



SAN FRANCISCO PORT COMMISSION

**APRIL 26, 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 26, 2022

1. CALL TO ORDER / ROLL CALL

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

The Commission Affairs Manager read the Ramaytush Ohlone Land Acknowledgment.

2. APPROVAL OF MINUTES – April 12, 2022

ACTION: Commissioner Brandon moved approval of the minutes. Vice President Woo Ho seconded the motion. The minutes were approved unanimously.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

No Public Comment.

4. EXECUTIVE SESSION

A. Vote on whether to hold a closed session and to invoke the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

ACTION: Commissioner Brandon moved to go into closed session. Vice President Woo Ho seconded the motion. The motion passed unanimously.

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative: (Discussion Item)

(a) Property: Bauer Intelligent Transportation, Pier 50, Shed A, 401 Terry Francois Boulevard and Pier 96 (Leases L-15044 and L-16206 and parking stalls agreement)

Person Negotiating: Port: Rebecca Benassini, Deputy Director Real Estate & Development

Negotiating Parties: Gary Bauer, Bauer Intelligent Transportation

Under Negotiation: ___ Price ___ Terms of Payment X Both

In this executive session, the Port's negotiators seek direction from the Port Commission on factors affecting the price and terms of payment, including price structure and other factors affecting the form, manner and timing of payment of the consideration for potential amendments to the subject leases and agreements. The executive session discussions will enhance the capacity of the Port Commission during the public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and People of the State of California.

Present: President Willie Adams
 Vice President Woo Ho
 Commissioner Kimberly Brandon
 Commissioner John Burton
 Commissioner Gail Gilman

Also present: Elaine Forbes, Executive Director
 Carl Nicita, Commission Affairs Manager
 Michael Martin, Assistant Port Director
 Kimberley Beal, Assistant Deputy Director
 Jennifer Gee, Senior Property Manager
 Michelle Sexton, General Counsel
 Rona Sandler, Deputy City Attorney

(b) Property: Crane Cove Park Building 49 Located at 701 Illinois Street
Person Negotiating: Port: Rebecca Benassini, Deputy Director of Real Estate and Development
Negotiating Parties: John Willingham, YMCA of San Francisco
Under Negotiation: Price Terms of Payment Both

In this executive session, the Port's negotiators seek direction from the Port Commission to provide negotiation direction on factors affecting the price and terms of payment, including price structure and financing and other factors affecting the terms of payment of the proposed Building 49 lease. The executive session discussions will enhance the capacity of the Port Commission during the public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City, and the People of the State of California.

Present: President Willie Adams
 Vice President Woo Ho
 Commissioner Kimberly Brandon
 Commissioner John Burton
 Commissioner Gail Gilman

Also present: Elaine Forbes, Executive Director
Carl Nicita, Commission Affairs Manager
Michael Martin, Assistant Port Director
Joshua Keene, Assistant Deputy Director
Jamie Hurley, Development Project Manager
Michelle Sexton, General Counsel
Rona Sandler, Deputy City Attorney

The closed session adjourned at 3:15 p.m.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

No Report.

- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

ACTION: Commissioner Brandon moved reconvene in open session without disclosing closed session discussions. Vice President Woo Ho seconded the motion. The motion passed unanimously.

6. PLEDGE OF ALLEGIANCE

7. 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.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Pete Sittnick: Good afternoon. This is Pete Sittnick, the managing partner at Waterbar and Epic Steak on the waterfront. And I am calling to voice my opinion over the proposed shared-spaces fees that the Port is going to be putting on the additional tables that were allowed not only for my restaurant but for many of the other Port restaurants to combat the financial adversities of the pandemic.

As we all know, restaurants took a major beating during the pandemic financially. Just the fact that we don't have to have masks now or check vaccine status doesn't mean that we're out of this predicament in any way, shape or form.

We're still crawling out of the hole. We need all the help that we can get to get back on our feet. So I really feel like an additional fee on tables that are generating revenue which the Port is earning percentage rent on is, in fact, a double dip in terms of the financial impact that it has to the restaurants.

So I'm definitely not in favor of it. I think it's something that really needs to be looked at from the standpoint of the restaurant and the businesses. To the best of my knowledge, the financial fees are more than what the city is charging other businesses for shared spaces.

So my ask for the commission is just to look at this program. Make sure it's equitable and fair for all the players involved so that we can continue to serve all the guests on the waterfront and return to financial sustainability. Thank you very much for your time. I appreciate it.

9. EXECUTIVE

A. Executive Director's Report

- Economic Recovery
- Equity
- Key Project Updates

Director Forbes: Good afternoon, President Adams, Vice President Woo Ho, commissioners, members of the public and staff, I am Elaine Forbes, the executive director of the Port. First, I want to update on the masking guidance for Port Commission meetings and the Ferry Building hearing room.

Per the city administrator's office effective yesterday, masking is not required for in-person meetings, in public commissions or board hearing rooms. However, city health orders and city policy continues to strongly recommend masking. The Port will continue to provide masks for those who choose to mask in the Ferry Building hearing room.

Now, I'm excited to talk about economic recovery. We are continuing to see signs of economic revival on our waterfront. This week, we have an exciting and huge cruise milestone. On Thursday, the Port of San Francisco will welcome the Carnival Miracle to its new home port on our own cruise terminal at Pier 27.

The Carnival Miracle will set sail on 20 voyages from our port and, in turn, will draw thousands of passengers and crew to our city. Each cruise call at the Port supports a network of mostly small and family-owned businesses that have made Fisherman's Wharf, the Embarcadero and all corners of our seven-and-a-half miles of property internationally renowned.

And just moments ago, the State Lands Commission approved our full \$58.2 million second tranche of funding from the American Rescue Plan fund. This funding will ensure that we avoid layoffs. We can backfill positions. We can invest in deferred capital maintenance.

We can restore cuts that were made during the early years of the pandemic and support our tenants. These funds allow us to recover. We have walked a hard and long road to get to where we are today. I am optimistic that, working together, we will prevail. And we will come out the other side as a stronger organization.

We are also becoming a stronger organization through our equitable actions. Our racial equity action plan is a bold plan centered on achieving equity at the Port. One element of our plan is the new mentorship program.

Last week, we kicked off the program, which put forward a program for senior-level staff to mentor junior-level staff around three key areas of professional growth and development: support and guidance in making career choices; personal development and increased confidence; skills and knowledge development such as effective communication.

The program duration is six months. We have several employees participating. And I look forward to sharing the program's outcomes with you. Additionally, last weekend, our human resources staff were staffing a booth at a career and resources fair at Civic Center Plaza.

The Port engaged with attendees who are looking for employment and apprenticeship opportunities. Over 30 city departments came. Twenty community

organizations participated. And the event attracted a whopping 1,500 attendees and was attended largely by communities of color.

