Brandon: Okay. Then, is this funding -- does it include Port labor? Or is that separate?

Kelley Capone: This does include Port labor. That total includes the Port maintenance division time for fabrication, labor and also use of the Port boats for the monitoring. So that's part of the collaboration also for the monitoring is the Port is going to provide the boats for the scientists and some staff also.

Commissioner Brandon: So is that included in the funding here, the \$1 million --

Kelley Capone: It is. It is included in that. Yes.

Commissioner Brandon: Are you sure?

Kelley Capone: Yes.

Commissioner Brandon: I mean, I --

Male Voice: Yeah.

Commissioner Brandon: Okay. Okay.

Director Forbes: It is. I don't know if we'll charge the Prop A bond for our maintenance staff time and fabrication. So we'll need to decide. The other costs definitely are all Prop A funding. And we could charge off our maintenance division time. But right now, we're doing it as an in-kind to the project. And the maintenance division has been very excited about the fabrication and being part of the study.

Commissioner Brandon: Thank you. Thank you. I appreciate it.

Vice President Woo Ho: Commissioner Gilman?

Commissioner Gilman: Kelley and Matt, thank you so much for your report. You answered my questions around the funding because that was a question I also had. And I guess all -- I'm just going to say I think this is so exciting sort of like, wow, look at all these creatures that we could be bringing back to our waterfront.

I just find it intellectually really curious. I'm so happy we're working on this. And I'm excited that staff are excited about it as well. Hopefully, we can get some grants and leverage those in-kind services that we're providing to help us get grant funding to do this.

I think it's really exciting. And any way that we could also incorporate any of our educational programs that we have with our youth particularly in the southeast sector, that maybe they could participate or see this monitoring, I just really want to encourage the staff to involve the communities that border all of these three sites to engage youth and members of the community to be part of it. So thank you.

Kelley Capone: Okay. Thank you. We'd like that very much too.

Vice President Woo Ho: Thank you, Kelley and Matt. It was a wonderful report. I mean, it's great to know that we are really tied to nature. It is a very innovative project. I'm not sure that I thought about, you know, how the seawall can contribute to sea life.

But I did want to just ask a couple questions. As we are monitoring this, are we also looking at, you know, how different aspects of these animals and the design of the seawall in terms of crevices and all that, how that will affect the actual resiliency of the seawall itself in terms of it meeting its objectives beyond what we're doing in this particular project?

So is that something you'll be looking at? Because, obviously, we have a 100-year seawall today that is now obviously failing. So I don't know if we have any projections of, if we use this type of design and construction, what would the life expectancy of the seawall for the purposes of being a seawall be -- so if that's something we would learn as a result of this in addition to how we're helping to contribute to the ecosystem of the Bay which I think would be useful to know.

Kelley Capone: Right. We won't be really looking at the structure of the --

Director Forbes: Kelley, could you move into the microphone, please?
Thank you.

Kelley Capone: Sorry. Thanks. We won't be really looking at the structure

of the seawall and the integrity of the seawall through this project. We're going to be very focused on -- because this will be just these tiles to see if -- but we are looking at the seawall through other areas of the waterfront resilience program and coming up with proposals to address the seawall seismic safety and flood risk reduction.

But this information will help with the design of the actual surface of whatever the ultimate project is, the surface treatment of that project, to benefit the environment. So it's very focused on just what the surface treatment would be for a future project.

Vice President Woo Ho: I'm aware of that. And I just want to just make sure that we put it in the right context in terms of when it is because, you know, you're just doing a pilot. And you're only doing it in three areas. And you're going to learn in terms of what that does.

So I think we just want to make sure that, as we look at the bigger project of how we replace the seawall, that we understand how the surface can also impact what we want for the seawall itself. I'm certainly totally in support of what you're doing.

I think it's fantastic, sort of very interesting. I would echo what Commissioner Gilman said. And I think I mentioned something to Executive Director Forbes -- whether we could involve like the Exploratorium or even the California Academy of Sciences to include something once you have your results to have this in one of their exhibits.

So this would be an educational piece that we could share with the children of San Francisco and any other visitors, so there would be -- I mean, this is groundbreaking kind of news. I mean, I think it is very different to think about how we're doing this. It's very interesting in that sense.

I think, since we're trying to promote native species, which I think is a great idea, do we worry about alien species at the moment? How are you going to control that? Because I mean, I have heard that we've had some alien species that have upset the ecosystem.

Kelley Capone: There's a lot of nonnative species in the Bay. And we will see them as part of this study because it's just the condition of the Bay. But we hope to be able to see if some of this texture surfaces really help give the native species a benefit for colonizing an area like this.

And my understanding is there's kind of the lifecycle. So at different times of year, there could be a different variety of things on these tiles and on the seawall. So we will monitor for native and nonnative and then hopefully be able to make some conclusions that benefit natives. But we'll have to see what the

study --

Vice President Woo Ho: Okay.

Kelley Capone: -- what the study shows.

Vice President Woo Ho: That kind of leads into my last question which is what you're using the new surfaces and comparing to the existing surfaces to see what does the existing surface promote in terms of sea life and what this different surface -- because I don't know if it will be the same or different.

We have alien species as well as native species. So I hope that we would learn what the existing seawall is doing as far as surface. I'm sure this new surface will be actually more active because it's being consciously designed to promote more activity.

But there should be a baseline to compare. And I hope that, when you come back and show us the results, that you're also doing a baseline comparison as well so that we understand the difference. And it's not just we have something new. But we know what the existing is. And hopefully, we can see the difference.

Kelley Capone: Yes.

Vice President Woo Ho: And we think the difference is more positive. Because I'm not sure today we totally know, in your presentation -- you may all know. But I'm not sure we all know what the existing baseline of the existing seawall does for sea life.

Kelley Capone: There's a lot more to learn even with what's existing out there. But yes. We will definitely make those comparisons. There will be baseline surveys. And we'll also be comparing different tiles to each other.

So some tiles are textured. And some tiles are not textured. Some tiles have this admixture which is an additive to typical marine concrete like crushed oyster shells. It's meant to promote marine growth. So we'll be comparing different tiles to each other also in addition to doing a baseline survey.

Vice President Woo Ho: Okay. Thank you.

Commissioner Gilman: [Can I just add something]?

Vice President Woo Ho: Yes, Commissioner Gilman.

Commissioner Gilman: Sorry. Just one thing -- I hope you'll come back before two years and give us updates on this --

Kelley Capone: Sure.

Commissioner Gilman: -- because I just think it's so interesting particularly around these comparisons on the oyster shells versus the surface versus native species or alien species. I think this is -- I mean, everything we do up here is incredibly enjoyable and fulfilling. But I think this one in particular we're all excited about. So I hope we can get some updates.

Kelley Capone: That'd be great. We'll be getting data and reports along the way so happy to come back. And I'd really love to come back and give you an update on some of the educational opportunities associated with it too.

Vice President Woo Ho: Yes. It would be wonderful to hear those and continue to collaborate with the other institutions in the city on it. They should be excited. Carl, next item, please.

Kelley Capone: Thank you.

10. REAL ESTATE & DEVELOPMENT

- A. Informational presentation on a competitive solicitation strategy to lease two currently vacant spaces - the Ferry Plaza East Building behind the Ferry Building and the space for restaurant at the East-End of Pier 33 ½ Building.

Rebecca Benassini: Good afternoon, Vice President Woo Ho and Commissioners Brandon and Gilman. I'm Rebecca Benassini, your deputy director for real estate and development. I'm sad we had the break because I was going to try to connect our pilot solicitation project to the seawall pilot project. But it's harder after the break.

So we have an informational item for you today on developer-solicitation approach and also a little bit of focus for sure on the two buildings which are vacant right now. We typically have the process -- or we have in normal pre-COVID times -- of doing the informational on the property, what the solicitation goals will be.

Then, we talk to the community, get their input. Then, we come back for an action item. Because of these very, very, very difficult times that we are in and the vacancies we have ourselves and the ones that we see around us, we want to talk to you about the solicitation process and approach and a potential pilot approach including the use of a broker or a -- including the use of brokers for these sites and test them out on these sites, see how that process goes.

And then, for other sites when they come forward, we can adjust. So with that, I

want to introduce Ricky Tijani, our development project manager who's been leading the way on this. And I want to recognize Joshua Keene and other Port staff members who helped shape the informational items you're going to talk about today so far. Ricky?

Ricky Tijani: Thank you, Rebecca. Good afternoon, Vice President Doreen Woo Ho and commissioners. As Rebecca indicated, my name is Ricky Tijani. I'm development project manager in the real estate and development division of the Port.

This offering here -- I know that Rebecca [alluded to] developer. This is a retail restaurant space. But because the building is a little bit complicated, it may look like something that appeals to a developer. But we will be looking at retail respondents.

So this presentation is about getting your feedback on a proposed leasing strategy to lease this to currently vacant retail spaces. One of them is what we call the Ferry Plaza East Building, which is that two-story building behind the Ferry Building. And the other one is the Pier 33 1/2 restaurant space.

The leasing that I'll be discussing is prompted by the current state of the market, the profile of the Ferry Plaza East Building in particular and the need to pursue our economic recovery. So in terms of the overall view of my presentation, again the purpose of this presentation is to share with you the confluence of issues leading us to prescribe changing our leasing strategy, the number of measures to take to aid our leasing effort towards the economic recovery.

So this outline covers the issue, the strategies and the measures that we need feedback on. The strategy we are proposing along with the measures -- we are also proposing to re-lease and reactivate these vacant spaces in alignment with the productivity, stability element of the Port strategic plan.

By way of background, as you know, in recent staff report, [there are] recommendations about our economic recovery initiatives that include developing a long-term leasing strategy. The strategy we want your feedback on include how do we more timely and efficiently lease our vacant spaces along with the measures not only to help prospect, find our offering but to proactively address [feasibility] issues.

One key measure is going back to leveraging [a brokers' toolbox] meaning that using broker with their expertise and infrastructure and [the know-how] to help us speedily re-lease our property. They have the time. They have the data. They have the relationship. And they know the deal structure of other competitive offerings that are out there.

From 1993 to 2007, you allow us to use broker. But at Port staff request back in

2007, you rescinded our ability to use broker because the market at that time was very, very healthy. Prospects were knocking on our door to lease our space. So we don't see a need for a broker at that time.

However, in rescinding that ability, you did indicate that, if the market [gets worse], we should come back and ask to reconsider. Currently, we have too many vacant spaces.