Tabling at this and other similar events align with the Port's goals that are outlined in our racial equity action plan. These events ensure that the Port's talent pipeline is diverse and that our hiring and apprenticeship programs become widely known in the local community.

Through this and similar programs, the Port is working to ensure that its workforce reflects the diversity of the communities we serve. Now to key projects, I have one. I want to thank the Port's maintenance gardeners who celebrated Earth Day by hosting a community cleanup and planting day at Rincon Park and Islais Creek this last weekend.

Port gardeners partnered with our tenants, Kayaks Unlimited. And their teams plus 20 volunteers did a great cleanup of Islais Creek and the shoreline. Volunteers weeded, picked up trash, laid down new bark and planted over 100 new plants in two locations.

The area of the open space looks really beautiful. And the gardeners and volunteers enjoyed a fun day of successful service. The Port maintenance group plans on expanding its sponsorship and support of community cleanup day in the year to come. I wish you all a wonderful close to Earth Month. This concludes my director's report. Thank you.

No Public Comment on the Executive Director's Report.

Commissioners' Discussion on the Executive Director's Report:

Commissioner Gilman: Thank you, President Adams. Thank you, Director Forbes, for that wonderful report. I am so excited to hear that our ARPA funds have been approved and that we can start to expend them to have economic recovery here at the Port and to avoid layoffs of our staff.

And I want to say I'm really excited about the cruise ship Miracle making us their port of call. I did want to also just congratulate you and your team on the mentorship program. I look forward to hearing updates and milestones about that program.

Mentorship was important to me personally early in my career. You don't know what you don't know. And I think most of us learn by mentorship and doing versus reading manuals or textbooks. So I really appreciate the Port has launched that.

And then, I just want to close my remarks again by acknowledging the atrocities that are happening in Ukraine. Our sister ports of Odessa and Mariupol are being

bombed constantly. And as we know, ports are the lifeline for goods, for services, for commerce throughout the world.

And the atrocities that are taking place to our sister port cities I think should be condemned. And I just wanted to close with those remarks. Thank you. President Adams: Thank you, Commissioner Gilman. John -- Commissioner Burton?

President Adams: Thank you, Commissioner Gilman. Commissioner Burton?

Commissioner Burton: I just want to thank the staff for the information and a lot of the good news and look forward to continue to get the Port moving again and more jobs both on this side of the Bay and the other side of the Bay where the chair's membership is doing a lot of great work.

President Adams: Thank you. Commissioner Brandon?

Commissioner Brandon: Director Forbes, thank you so much for a very good executive director's report. I think it's great that Carnival has a new home port for its 20 calls. I think that's going to be great for the entire waterfront.

I want to congratulate you on getting the \$58.2 million. That will definitely help us in our recovery efforts. I think it's phenomenal that you started the mentorship program. I think that's going to be a real asset for our employees to be able to learn new skills and have mentors to help them along the path.

I think it's great that we participated in the career fair of over 1,000 people. I think that's going to be a wonderful opportunity for individuals looking for careers. I think that it's great that we participated in the community cleanup because there's going to be so many opportunities to help the city with cleanup. So thank you very much.

President Adams: Thank you. Vice President Woo Ho?

Vice President Woo Ho: Well, I think all of my commissioners have said everything. I'm not going to repeat all of the items that you reported on. But it was an excellent report, very positive in terms of the recovery and the positive movement in terms of our equity plan for our staff internally and for attracting more talent to the Port through the career fair.

Lastly, I think the fact that we keep engaging the community through events like Earth Day with our maintenance crew -- I think that's -- it brings more people into the Port to understand what we're doing and keeps our youth engaged. So I think that's a great program too. So thank you.

President Adams: Thank you, Director Forbes. I see today we have two cruise ships in today. When I was out on my walk this morning, it was great to

see them. It's good to see that the Embarcadero is starting to be vibrant again. That's good.

Hopefully one day, we can get back up to our 30 million tourists a year. I really like that you had the employment career fair. I think it's awesome that the Port -- the initiative and the drive and the hard work to secure that \$58 million -- that's awesome because, you know, there's so much -- all the other ports out there competing.

And we were able to take care of the Port of San Francisco. So I just wanted to say hats off to you and your staff that we don't have to lay people off. We're going to come out of this pandemic stronger than ever. So thank you again. Carl, next item, please.

10. CONSENT

- A. Request approval 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. (Resolution No. 22-22)

ACTION: Vice President Woo Ho moved approval of the consent calendar. Commissioner Brandon seconded the motion.

No Public Comment on the Consent Calendar.

All Commissioners were in favor.

President Adams – Resolution 22 is adopted.

11. ENGINEERING

- A. Request authorization to award Construction Contract No. 2841, Heron's Head Shoreline Resilience, to Dixon Marine Services, in the amount of \$2,038,631, and authorization for a contract contingency fund of 10% of the contract amount (or \$203,863) for unanticipated conditions, for a total authorization not to exceed \$2,242,494. (Resolution No. 22-23)

Erica Petersen: Good afternoon, commissioners. I am excited to be here for the first time after two years about. My name is Erica Petersen. And I'm the Port's project manager for the Heron's Head Shoreline Resilience project.

I will be giving today's presentation requesting authorization to award construction contract 2841 which will construct the southern shoreline of Heron's Head Park. This is an action item to award Heron's Head Shoreline Resilience

contract to Dixon Marine Services, the lowest responsive and responsible bidder to the invitation for bids published on February 22nd.

The amount of this contract is \$2,038,631 with a 10 percent contingency request for a total authorization of \$2.2 million. In this presentation, I will talk about how this contract meets the Port's strategic objectives, the background and scope, advertisement, Port's outreach.

I'll provide a comparison of the bids, introduce the low bidder and subcontractors, discuss the funding, the proposed schedule and discuss the overall plan, status and funding for the investments being made at the Heron's Head shoreline.

Heron's Head Park is a valued natural and community resource. The park has experienced significant erosion along its southern shoreline and infestation of the wetlands by nonnative plants. We will be constructing a living shoreline to mitigate erosion and improve habitat value.

This contract directly implements one of the Port's strategic plan goals which is implement nature-based shoreline stabilization and improvement projects and complete the Heron's Head Park shoreline project by 2023.

Another objective I would like to highlight is regarding the overall project in which project grant funds will be utilized to engage a local nonprofit called Literacy for Environmental Justice, LEJ. And they will be working directly on a later phase of the project in performing community outreach.

And this outreach will be designed and led by the youth who are working on the project with Port staff oversight so that the outreach is coming from within the community. And this offers a great community and work experience for the local Bayview youth.

Heron's Head Park is a 21-acre peninsula comprised of seven acres of wetlands and tidal ponds and 14 acres of public open space. It's a highly valued resource for both wildlife and people and utilized by over 100 species of migratory and resident birds each year.