As Rebecca indicated, we are looking at these two property to kind of like pilot test this using broker concept. The two spaces are indicated on this slide with the yellow stars. The top one is the Pier 33 1/2, and the lower one is the Ferry Plaza East Building.

The Pier 33 1/2 restaurant space is a nice unique space. It has a floor area of approximately 5,000 square feet, has frontage on Embarcadero. It is near the Alcatraz landing that have over 1.3 million visitors prior to COVID-19.

And it has a great view of the Bay from the interior of the space and is easily accessible by all modes of transportation. It does have some challenges, as you know, because the interior space would need to be upgraded. They can't do anything to the exterior other than signage.

The second building is the Ferry Plaza East Building beside the eastern edge of the Ferry Plaza. It's a two-story building with approximately 18,000 square foot of interior space. And as you know, the Ferry Building is a major tourist attraction.

They're experiencing over eight million visitors per year prior to COVID-19. We think the building would benefit from it. And this building has a spectacular, incredible view, almost 360-degree view of the Bay, the bridge, Treasure Island, city skyline.

And it is easily accessible by all modes of transportation. It does have challenges. And the challenges that it has is why we're saying that we may need the help of a broker to help us re-lease this space. Both the interior and the exterior will need to be reconfigure or upgrade.

The large floor area that it has speaks to that this will appeal to special tenant, not your regular tenant but a tenant that is sophisticated to handle that very large floor area. And it may require some complementary uses to kind of like take up the bulk of that space.

Again, as I indicated at the beginning of this presentation, that this confluence of issue, the profile of the building and the current market condition that we are in - - so now, I'm going to talk about the current market condition because it is extremely difficult at this -- the current market condition is extremely difficult in

the sense that the foot traffic is not there.

About one-third of office workers are remote working. Visitors are still building up. As Elaine pointed out, we are beginning to see positive sign. We are beginning to see more people on the promenade.

This is beginning to build up. However, the primary driver for retail spaces is usually the people. And those people are generated through all this area. So for instance, San Francisco hotel occupancy -- that decreased from 85 percent to roughly 60 percent.

They too are building up. And those people that stay in those hotel, they do go to the restaurant and create a demand. Private landlords are using broker. And they are offering incentives. And we don't see why we can't do the same. So if permitted, Port will use broker and some incentives that we are recommending.

Here is kind of like a quick comparison between the broker-assisted solicitation and our traditional RFP process. To pursue this, we are going to be coming back to you to repeal that prohibition of using a broker.

In selecting the broker, we're going to go through the city department of real estate to speed up the time because they already have pre-approved broker. So we don't need to solicit broker ourselves. And the competitive solicitation process vetted those brokers that they have in their pool.

Broker will be using the criteria that we provide them in terms of meeting Port objectives and city policies and the requirement or other offering objective that we want them to convey to the prospect.

And when the broker select -- help pick maybe two or three prospect for a particular site, they will bring it to us. And then, we will conduct our interview to make sure they meet all the requirement or the solicitation criteria specified in the offering.

Compared to the traditional RFP process -- again our traditional RFP process, we issued the RFP. We lay out the criteria. We advertise. And we do outreach. However, we tend not to be able to reach out to those tenants that prefer to go through broker because they [run a full course] on their day-to-day business. And they have certain prescribed requirement that [they feed to] broker.

So oftentimes, they try not to bother with our RFP. We will go through the process of, you know, vetting the prospect [unintelligible] in the interview. And of course, you will have the final say in terms of the prospect to enter into ENA with, the same thing with the broker-assisted solicitation.

You will have the final say. We will come to you with [either] recommendation or

ranking. And then, you will pick what we should enter into a [solicited] negotiation with.

Just to point out that this broker -- using of a broker is -- our master tenants are not prohibited from using broker because they have control like that. And so we provide a list of the existing master tenants that we have.

So on the conclusion on the current market condition and the property themselves -- because the unique profile of those properties and the current market condition is what is dictating that we use a broker to assist us at this time.

So unique property requires unique approach, recommending, you know, using the broker for this pilot program. As you know, we may be getting more properties back. As you know, the Embarcadero Center, our neighbor here, they're experiencing the same thing. And many landlords are experiencing the same thing.

We are hoping that the Port will continue to do better. But just in case, if this current market condition persists, we may have additional vacancies. And we want to be prepared to be able to use this.

So benefit of this offering would be, of course, to [unintelligible] recovery, generate revenue for the Port, renovate these properties for the Port, attract more visitors particularly for the Ferry Plaza East Building, to bring people to the eastern edge of the platform, enhance the day/evening activities on the Ferry Building and, of course, the other program that we have in mind, diversify tenant, local contractor and suppliers and equity inclusion.

In terms of the offering term, we will be coming back to you after this presentation once we get the feedback that we can use a broker. So when we do come back, we will have more input in terms of the anticipated offering term.

But just to let you know [why] we are talking to the broker, we need to share with them the type of thing that they may be sharing with prospects. So we would want the interior to be reconfigured for both building.

We want them to increase the appeal. Permitted use is most likely going to be retail, restaurant. For the Ferry Plaza East Building, it may be more than a restaurant. It may include other uses. Lease -- we are expecting it to be between [10 t --] 10-year lease.

But that is going to be dictated by the amount of capital investment they will be investing because that would dictate how long it would take them to recover their investment. Of course, we will be looking at their capacity both financial wherewithal and a minimum of operational experience, usually three to five

years.

In seeking stakeholders' feedback, we will definitely be touching base with BCDC because BCDC permits are required, and we need to be able to inform the broker and the tenants what those steps would be because those existing permits may need to be updated.

And of course, we'll be seeking input from the Northern Advisory Committee. We will use that opportunity to invite BART and other tenants to [use that] for integrated feedback because that Ferry Plaza East Building is actually the roof of the BART ventilating structure.

So [we're sure] that we want to be sensitive to BART and we [inform] them. Of course, we will return to the Port Commission and share with you the input that we receive and to allow you to allow us to start pursuing the offering.

So we welcome your comment. Rebecca, Josh and I are here to assist in responding to your questions. On that note, I'll conclude the presentation.

No Public Comment on Item 10A.

Commissioners' Discussion on Item 10A:

Vice President Woo Ho: Public comment is closed. Commissioner Brandon?

Commissioner Brandon: Ricky and Rebecca, [laughter] thank you so much for this presentation. I remember when we used brokers in the past. And I think it was a positive experience. But due to the fact that we had less vacancy, we didn't really need the broker.

So just for my clarification, if we were to use a broker, it would be for these two projects. And would we try and lease them together or separately?

Ricky Tijani: It depends. The good thing about a multi-offering is that we're able to put two properties out there. You may have a tenant that has the capacity and they want to be in San Francisco that take up to two. But we are expecting that it may be two separate tenants. It depends. We'll take whatever we get as long as they meet that criteria.

Commissioner Brandon: Okay. So the selection process -- I wasn't quite clear on the difference of the selection process between broker RFP and the traditional RFP.

Ricky Tijani: Thank you for that question. The difference between the two is that the broker will do the research on the building. They will look at the market conditions. And they will look at our criteria. And they will recommend what they

think will work.

Minimum, they have to meet our minimum requirement. And then, they'll go out and solicit prospects. So if they get three or four prospects, most likely they will get what I call letter of intent that they will bring to us.

But that is just the beginning because we need to interview those tenants that they understand our requirement, and they meet the minimum qualifications. So we will do the interview and then come back to you which is similar to the traditional RFP.

In this case, there is no middle person involved. The disadvantage of the RFP process from our point of view is that many of the tenants probably do not have the time to go through our process because that's not how they do business.

They use a broker. And the broker do the screening for them. They bring everything to them because this tenant know what they're looking for, what their requirement are and so forth and so on. So the broker is able to reach all these other tenant that our RFP would not reach because we -- our traditional marketing is to advertise, talk to local businesses. So that's the difference between the two.

Commissioner Brandon: Okay. So the selection -- the criteria for the selection process will be the same for both.

Ricky Tijani: Yes.

Commissioner Brandon: So we would give the broker our criteria for what we're looking for in a tenant. And then, they would bring us back interested parties

Ricky Tijani: Yes, except that they're doing the legwork like the touring of the property, information about the San Francisco Bay's economy, all the info that we -- you know, we summarize them in an RFP. But they do a whole lot more than -- because we tell the prospect that they have to do their due diligence. It takes them time to come find out all those info. The broker will be assisting them with that.

Commissioner Brandon: Mm-hmm. Is there like a standard fee for brokers? Or is it dependent on --

Ricky Tijani: You mean in terms of compensation?

Commissioner Brandon: Mm-hmm.

Ricky Tijani: Yeah. We are going to work on the compensation structure. We'll

be bringing that back to you. Between 1993 and 2007 when we're using broker, you were authorizing us to not exceed more than 6 percent of the rent over a given period because the broker would not end their commission until the deal is done, the tenant is in. And then, they -- there's a structure to it.

Here, we are going to be looking at what the market is currently doing. And then, we're going to come back to you with what we think is the best compensation structure. We may have a table that go from minimum commission -- minimum percentage maybe from 2 or 3 percent to the maximum that we think it should be.

Or it could be on a fixed fee. The fixed fee usually doesn't work for retail. It work for office building. So -- because we want to incentivize the broker to go out and get this done. So we will come back to you with a market-informed compensation structure.

Commissioner Brandon: Thank you. So the proposed concept that you have in the staff report -- is that the basic criteria we're looking for with both?

Ricky Tijani: You mean the criteria for selection?

Commissioner Brandon: Mm-hmm.

Ricky Tijani: Yes. Usually, we want them to have minimum experience, that they have experience with the type of proposal they are submitting or use. Say for instance for the Ferry Plaza East Building, if they are proposing to have -- I don't know -- a night club or a dancing component to their program or they want to have some other [unintelligible] activity that is unique to sitting inside and sitting outside and they may have different program done in the daytime versus the evening, we want them to have had experience doing that or at least bring somebody in with them or part of their team that have the experience.

And then, they have to show us their performance and tell us they know what they're doing. We have to look at their resources. Is it going to be financed? Is it going to be money out of their pocket? So all the due diligence that we normally would do will be specified that they need to meet those conditions.

So as I said, the experience, the capacity and if their program is actually -- what support do they have for what they are proposing?

Rebecca Benassini: I just wanted to add, Commissioner Brandon, that, when we come back for an action item, if you all are supportive of us exploring the broker concept, then we'll go to department of real estate and get more information about the contracts they have in place.