Over the years since the wetlands and park were created, the south-facing shoreline at Heron's Head Park has experienced subsidence and erosion. These forces have caused a loss of both wetland acreage and quality.

In the most impacted area, the shoreline has retreated up to 50 feet from its 1999 location. Without protecting the shoreline from further erosion, the park is expected to lose two more acres over the next 30 years.

The living shoreline presents a unique opportunity to pilot a project with nature-based resilient design and evaluate the feasibility of natural shorelines as a sea-

level rise adaptation measure. The living shoreline is a protected and stabilized shoreline that's made of natural materials such as plants, sand or rock.

And it would safeguard the existing wetlands from erosion, enabling the wetlands to migrate inland with rising sea levels over the next 30 years. The scope of work for this construction contract will be placement of coarse sand and gravel stabilized by rock and cobble groynes.

And groynes are a low wall or barrier built out into the water from the shore to abate erosion and drifting of material. And this will reconstruct the beach along the southern shoreline. Also included in the scope is to restore the areas of the marsh and park use for construction access to their preconstruction condition.

I'm happy to say both bid alternates will be included. The first is wood habitat structures that will consist of natural tree trunks and branches intended to mimic the functions of natural driftwood, creating houses for animals and plants.

And the second is installation of subtidal oyster reef balls to support habitat for oysters, herring larvae and other native plants and animals. And that's what you can see in the photo here are the oyster reef balls.

Construction of the shoreline will restore the originally designed habitat at Heron's Head Park. We advertised this contract on February 22nd and held an optional pre-bid meeting on March 1st. An optional bid walk was held on March 4th.

Port staff conducted outreach to companies representing the trades for this contract during the advertisement period including local business enterprise, LBE, contractors. The pre-bid meeting was attended by contractors from 12 different firms, six of which are LBE.

The contract is partially funded by a federal grant and therefore subject to small business enterprise, or SBE, and disadvantaged business enterprise, DBE, requirements instead of LBE requirements from our city admin code.

However, an LBE-certified firm is considered as part of the participation towards meeting the SBE/DBE requirements. On March 22nd, Port staff publicly opened the bids from five contractors.

Staff have reviewed the bids and determined that Dixon Marine Services is the lowest responsive responsible bidder. Dixon's total price of \$2,038,631 plus a 10 percent contingency is under the budget for the work. The final bid rankings are shown here in this table.

Dixon Marine Services is headquartered in Inverness, California. The firm is an SBE and is a women-owned business. Dixon has constructed many wetlands restoration projects, making them well qualified for this contract.

Some of the recent projects include: Sears Point Levee adaptive management in Santa Rosa; Yuba City boat ramp sediment removal; and tidal wetland habitat restoration at Decker Island in Sacramento; as well as Bair Island in Redwood City.

Dixon Marine Services is regularly engaged in projects where compliance with permit requirements is essential. And this experience will be advantageous to this construction work.

The SBE/DBE goal for this contract was 20 percent. And Dixon Marine Services' team includes 98 percent participation by DBE/SBE subcontractors which includes their self-performed work. As I mentioned, they're a women-owned SBE.

Here on this slide, I'm showing a list of their DBE/SBE subs. And you can see Black Bear Security is an LBE also that is headquartered nearby in Bayview. Dixon Marine Services' bid plus a 10 percent contingency is within the project's budget.

The contract will be funded through a combination of grants, one of which is federal. If you approve this authorization to award today, we anticipate notice to proceed construction to occur in July and would be on track to have substantial completion in December of this year.

This table outlines the work we have done and plan to do for the Heron's Head Shoreline Resilience project overall. We have grants from four different agencies. If I don't trip over the names of all of these, they're lengthy: San Francisco Bay Restoration Authority; Ocean Protection Council; California Department of Fish and Wildlife; and National Coastal Wetlands Conservation Program.

And that's the federal grant that's channeled to us through the State Coastal Conservancy -- as well as a donation of material from Martin Marietta, which was formerly Hansen Aggregates. To date, the Port has not invested any Port funds in the Heron's Head Shoreline Resilience project.

All investment has been from grants. Pending negotiation of the scope and the amount of the State Coastal Conservancy grant, we do not anticipate investing any Port funds in the project.

In conclusion, we respectfully request that you authorize the award of this contract to the lowest responsible and responsive bidder, Dixon Marine Services. We are looking forward to completing this exciting project, which will showcase one of our strategic goals to use nature-based shoreline stabilization methods.

Myself, Carol Bach from Port planning and environment, along with a representative from Dixon Marine Services are all here -- some of which are virtual because I'm the only one here -- to answer any questions you may have. So thank you for your time.

ACTION: Vice President Woo Ho moved approval of the item. Commissioner Gilman seconded the motion.

No Public Comment on the Item 11A.

Commissioners' Discussion on Item 11A:

Commissioner Brandon: Thank you, Erica, for this report. It's good seeing you again after two years. So I just have a couple questions. What type of outreach was done for this project?

Erica Petersen: We kind of did our usual method of reaching out to our list of LBEs in the trades that are related to the project. I'm thinking of anything else we've done. Yeah. That's our standard. Yeah.

Commissioner Brandon: So no chambers, no other advertising other than the list of --

Erica Petersen: We do the advertisement in the newspaper. And then, we have our pre-bid meeting where everybody from the public is invited.

Commissioner Brandon: Okay. How is LEJ involved in this?

Erica Petersen: So they are not involved in this construction contract. But in the overall project, they will be coming on, I believe, to do the construction monitoring and the outreach associated with that later. As part of our permit requirements for this project, we have to do five years of monitoring of the plants that we will -- and new plantings as well.

Commissioner Brandon: So what will that contract be?

Erica Petersen: What will the contract be?

Commissioner Brandon: Yeah. How is LEJ engaged in this project as stated in the staff report?

Erica Petersen: They will come on later. Because this is something Carol Bach probably knows a bit more about, is she on?

Carl Nicita: Carol is on.

Carol Bach: I am. I am on --

Erica Petersen: Thanks, Carol.

Carol Bach: -- virtually. I don't know if you guys can see me.

President Adams: Yes. We can see you, Carol.

Carol Bach: Okay. Great. I can answer that question. So LEJ is funded by the San Francisco Bay Restoration Authority right now and will additionally be funded by the State Conservation Corps for -- under separate contracts than this shoreline construction contract that Erica is seeking your authorization to award today.

So LEJ's scope of work under the other contract is for two years of wetland plant habitat restoration before the shoreline construction. And we are developing a contract that will be awarded to LEJ to continue that work for three additional years after the shoreline construction contract is completed.

They are also doing community outreach working with their youth that they employ to develop and deliver public outreach about the project. And with respect to the shoreline construction itself, they will be planting native wetland plants in the shoreline construction area after Dixon Marine has completed their work and left the site.