We would most likely do a mini bid in order to get the broker on board. So that,

we'll have a really clear picture on. And when we come back for an action item to issue the solicitation with the broker alongside us, then we would be more clear -- like in our previous action items for RFPs, we'll list out the criteria in more detail as well as the scoring and the weighting that we would ascribe to each of those criterion items.

And then, the broker would go out and help us get prospects that meet each of those criteria. So I think, if we're open to this concept, then we'll, in the action item, come back with something that you're more familiar with I think with some of the other RFPs that we've issued where we say the criteria -- exactly what Ricky was saying.

There's usually those four big areas. And then, within each area, we specify more about what we mean if that's helpful. We also want to hear from you all and then from the NAC, so we can integrate -- like, in particular, we thought about -- for Pier 33, we want to make sure that there's complementary knowledge and intentionality in terms of what food is being offered there because there are other tenants we have in place who are offering particular types of cuisine.

So I think, as we do each site and we go out to the NAC and get more input, then we'll have criteria that are more specific to each site.

Commissioner Brandon: Thank you.

Vice President Woo Ho: [Are you finished]? Commissioner Gilman?

Commissioner Gilman: Thank you for this report. I had a couple of comments. First of all, I just wanted to note, you know, I am very open to us exploring this. We have master tenants at Piers 1 1/2, Pier 70, the Ferry Building that are experiencing vacancy.

And they're doing, you know, direct leasing in a very different way. And they're all using brokers. And I'm very concerned about vacancy along the entire waterfront but particularly on the northern section of the waterfront.

So I like this approach. I do think though our criteria -- and I'm happy we're going to be coming back with it. It's really key. You hit on some of them, BIPOC local businesses -- want to be really clear about that.

And I'd love for you to correct me if I'm wrong. It is my understanding that the Embarcadero as a whole is not privy to the formula retail controls that other historic neighborhoods like North Beach, the Castro are. So I actually would like the staff to explore whether or not we want to put some parameters around formula retail.

Illustrative example -- nothing against them -- but I don't know if we'd want a giant McDonald's to be at Ferry Building East to come into that space. So I just think we need to think about formula retail particularly with a space of that large of a format so that we attract things that are complementary to the fact that we're trying to cater to both locals and to tourists on the waterfront.

And would also love to maybe go a little deeper next time when you present to us -- it's my understanding that the real estate department uses brokers. They use them for other city-owned properties. So maybe a cost-benefit analysis -- I know we'll probably use their table for costing of what the percentage should be that we pay for the broker.

But I think it's just really important that our values -- because these spaces most likely will be restaurant or retail. And small BIPOC or even medium organizations are used to working with a broker. As someone who used to rent commercial space all the time in the Tenderloin, we had a broker.

They did all the legwork. They brought us a proposal. Normally, we only get one person. And then, we would enter into a contract with them. I really want to use this opportunity, if we're going to go down this route, to break down some of the barriers that an RFP process offers for folks who are not -- who particularly in those two spaces are not used to answering RFPs to open a restaurant or open up a retail shop.

So I just think it's really important that we're very intentional about it. But I'm generally supportive of us piloting it at these two sites.

Rebecca Benassini: Thank you.

Vice President Woo Ho: Thank you. Thank you, Rebecca and Ricky. I am supportive of the concept to try it. And the fact that we did use it in the past -- and obviously, there's lots of pros for using brokers. And there's also some cons. And we just have to be aware of the balance in terms of how we structure this going forward.

And we will learn -- and what other city departments have learned in terms of their use of brokers. I think -- and you have to think of the circumstances too. I'm guessing that, if somebody ended up soliciting us directly and we were under brokerage contract, you would refer them to the broker.

So I mean, all these things need to be clear in terms of if somebody contacts us directly. And they would be referred to the broker, so the broker could evaluate them. That should all be spelled out very clearly in terms of the rules of the road so to speak in terms of how we're going to operate.

And I think the benefit, obviously, is the brokerage doing the marketing. And I

think there should be something in the contractual arrangement of just exactly how much marketing they're going to do. So we want to know that they really are going to invest in the marketing.

As you know, on the retail side or retail residential, you know, it's like we will do so many open houses. We will do -- whatever the equivalent should be with these spaces, that there is a real commitment to put a marketing effort because that's the difference.

The reason that I support this concept is that I think that, while we have not had good response to the RFP -- because these properties have been through an RFP process already -- is that it's really accelerating the time to market.

What you're trying to do is cut down and accelerate -- so we're cutting down the amount of time involved in a traditional RFP which was already failed once. And if we went through it again, we're just eating time.

And meantime, these are vacant, and yet these are desirable properties. There should be someone who'd be able to utilize them in some concept. So I think that's why I would be supportive. But I think we would also want to know the pricing obviously in terms of how it works.

But then, you have to think about it. You know, if you could lease something six months sooner than if you waited six months to do it yourself, there is a cost-benefit relationship. And that's why the fee makes it worthy.

And I don't know what the pricing is in the market today. So what you experienced way back in 2007 may not be the way pricing is done today. And there may be some other ways to structure things because you also want to make sure you have a financially viable tenant.

So I'm just dealing with a totally different concept, incentive compensation for salespeople. Sometimes you say I don't pay you upfront for doing the deal. I've got to make sure that the tenant stays in for X period before I pay you out everything.

Now, that may not be what the market does. But I'm just giving you a concept that works for people to know that you are doing something, and the deal is going to last. So you need to know how to construct something where the deal is going to last because you don't want to have something that only works for a year. And then, the tenant doesn't make it.

Rebecca Benassini: Yeah. Exactly.

Vice President Woo Ho: Okay. So you need to know how you make sure not just checking the financial wherewithal. But the broker has to be invested to

knowing that too. And we want brokers that are going to be invested in our future.

And obviously, if this works and we like it, then we have other properties that we would consider. So there's got to be that investment in a relationship in the long term. So I think we'd be interested in you coming back and explaining more about how this can work. But I think we're generally supportive and want to give you a green light to go ahead.

Rebecca Benassini: Thank you so much.

Ricky Tijani: Thank you.

- B. Informational presentation on an amendment to the Pier 70 Special Use District Design for Development to clarify the definitions of Retail Use and Office Use, without altering building bulk or height maximums, permitted use categories, or development capacity of the project, as approved by the Planning Commission on March 3, 2022.

Ryan Wassum: Good afternoon, Vice President Woo Ho and fellow commissioners. My name is Ryan Wassum. And I'm a planner with the planning division. And I'm going to walk you through the Pier 70 design for development, also known as the D4D, followed by a Pier 70 project status from Kelly Pretzer from the Brookfield team.

I'm also joined by my colleagues, Rebecca Benassini and Josh Keene. And we're available to answer any questions after the presentation ends.

The Pier 70 special-use district was approved by the Port and city in 2017. It encompasses 35 acres including the 28-acre Brookfield site, Parcel K North and South on Illinois Street and the PG&E-owned Hoedown Yard immediately to the south.

At full buildout the special-use district will include up to 3,000 residential units, up to 1.75 million gross square feet of office space, nine acres of new open space and up to 500,000 gross square feet of retail, arts and light industrial uses.

The Pier 70 special-use district design for development was adopted by Port Commission and Planning Commission in 2017. It establishes the vertical and horizontal design controls and development requirements and also provides flexibility as to how individual parcels are designed.

Design for development amendment clarifies the definitions of retail use and office use to prevent inconsistencies found across the document. The definition of retail use would be amended to clarify inconsistencies throughout the D4D

where retail-related terms are used interchangeably, in instances where each retail-related term is used, [then] reference to the retail-use definition.

Additionally, the definition of office use would be amended to make two clarifications. First, the amendment would clarify inconsistencies throughout the D4D where office-use-related terms are used interchangeably.

In instances where each office-use-related term is used, they're in reference to the office-use definition. Second, the definition would clarify that parcels designated for office use may be developed [in] design-professional, laboratory or life-science uses.

This clarification is only technical in nature. The clarification would also bring the D4D in line with the controls governing other similar development-agreement projects, for example, Mission Rock which has the entirety of its first phase under construction, was allowed to include such uses on commercial parcels under its design controls. And lab uses were included in block B of that development.

It is important to underscore that the amendment does not change or alter any of the following: the building bulk or overall massing; building heights; permitted-use categories; and maximum development capacity per the special use district and final environmental-impact report.

In summary, staff is supportive of the D4D amendment because the amendment advances implementation of the Pier 70 mixed-use project. The amendment is also consistent with all requirements of Section 249.79 of the planning code, the general plan and the disposition and development agreement.

The amendment is consistent with the final EIR. And the amendment was unanimously approved by Planning Commission on March 3, 2022. That concluded the D4D amendment overview. And we'll be available for questioning after Brookfield's update.

Kelly Pretzer: Good afternoon, Vice President Woo Ho, members of the commission. My name is Kelly Pretzer. And I work at Brookfield Properties on the Pier 70 project. It's a pleasure to be here to present to you today. I'm also joined by my colleagues Tim Bacon, Sam Beckerman and Jack Tse in the audience as well.

Thank you, Ryan, for providing an excellent overview of the proposed amendments to the D4D. And I'm more than happy to chip in to answer any questions on that topic but also here to present a very short update on progress to date on phase one of the Pier 70 project.

Last summer, we celebrated the 10-year mark working on the Pier 70 project at

Brookfield and Forest City before that. As Ryan mentioned, project was entitled in 2017. And in 2018, we began construction on phase one utilities and infrastructure.

As a reminder, the area highlighted in yellow shows the boundaries of phase one, which includes historic buildings 12 and two as well as a loop from 20th Street to Maryland Street and 22nd Street. Phase one includes a minimum of -- or a parcel that will include a minimum of 100 units of affordable housing, three residential buildings and one commercial building.

Phase one will also provide access to the waterfront with three-and-a-half acres of open space. We've made great progress on phase-one infrastructure. All utilities and infrastructure have been built including some beautiful cobbles on 20th Street and pavers on Maryland Street.

We're pursuing acceptance of this infrastructure by the Port and city by the end of this year. And rounding out phase-one accomplishments thus far, Port staff transacted on PKN. And MOHCD has selected its nonprofit development partner for Parcel C2A, CCDC, YCD and Catholic Charities.

These are a few photos to give you a visual of the progress so far showcasing 20th Street and Maryland Street. Another major accomplishment is the installation of Building 15. As you might recall, we relocated Building 15 to a temporary location in 2018.

In 2021, after 22nd Street was constructed, the building was restored to its original alignment with Building 12 but this time 10 feet higher in elevation to address future sea-level rise. Speaking of Building 12, we achieved TCO earlier this year.