Commissioner Brandon: Great. Thank you so much. Has Dixon done any work in San Francisco?

Erica Petersen: I am not aware of that.

Commissioner Brandon: Those are all my questions.

President Adams: Thank you, Commissioner Brandon. Commissioner Gilman?

Commissioner Gilman: Apologies. I was muted. I said, thank you, Erica, so much for this report, really exciting to see this project get underway. I'm supportive and have no questions.

President Adams: Thank you, Commissioner Gilman. Vice President Woo Ho?

Vice President Woo Ho: Yeah. Thank you, Erica, for a great update. I think, you know, we just -- I just wanted to know the context of, once we complete this, which is the shoreline, how much more is there to be done for Heron's Head

Park?

Maybe you're not the person to answer it per se. But somebody should be able to answer if there's any more work. Is this the last piece to completing this park? Or is there other projects that we still need to complete?

Erica Petersen: Maybe Carol can chime in. But my understanding is, once we complete this, that's the bulk of the work. And then, it is just, as she described, what LEJ is doing. There's some monitoring and additional planting they will do.

Vice President Woo Ho: And there will be maintenance then. So this is the last piece of the park more or less. Okay.

Director Forbes: Carol is on the line.

Carol Bach: Yeah. I can chime in again.

Director Forbes: Thank you.

Carol Bach: This contract will affect the entire shoreline construction. And that'll be done. The shoreline rehabilitation will be done. After that, as Erica mentioned, there will be three more years of wetland plant habitat restoration.

And that includes maintenance of those wetland plants. And then, the Port also has as part of its permits a post-construction monitoring obligation which we also hope to fund with grant money for 10 years to monitor the performance of the constructed shoreline.

Vice President Woo Ho: Okay. That's it. Thank you. I support the project. Thank you.

President Adams: Thank you. I just wanted to know -- so Commissioner Brandon asked -- they've done no work in San Francisco, Erica --

Erica Petersen: I'm not aware of --

President Adams: -- Dixon Marine Services?

Erica Petersen: -- any projects. They've provided the list in their references for projects around the Bay Area and I know, up in Sacramento. They have done a lot of tidal and wetlands restoration which is this kind of work. So they do seem qualified for this project for sure.

President Adams: Okay. I have no other questions. Commissioners, there is a motion and a second. All in favor, say aye.

The motion passed unanimously. Resolution 22-23 is adopted.

12. PLANNING & ENVIRONMENT

- A. Informational presentation to review Port-owned Property South of India Basin.

Assistant Director Martin: Good afternoon, commissioners. Mike Martin, chief operating officer. I'm very excited to be before you today to provide an informational presentation on Port-owned property south of India Basin.

This has been inspired by a request from Commissioner Brandon to review this property because we've heard about it in some recent transactions about property that's sort of outside of our normal concept of what the Port's jurisdiction includes or the Port-owned property includes sort of from Aquatic Park down to Heron's Head.

You saw a number of discussions around the India Basin parcels that the Port owns in association with the trust exchange there in 2018 and 2019. But today, we wanted to focus south of there to sort of give a little bit of a picture of some of the properties we own and the issues that we encounter in managing those properties.

So this is an overview of today's presentation which follows the structure of the staff report we provided you. First, we'll do sort of a quick review of the maps that we provided to identify where this property is.

We'll review the property that is intended to be transferred to the Office of Community Investment and Infrastructure in association with the private-phase development at Hunters Point Shipyard phase two Candlestick Point.

We'll revisit the property that is intended to be transferred to the city as part of the fire training facility development project. We'll discuss some of the environmental management issues we've encountered in the vicinity of Yosemite Slough. And we'll also talk about Port-owned streets that are in this area that have not been accepted for maintenance as city right-of-way.

So to begin, this is the figure one from the staff report. This is sort of a zoomed-out view. You can see Hunters Point Shipyard to the top right of the diagram here. And Yosemite Slough is the finger of water poking inland and obviously labeled Yosemite Slough.

So this property here -- the property we're showing here -- the red hatch is Port streets, so paper streets that the Port owns. And then, there are four parcels that are former railway facilities historically that the Port continues to own and manage.

I do want to highlight the footnote at the bottom here. There are, as you might imagine, a number of historical land and property-recorded documents, some of which are not always in harmony. So one of the things that we're sort of jumping off with right now is the chief harbor engineer is working with the city surveyor to sort of try to reconcile those documents and finalize and sort of formalize where all of our property is.

These diagrams today, we're showing everything we're very confident about. We've sort of held back a few things. And I'll talk about those parcels as we go through this presentation. The last note I wanted to mention here also is this is showing, as you can see, a number of underwater parcels, the paper streets that were also transferred and the Port continues to have ownership over.

The focus of this presentation is on the land side. But we did want to note these streets, which obviously present their own management issues in certain circumstances. But really, our focus is the landside properties today.

Moving on to the next slide, this is a more zoomed in -- this was figure two in the staff report. What we've done here is zoomed in on the clusters of property that are sort of most at issue in today's presentation.

And we wanted to sort of group them by the management issues that sort of each set of properties presents both for the Port in terms of current management but also the future disposition of the property. So moving from south to north, you have -- in the sort of light green coloring, you have properties that are associated with the OCII transfer with the Candlestick Point development.

Moving northward from there, you have the light blue properties which are associated with the fire-training-facility transaction. Moving northward from there, the sort of pink areas are areas that the Port doesn't have a current disposition strategy for -- and we'll talk about in association with the Yosemite Slough environmental management activities that we've been undertaking.

And I'll be joined by my colleague Rich Berman for that part of the discussion. So to begin with the OCII transfer property -- so back in 2011, the Port Commission agreed to transfer the properties I just showed in green to the San Francisco Redevelopment Agency in connection with the phased private development project at Hunters Point phase two Candlestick Point.

That phased development project is very much like our Mission Rock and Pier 70 projects where the developer takes down the property in phases when the developer has sufficient capital to purchase the property and develop the infrastructure and utilities needed to actually appropriately develop the property as planned for under the redevelopment plan.

With the dissolution of the San Francisco Redevelopment Agency, its successor, the Office of Community Investment and Infrastructure, is now the counterparty to whom we will transfer this property when the phased development is ready.

We've been speaking with them, you know, in the lead up to this item. And they note that the developer Five Point is not close to that next phase of development. So they do not foresee that happening in the near future.

This has created a situation that I don't think we necessarily prepared for back when the transfer was approved and that we did not expect, I think, the development project to take upwards of 10 years. So we're in a position where we're owning and managing property that is sort of in this limbo between its original state and the eventual development state.

This has brought itself or sort of created a recent concern because there are new residents from the phase one of the project that are nearby who raised concerns about air-quality impacts from operations really on nearby privately owned properties adjacent to the Port properties I just noted.