As a reminder, the building includes at least 50,000 square feet of PDR uses as well as 70,000 feet of commercial uses. Rehabilitation of the building includes repair of the existing historic windows and the addition of new curtainwall on the southern façade.

The third floor of the building is for commercial uses. This space is really incredible and captures the magic of Pier 70. The second level includes the bulk of PDR space in the building. You'll notice in this image drywall and lighting.

We built these spaces out to be turnkey for PDR users in order to make the space as accessible and easy for makers to occupy as possible. Going from the second level to a new viewing platform and then to the ground floor is a new grand staircase.

The staircase is painted red -- for those at home, it is Sherwin-Williams Heirloom Tomato color in case you were curious -- in order to signify to visitors that they

are welcome on these upper levels.

The ground level includes 20,000 feet of retail as well as 8,000 square feet of public access area through the main hall that you're seeing here. Targeted tenancies include a brewery, bakery, restaurant and other public-facing retail or PDR uses.

In terms of local hire, we are proud to report that we continue to exceed our 30 percent requirement. We are actively investing in developing the pipeline of future construction workers at the site by partnering with CityBuild as well as sponsoring a CIWI summer intern again this year for another summer.

In terms of LBE utilization, we continue to exceed our 17 percent goal with a full 29 percent LBE participation as of the end of 2021. As was mentioned in the staff report, Brookfield has pursued design-review approvals for three buildings, Parcel E2, Parcel A and Building 2.

We have proactively invested to advance the design of those buildings. However, the office and residential markets continue to remain a challenge. That said, we have positioned the project and ourselves to move quickly when the market improves.

And despite the unforeseen challenges that COVID has presented, we've done our best to once again open the site for events and activations. The image here shows the Paint the Void exhibit held in January with close to 6,000 attendees and some additional images of a roller-skating party held underneath Building 15 and the street art festival held last October.

We continue to be surprised and excited by the amount of energy and interest in Pier 70. And we're working hard to make sure to provide opportunities for people to come to see the site and the incredible building starting now.

This concludes my presentation. If the commission wouldn't mind indulging me for just one more minute, I did want to note that this will actually be my last presentation before the commission. I will be relocating with Brookfield to Denver, Colorado in the coming months and leaving the Pier 70 project after nine incredible years.

I want to thank the commission, Director Forbes, Mike, Rebecca, David, Brad, Josh, Annette, Grace, Kevin and especially Christine for being such wonderful partners to work with all these years. This has truly been the opportunity of a lifetime. Thank you very much, commissioners.

Commissioner Gilman: Thank you for the report. I have no questions on the technical amendment. It's in line with what's passed at the Planning Commission. But Kelly, I had just a couple of questions for you if that's okay on

the ongoing development.

I was just curious. I know it's only been like two months since you got TCO. But is there any tenants that you can publicly disclose to us? How are you doing with the leasing of the space? I would just love to know that. And then, I have a secondary question.

Kelly Pretzer: Yeah. We have been actively leasing the space for quite some time. I'm definitely seeing a lot more interest on the retail and especially the PDR maker front of things, less activity on the office side of things I would say as well but nothing that I can officially report yet.

But we are seeing some good interest. And you know, really, the building is so incredible. It truly speaks for itself when you can get someone down there to take a tour. People are really taken by it.

Commissioner Gilman: Okay. Great. Then, I had a question on the other vertical construction being delay. Can you just sort of walk me through how that affects the affordable housing project?

Kelly Pretzer: Sure. Well, the good news is that we are able to deliver the affordable housing pad absent any of the other vertical construction because the infrastructure construction has moved on unabated. And in recognition of that, MOHCD did issue the RFQ and included this parcel in its multi-site RFQ that was issued back in 2020.

So my understanding is that this building is in the second tranche of sites from that multi-site RFQ. You know, I think that -- so that is really in MOHCD's control. There's nothing that the project would need to necessarily do to enable that.

Certainly, the fees generated by the project and, in particular, the commercial building will be a big help. But my understanding is that there's a ways to go in terms of predevelopment for that C2A parcel.

Commissioner Gilman: Okay. Maybe -- to Port staff, maybe can invite MOHCD here to come give us an update on where they are with that just in general. I think that would be helpful. And super excited and wish you the best of luck in Denver as well.

Kelly Pretzer: Thank you.

Commissioner Gilman: Thank you. I have no other questions.

Kelly Pretzer: Thank you.

Vice President Woo Ho: Commissioner Brandon?

Commissioner Brandon: Ryan and Kelly, thank you so much for this report. I noticed in the staff report that you did a presentation before the Southern Advisory Committee and that they had a few questions or concerns. Can you just speak about that?

Ryan Wassum: Yeah. So generally, in the SAC meeting that we had last fall, they were really supportive of the D4D amendment. They did have one concern about how office and life-science buildings can kind of look lifeless on the bottom.

So one of the things that they were suggesting to make sure it's very pedestrian activated and oriented. And one of the responses from staff is the D4D has heavy technical standards and guidelines that basically promote street life and pedestrian activity and retail where it is allowed on certain blocks.

Commissioner Brandon: Okay. Thank you. Then, to piggyback on Commissioner Gilman's question regarding the down-market delay, how does that affect the overall project?