We do have one tenant in place which is named Detail General. They are a construction equipment and laydown tenant. They have been consistently -- whenever we have inspected, they have been following their operations plan and their regulatory requirements.

So we do not see them as a cause of the air-quality impacts that were raising concerns, let's say. Separately from our work with our tenant, OCII worked with the Department of Public Health to issue cease-and-desist orders to three different operations on adjacent privately owned properties to stop their activities which were causing more dust and other impacts on the neighboring residential properties.

As part of that discussion, I think we acknowledged and realized and committed to the stakeholders we were meeting with that we would allow the tenant in place to sort of wind down their tenancy in that location.

Their lease is expiring in May. And we've moved forward with them in saying it's not going to be renewed, and we'll look for another place for them to be because we -- while we think they are following all of our lease rules, you know, large equipment moving around on unpaved roads and unpaved land kicking up dust, we just didn't think that would be compatible with the nearby residences.

So I think that kind of brings into high relief our challenge here. We do not anticipate that there are a lot of revenue-generating uses that would both be

able to be operated on this unpaved property that would not create these external impacts on the residences nearby.

So I think that has underscored our overall goal of trying to see the completion of the transfer for the phased development at the earliest practical date. So we will continue to try to monitor that situation. And hopefully, that moves forward sooner rather than later.

The next category of property that we outlined just north of there is the city transfer property. This is at the block bounded by Hawes, Griffith Row, Armstrong Avenue and Carroll Avenue. The diagram on this slide was pasted from the staff report from your approval item at the April 12th hearing where you approved the transfer for this site assembly effort by the city to develop the fire training facility.

The approval and transfer is subject to some conditions subsequent including State Lands approval of the fair market value as well as the adoption of certain state legislation. We expect that those conditions will be completed within 12 months, and the transfer would be complete.

In the meantime, we'll maintain our properties. We will not be leasing them because we have to deliver the site as is. And we don't want to complicate that. But our goal is to consummate this transaction as called for under your resolution of April 12th.

One second, please. [coughs] My apologies. In person is getting to me, but I'm excited to be here anyway. [laughter] [clears throat] So now, we've moved on to the Yosemite Slough property.

This one, I'd like to defer to my colleague Rich Berman, who has been closely involved with these efforts as our sustainability manager. And I'll return after he's done describing the work we've done on those issues. Rich?

Rich Berman: Thank you, Mike. Good afternoon, commissioners. Yosemite Slough is, as you saw on the map, a low-lying extension of the Bay waters. It is sometimes just a muddy strip of about 1400 feet. And sometimes, it's got up to six feet of water.

[I'm going to] describe this in two phases: the DTSC cleanup, which was completed in 2003; and the current EPA cleanup. In the '60s, '70s and '80s, there was a company called the Bay Area Drum Company. And they refurbished chemical drums.

And they were found to have mismanaged a lot of what they were cleaning. The clients had materials like PCBs and petroleum and lead. And eventually, this was found to have contaminated much of the area.

And the Department of Toxic Substances Control from the state came in and initiated cleanup in '87. The drum company went out of business at that time. And the claim continued into 2003. That was a land-based cleanup. And it was certified in 2003.

A few years after that, a similar suite of contaminants was found in the sediments in Yosemite Slough. And the conclusion was that they had migrated mostly via the storm-water infrastructure into the slough.

And at that point, the U.S. EPA became involved. And they decided to take over the cleanup under their authority as a superfund program. So they began looking for responsible parties. And it included the Bay Area Drum Company.

And many people referred to that as the bad company. And it seems to fit. Their clients included paint companies, petroleum companies. And they were also identified as responsible parties. The City and County of San Francisco was identified as a responsible party initially because the San Francisco PUC owned the storm-water infrastructure and had responsibilities under state permits to ensure that upstream contamination was not conveyed into the waters of the state.

Subsequently, the EPA investigation determined that the Port of San Francisco indeed owns the sediments in the slough. And we were included there as part of our ownership. It's important to be clear, however, that the Port is not a distinct responsible party.

It is the City and County of San Francisco as a whole which is the responsible party. The San Francisco PUC has been the lead agency and a great partner in this. And they have done much of the work along with the city attorney's office. And the Port staff has supported them as we've gone along.

So the slough is contaminated. We've got PCBs and lead. And the risks are both to wildlife and people. There are risks to the organisms in the sediment itself, the benthic community, the fish in the area. There are marine mammals who visit the area. And there are birds that are also affected.

People are mostly at risk due to the potential to eat fish they catch or shellfish that they catch. There is some risk of exposure through direct contact with the sediments. But that's unlikely because it's not a readily accessible area.

The primary goal of the cleanup is to protect the beneficial uses of the site both current and future to protect public health, wildlife and to ensure that the site is not re-contaminated or that the contaminants don't migrate to neighboring adjacent parcels.

So beginning in 2012, the Port became more involved. We were mostly just observing. We were attending and participating in review of some materials. But the PUC was and remains the lead agency.

In 2012, the city contracted with NewFields. And that was to do some initial studies in the area. The structure of this approach the EPA had resulted in two memorandums of understanding, one with the public agencies involved -- that was the city and some state agencies and one federal agency -- and then a separate agreement with all the private parties.

And each group under those memorandums of understanding were assigned different tasks. And mostly, they involved hiring contractors to do work that the EPA deemed necessary. So the city hired NewFields under that approach.

And they did some sampling out in the slough. That contributed to the development of the environmental engineering and cost analysis, which resulted in the cleanup plan. At that time, the Port staff came to the commission. This was in May of 2014.

We approached you in closed session to ask your permission to participate in the mediation that was moving forward. And you gave us that authority to do so. So the city went ahead and entered into mediation with the EPA.

Since then, we have continued to support the EPA's efforts and the PUC's efforts. We have leased our property to consultants in the area. We have provided access to staff who needed it -- I'm sorry, not staff but the consultants who needed it.

We have reviewed the proposed cleanup plans. And they have finally settled on a cleanup plan among seven alternatives. And if need be, we can go into the details. But they identified seven different alternatives from doing nothing to some very extensive removal of contaminated sediment and replacement of clean materials.

And it was an intermediate scale that was deemed to be the best approach. The Port participated in some of that review. They are still refining the cleanup plan a little bit, mostly to add additional materials to enhance the long-term cleanliness of the site and some of the safety of the site.

The Port has most recently contributed to the effort by conducting a storm-water infrastructure investment. The EPA approached us and asked us to investigate the storm-water lines that the Port owns in this area. So our maintenance crew went out earlier this year.

And it was quite a bit of an effort to get in there. And they did their investigation. And every bit of evidence suggests that anything going into our storm drains is

flowing to the combined sewer system, not to the slough so that our inlets don't provide additional risk of transmitting material to the slough.

So the cleanup has not begun yet. They're still doing some studies to refine that, as I say. And they expect to begin some of this cleanup in 2023 or '24. But we will continue to monitor that and see where that goes.

Assistant Director Martin: Thank you, Rich. Aside from the investigation and remediation activities that Rich described where we've licensed and allowed consultant staff and others to use our property, we are actually leasing that one historic rail right-of-way parcel that includes both paved and unpaved land and a shed structure.

So we have three private tenants there using a combination of those land types. And then, we also are storing a Port-owned oversized bay model in the shed structure. So that particular parcel -- and I'll scroll back to show you what I'm talking about. So it's numbered 6016. That's the one I'm talking about here just to the south of Yosemite Slough.

There is an additional parcel that we're not showing on this map at this time. As I mentioned earlier, we're still trying to verify and sort of reconcile our records. There is a private party that's using a portion of that parcel. So we want to make sure of our position before we potentially enter a dispute to try to mediate that situation.

So once we complete that work, we'll come back to you and look for direction on those next steps. I'd also highlight that our maintenance staff has installed in some locations along the northern side of Yosemite Slough some concrete K-rail to try to keep people from accessing both our property, which is sort of on the north side, but also some of the slough areas as well.

Then, more generally, you know, there are other Port-owned streets in this area that haven't really been directly addressed in the categories before this. These streets that I mentioned both in terms of the ones that are being transferred as well as the ones we own that aren't subject to transfer are largely unimproved and unpaved.

And they are not improved to a point where they could be accepted as a city-maintained right-of-way. So they are still the Port's responsibility to manage. Port maintenance has worked with city agencies recently to address encampments and dumping.

I think those efforts have spurred a number of monthly meetings among interested state and city agencies including SFPUC, California State Parks and the city attorney to try to be coordinated about issues that different agencies are seeing and trying to have a coordinated approach to address those issues.

Similarly, our maintenance staff has installed some K-rail -- concrete K-rail along Gilman Avenue, as it borders leased property of California State Parks. And obviously, we'll be looking for opportunities where we think that that would be beneficial to our further management of limiting these negative sort of blight activities from happening on our properties.

Our southern waterfront property manager, Monico Corral, tours our properties at least three times a month to ensure tenants are complying. As we've had these issues, especially as it relates to the air-quality issues, he's been down there more often to sort of address some different encroachments on our property or other issues sort of outside of our tenants.

Our goal for the streets in particular is to find resources with the help of the city to improve these properties and to seek city acceptance of those streets or else also to look at, are there other ways to bring value to the Port and the trust through the use of those properties.

Obviously, we're looking for a better way to manage them than they're being managed now. So with that, I think that concludes the prepared remarks today. But Rich and I are available to answer any questions you may have.

Public Comment on Item 12A:

Timothy Alan Simon: Good afternoon, President Adams and commissioners. My name is Timothy Alan Simon. And I should disclose that I'm blessed to be the companion and soulmate of Commissioner Kimberly Brandon.

I'm calling regarding a deep concern that I have. I am a member of the Candlestick Heights Community Alliance. And we have taken action against [and with] the City and County of San Francisco, the Bay Area Air Quality Management District and OCII regarding the subject property.

And I believe the schematic displays do not tell the entire story. The Port along with Five Points, State of California, City and County of San Francisco and the SFPUC really contributed to the blight in the area.

And what has failed to discuss -- has not been discussed is the proximity to the Alice Griffith community, which sits right there and is inundated with dust and particulates, the Bret Harte school and the Gilman Playground, all in the immediate proximity as well as Candlestick Heights where Commissioner Brandon and I reside.

This is really tragic and sad. I think it is something that should promote a deep investigation as to how this agency could put millions of dollars into the beautiful

park that you have there in the Mission Bay/Dogpatch area while this remains abandoned and blight and activities that are purely unacceptable.

And I know it's not intended. But the fact is it does exist. And its existence didn't come to light until Jim Morales, at that time interim director of OCII, brought to our attention in a community meeting that the properties were, in fact -- the paper properties, as you referred to them, of the Port Commission.

I think there needs to be a deep evaluation into the culture of the agency. We can talk about equity lens and inclusion and all these matters. But when you allow properties to sit in proximity to children, elders and allow the type of dust and particulates that has contributed to asthma and other respiratory diseases that are now documented, this is of extraordinary concern.

And I hope this commission that has this authority by trust from the State of California -- one of your commissioners was the actual author of that -- that you take the action to make certain that this does not become a pattern behavior of the agency itself and root out whatever indifference exists among staff and others who allow this travesty to exist. Thank you.

Commissioners' Discussion on Item 12A:

Commissioner Gilman: Thank you for the report. I guess my first question, just coming off that public comment which was passionate, articulate and definitely a very strong point of view, I'd like to ask staff if you could address the issues that were raised by Mr. Simon before I continue my comments.

Assistant Director Martin: We can definitely address those. I think we've long looked forward to the transfer of these properties as being the intention of the commission back in [2011].

Commissioner Burton: Can't hear you.

Assistant Director Martin: I think, ultimately, our goal is the same as the caller's, that we do not want to have these impacts on the neighboring residences or the school or the playground. That's why we -- you know, despite our view that our tenant was not causing those issues, we realize that that wasn't going to be an argument that would carry weight with the community.

So we are working with them to relocate them and move them away. I think we are definitely willing and interested to see what other actions we can take to make sure our property does not cause these external impacts.

We want to secure that property and make sure that it's not the source of blight nor is it creating liability for the Port. So even though we are in this limbo

situation, I think we very much want to address the things that the caller highlighted.

Commissioner Gilman: Mike, I guess a follow-up question I have about that -- because I think it was an interesting point that was raised in your report and by the caller about the interjurisdictional nature of this site, Five Points, OCII, the PUC -- can you tell me what you're doing cross-departmentally or cross-jurisdictionally to also hold our partner agency to the standards that we avow and our values around equity to hold them responsible for any due diligence or obligations that they have in regards to what the caller described?

Assistant Director Martin: So we definitely engage repeatedly in conversations with OCII in particular, especially Mr. Morales, as he moved ahead on the work he was doing with the Department of Public Health and the city attorney's office to issue the cease-and-desist orders to the private-property owners nearby.

And we were very much coordinated with him in understanding the authority under the redevelopment plan that he was taking those actions. You know, from our perspective, the Port's property still was leasable for the use that it was being used for.

But again, we wanted to coordinate and have a unified approach to addressing the impacts that the residents and visitors were seeing in that location. So that's why we took the action we're taking. We also -- you know, I, again, spoke with Mr. Morales leading up to this item to again express our desire to see the transfer happen and to express our desire to manage the property to avoid these situations from happening going forward.