Rebecca Benassini: Thank you, Commissioner Brandon. Rebecca Benassini again. So the down-market delay, as we've talked about over the years as we've been in a little bit of a down market for a while now, means that Brookfield is relieved of their time-sensitive requirements.

So they would have been required to take a parcel after it was appraised or lose it. But because we're in down market, they don't lose the option on the parcel. That's generally what it means. And then, we're going to appraise -- I think our deadline is coming up in a couple months. I think in the summertime the next deadline would come up where we would appraise again and see whether or not we've come out of down market.

The financial impact is that Brookfield has invested quite a lot of money in this infrastructure that doesn't make money. The way you get money is by building vertical and transacting on parcels. So they have quite a lot of money on the table, in the ground.

On the one hand, it's accruing a giant return. On the other hand, it's sort of a testament to their commitment that they are waiting until the market conditions improve so that we can take the parcels down. So I view it as sort of a double-edged sword. We're really stuck together.

They put in roads and utilities. And the way that they get money back from those is by transacting on parcels or choosing not to transact. And then, we take it to the market. So I hope -- I'm happy to have others add. It's a really big question.

Are there other parts you want me to delve into?

Commissioner Brandon: No. No. That's good. An overview is good. Thank you so much. I really appreciate that.

Rebecca Benassini: Of course.

Commissioner Brandon: So in June, there will be a new appraisal. And hopefully, the market conditions will have improved a little or a lot --

Rebecca Benassini: Correct.

Commissioner Brandon: -- since last year.

Rebecca Benassini: And the month somebody might correct me. I know it's summertime is when we come up on a year. June -- Kelly agrees. Okay. Summertime.

Commissioner Brandon: So it's annually? So it's once a year every year until market conditions improve? Or --

Rebecca Benassini: Somebody else will have to remind me. I know that the first one is one -- up to one -- is one year out. And we will be at one year this summer since we achieved down-market delay appraised value.

Commissioner Brandon: I think I'm just trying to figure out how this affects the project overall and the continued activity.

Rebecca Benassini: I can provide a couple other things. Kelly reminded me there's up to five years. And then, there's bigger consequences for, you know, both parties after five years. So it won't go on any longer than that. And the other thing is the monetary benefit that we get from the project we've always pointed to the items: tax increment, special taxes.

And basically, our portion of the taxes, those are delayed for sure until vertical construction comes about. Luckily, we weren't making quite a lot from the site before. So we weren't trying to fill a hole with this development.

So our monies are delayed. Their return is definitely delayed. And their return will be much, much lower than they anticipated when they started phase one if that's helpful. Remember, we had the 18 percent return.

I think the staff reports notes where the current model is. And Josh might remember exactly where it is. But it's well below the 18 percent return on phase one that's expected now because the money has been outstanding for so long.

Commissioner Brandon: Right. Right. And I guess I'm just wondering if, because -- you know, prices are going up everywhere and how that's going to affect the overall project as we keep delaying. So I'm just wondering if maybe we need to do some kind of update with new projections on where the project may be going forward.

Rebecca Benassini: Very good question and point. I really want to do that. We keep waiting until we transact on a parcel. So we keep wanting to have one of those variables nailed down so that we can say, well, this -- now, we have this information, so we can project kind of based on that. But I totally agree. That's sort of what would help make more clear what's going to happen.

Commissioner Brandon: I'll keep my fingers crossed for June. [laughs] I know there's a lot of moving parts here. I look forward to an update later on this year. So hopefully, we can get the project back on target. But I mean, it's a wonderful project. I think we're all excited to see it come through.

Kelly, thank you so much for your participation for the last nine years. And I hope you're moving to Denver with a promotion. [laughter] Thank you for all your support.

Vice President Woo Ho: So thank you, Rebecca, Kelly and Ryan. Thank you so much. I think my fellow commissioners have asked a lot of questions that I would have asked. I think that I just wanted to say that I think the amendments I agree with.

And I'm a particular enthusiast for life sciences as an industry. So I hope you do see that come into the area. And the Bay Area is attracting more life sciences. So I think that's a positive thing. It is different. So I applaud that.

And then, as far as the progress of Pier 70, there have been challenges obviously as Commissioner Brandon has outlined. And we hope everything does get back on track. It's been something that we've been looking at for a long time.

And I think we're very excited about having this kind of neighborhood in that part of the city. So we're all cheering it on and hope it comes to fruition. And with all the changes for our city to Brookfield, so now hopefully, Kelly -- you're moving on too. So hopefully, this is a good change for you. We wish you well. So thank you.

11. NEW BUSINESS

Director Forbes: I have three items of new business. The first is to come back on the living seawall for updates and to discuss the educational opportunities we've had through the program. The second is to have MOHCD

come and discuss the affordable housing project at Pier 70.

And the final is, in the summer or later in the fall, for an update on the Pier 70 project overall and our strategy to get the full project back on track. Is there other new business?

Commissioner Gilman: Just to note that we asked for a written report in the next packet around data around the maritime rent-relief program just so we can see if there are some barriers we need to break down for maritime tenants.

Director Forbes: Yes. Thank you.

12. ADJOURNMENT

ACTION: Commissioner Brandon moved to adjourn the meeting. Commissioner Gilman seconded the motion. All commissioners were in favor.

Vice President Woo Ho: Meeting is adjourned at 5:48. Thank you.