So we'll continue to do that. And I know our maintenance division has been in more direct conversations with the SFPUC. Their properties aren't really implicated directly in the activities I'm talking about today. But we are trying to engage with them and deliver a more unified city response to the issues being identified out here.

Commissioner Gilman: Thank you very much. I'm sure my fellow commissioners are going to have so much more to say about this topic. It was a very in-depth report with someone who, since joining the commission, has really tried to understand the parcels in the southeast waterfront particularly south of China Basin -- so I don't have the history as many of my other colleagues on the commission do.

I do want to remind all of us, you know, we talk about our own equity report and what we're doing within the Port within our own culture to embrace equity, inclusion and diversity. I think we need to remember that the residents living particularly on this section of our seven-and-a-half square miles that we're responsible for, primarily communities of color who historically have been

underserved and who have been at risk of environmental damage -- environmental racism.

So I just hope that we continue to do our best to uphold our values of a port when it comes to equity. And that concludes my comments.

President Adams: Thank you. Commissioner Brandon?

Commissioner Burton: Mr. Chairman? Just one question -- which Morales are we talking about? Jim Morales?

Assistant Director Martin: Jim Morales, the general counsel for OCII.

Commissioner Burton: [I know] Jim Morales.

President Adams: Commissioner Brandon, you have the floor.

Commissioner Burton: [Unintelligible].

Commissioner Brandon: Mike, thank you so much for this report. Before I make my comments, I just want to say that I hope no one takes them personal because this is bigger than the Port. This is a city/state issue along with the Port.

But this makes me embarrassed to be on this commission. The fact that we have land that we have abandoned that has caused a blight and inhumane circumstances really, really puts me in a difficult position because this is environmental racism at its finest.

I know that we have a parcel that should be transferred to OCII. Yet we have several other parcels that, if you drove through that community, you would think you're in a Third World country with the homeless, the dumping, the blight, everything that we have just ignored at least in my 25 years.

We have done nothing to make those streets acceptable. We've done nothing to clean up those properties. But what we do is we contribute to the situation. A lot of what is happening there now is because of development on our other properties.

The city's homeless shelter was at Lot A. It was moved for development. Then, it went further south. We started developing Pier 70. Now, where are they going to go? So the whole thing has been moved south.

For the last two years, if you drove around Candlestick Expressway, you'd swear you were in a Third World country in one of the richest cities in the country. And the residents in that area fought for two years, had to bring legal

action just to get any city agency to step up and do what it should be doing which resulted in a closure of the expressway.

And then, you pop up, and you have these illegal concrete batching operations directly across the street from a housing complex. Kids are suffering. People have so many health issues there now. And it took eight months for the community to get Bay Area Air Quality, the supervisor's office, OCII and every party responsible with the city attorney's agency.

It was only because the residents have been complaining for so long that they finally stepped up and said these people have no permits. They're running illegal operations. They shouldn't even be there. But yet, we were allowing this.

We allowed RVs to just park anywhere and everywhere with no enforcement whatsoever. So I know that we have the right leadership now to really look at these issues and really make it a priority to actually do something about these conditions.

And I don't know how much more studying has to be done at Yosemite Slough before action starts. We've been studying for over 10 years. We've investigated for 15. When does the actual cleanup start happening? And then, my next question is, what type of companies are we leasing to at Yosemite Slough?

Assistant Director Martin: The three tenants that we have at Yosemite Slough are construction firms.

Commissioner Brandon: And what type of construction are they doing?

Assistant Director Martin: I'm not aware offhand, but we can get you that information.

Commissioner Brandon: [laughs] Okay. Let's get real here. We used to have large cargo ships coming into port right here on the Embarcadero. Times changed. Development happened. We said that's no longer acceptable.

We're doing all these development projects. Times are changing. What used to be permissible 50 years ago is no longer permissible when we're trying to build all this housing for all these people that need it.

So we -- no matter what kind of land we have, no matter what it's zoned, we cannot have construction activity next to housing communities. We can't do it anymore. We have to step up and treat this community like we do every other community along this waterfront, every other community.

We want to talk about equity and racial equity and doing the right thing and transparency. We have to step up and do the same thing in every community.

But all of this needs to be a priority. We can be the catalyst to get other city departments to say, "Hey, we have to do the right thing here. We can no longer let this continue."

So we can't just keep saying, "It's our responsibility, but it's not our responsibility." We have to do whatever we need to do to engage the city, the state or whomever to make sure that they are doing the right thing with our properties. Thank you. I might have something else to say. [laughter]

Commissioner Brandon: Vice President Woo Ho?

Vice President Woo Ho: I thought this was a very innocuous item when we started. [laughter] I'm aghast a little shocked now hearing all the comments. Unfortunately, I obviously have never been to that area. So I'm embarrassed too that we obviously weren't aware of the situation.

I think we need to do something. I don't think there's anything more I can add to the discussion but to say that I think we need to ask staff to take a stronger look into the situation. I know Commissioner Brandon very well. And you know, she's not going to speak out of line.

I think we have a problem. So I think we just need to figure out how we're going to go about solving it. And it's not an easy problem to solve because there are other agencies involved. I think we just have to make a commitment today that we are going to do something and that there should be -- and I would request that you put a timeline and a project plan and say these are things we're going to do.

And then, we're going to track it. And you can report back to the commission on a regular basis. So that's my request. Thank you.

President Adams: I have to say that sometimes we have to have these painful conversations. When we start our meeting, we stand up, and we salute that flag. And we say liberty and justice for all. Is those just some words? Or is it something that we live by?

Sometimes, we just say things. And then, sometimes people would say maybe someday. This is a good conversation. This needs to happen with all the good things that the commission and the Port is doing. But this is a reality: environmental racism.

And sometime, we've got to get down dirty. And this commission has never been afraid to take a stand or to speak truth to power or to fight. Right. These are American values that we should be saying. We heard from Mr. Simon. He called in.

We've heard from the commissioners. This is unacceptable. We have a right to do something. And the Port has been leading. We need to take a strong stand and speak out against it. This can no longer happen. This can't be acceptable. We can't turn a blind eye to that. We can't.

What does that say about us as Americans if we allow something to happen, and we know it's happening, and we say nothing? We're just as guilty as the perpetrators that perpetrate such issues and allow that kind of racism and things to happen.

Commissioner Burton: Jim Morales -- [crosstalk]

President Adams: So I think that --

Commissioner Burton: Jim Morales -- [crosstalk]

President Adams: I think, Director Forbes -- I think I've got to point the question to you. What are you prepared to do? And what is this Port prepared to do? This commission has always been willing to take a stand. But as the executive director, I think you've heard the passion. What are you prepared to do as the executive director?

Director Forbes: Thank you for the question, President Adams. And thank you, Commissioner Brandon, for saying that you believe we have the right leadership in place to tackle this challenge. I believe we do have the right leadership team.

I would suggest we have a joint hearing with the OCII commission. I think it's something we should look into doing to discuss this property and the management, the wellbeing to the neighborhood residents and the future of these parcels in a larger context from just the Port's parcels.

I think we have to look internally and see how we're doing our own leasing, how we're doing our maintenance, security, etcetera, and make sure that we are taking care of this property in the way we would any other property any other place in the city.

I think we need to come back and report to you on what we've found, if there's any other recommendations of the commission for what we should look into before we come back. I think it's very important that we bring the city agencies with key responsibility for this area to the table with this Port Commission, so you can have a conversation with them.

I think that's going to be very important in moving this dialogue along. And for us, it's OCII primarily. But it's also -- with Yosemite Slough, we should maybe

have a joint commission with the PUC commission that is lead on Yosemite Slough.

Port staff can work hard to push our values and our strategic plan. But we are not the director of any of those other agencies. So they need to come together here and have a policy dialogue, so everyone gets on the same page.

And we're upset. We're shocked by some of the information we've heard today. And we definitely want to see it different. So we're very committed to a go-forward plan.

Commissioner Burton: Question, Mr. Chairman.

President Adams: Yes.

Commissioner Burton: Being the newest person on the -- how long has this been kicking around?

Director Forbes: About -- I want to -- Mike can help me. I think it's about 11 years ago OCII carved out this area for redevelopment as part of an overall master plan. It was 11 or so years ago. Is that the right timeframe, Mike?

Assistant Director Martin: That's the most recent set of approvals. It sort of kicked around until then.

Commissioner Burton: About 10 years give or take?

Assistant Director Martin: A little more than that. Yes.

Director Forbes: About a decade. And we were to trans --

Commissioner Burton: That's b -- I mean, even for government, that's a little bit slow.

Director Forbes: It's really b -- I mean, and the developer is not moving on this phase. And that's been some time.

Commissioner Brandon: And we've received no compensation whatsoever for 11 years --

Director Forbes: No.

Commissioner Brandon: -- [full] abandonment.

Director Forbes: No. No. And I think this --

Commissioner Burton: If I may -- and the hang-up has been not with this commission but with some of our brother and sister commissioners?

Director Forbes: I'd ask Mike to help me. I think the strongest way to say it is the hang-up has been the execution by the city's development partner in moving through the phases from first phase to second phase. I think we're in a second or third phase -- this property that we're discussing.

So the developer in Lennar and now Five Point has not moved through the phases of development as has been intended over this 10-year period.

Commissioner Burton: Thank you.

Commissioner Brandon: I personally think we're talking about more than one piece of property.

Director Forbes: Yes. We are.

Commissioner Brandon: I personally think -- excuse me -- we're talking about the properties that the Port has owned for over 50 years that have been abandoned and unmaintained. That's what we're talking about. So regardless of it -- if it's OCII, PUC, whoever, these are our properties.

It's up to us to maintain them with upkeep and security like we do everywhere else along this waterfront. That's our job, our responsibility. So the problem with the city these days is everybody wants to pass the buck. No one wants to take responsibility.

This is our responsibility. We allowed concrete batching plants to go onto our property and do illegal activities.

Director Forbes: [Unintelligible].

Commissioner Brandon: Yes. We did. They were encroaching on our property. They were using our property.

Commissioner Burton: So somebody's going to c -- Mr. Chair, with permission -- so somebody is going to come back to us and tell us -- because it seems to me, if we don't take leadership in something --

Director Forbes: Yes.

Commissioner Burton: -- these people will continue to get screwed over --

Director Forbes: Yes. I think that's --

Commissioner Burton: -- which usually happens to poor people --

Director Forbes: Yes. It's absolutely true.

Commissioner Burton: -- in that neighborhood especially.

Director Forbes: And I think that the batching plant that Commissioner Brandon refers to was conducting illegal activity primarily not on Port property. But they were using our property without permission for laydown space. We got them off.

The city is taking it more seriously. But the point Commissioner Brandon makes is, what is Port doing first and foremost to take care of our pieces of the pie and to make sure that we're doing a good job there? But the larger questions still do relate to other city agencies.

Commissioner Burton: [Yeah. Lead by example maybe].

Director Forbes: So we need to take care of both. Yes. I think that's right. Lead by example.

Commissioner Burton: Thank you, Mr. Chairman.

President Adams: Does any other commissioners have anything else to say on this issue?

Commissioner Brandon: So I guess the new business is that you will come back in 60, 90 days with an update of --

Director Forbes: Yes.

Commissioner Brandon: -- where we are and what --

Commissioner Burton: [Who the hell] --

Commissioner Brandon: -- the plan is.

Director Forbes: Absolutely. Thank you.

Commissioner Brandon: Thank you.

Commissioner Burton: I mean, the Jimmy Morales -- [crosstalk]

President Adams: Thanks, Mike and Rich. Thank you. Carl, next item, please.

- B. Informational presentation on how the Port currently accepts and reviews public art proposals, opportunities going forward to expand outreach for public art, and review of a proposed temporary art installation at Pier 14 by artist Denise de la Rue.

Dan Hodapp: Good afternoon, commissioners, President Adams and members of the commission. Dan Hodapp with the Port's planning and environment division. The Port has many different roles along the waterfront. And I'm going to switch the tone here, I hope, and talk about public art and about how public art comes to the Port -- is a main part of this I want to cover first here.

The agenda: how public art comes to the waterfront; the steps we're going to be looking at to increase public outreach and inclusivity in artist participation; and then I want to talk about a public art proposal for the Pier 14 plaza.

Public art enhances the waterfront for many visitors, for most visitors as they come to the waterfront. And we've got some excellent examples. I hope to show a few of those today.

And when we talk about public art, we're referring to original works of art in any medium. And they can be permanent. They can be temporary. They can be large sculptures, murals, utility covers, playgrounds, play equipment, benches, paving patterns, railings, tapestry. It could be many things. It's very broad how we might define that as we go forward.

We've enjoyed some spectacular public art, examples of some very major pieces, the polar bear that was in front of the Ferry Building for the global climate summit and the crouching spider by Louise Bourgeois brought to us by the Arts Commission and the very hard and expertise work of Jill Manton of the Arts Commission, who is sitting right behind me.

Art can also be, as I mentioned, many other things. It can be inlays in the pavement. It can be sculptural benches that also act as play equipment. It can be the art ribbon along the Embarcadero -- are all examples of public art.

It can also be used to interpret some of our larger projects such as the waterfront resilience program. The blue stripes indicate potential water levels as time goes by, what it would be. The columns on the right are showing the height of the tide, and they rise and fall with the tide.

So there's many things art can do whether it relates to what's going on in the waterfront or whether it's just fun and part of our lives. So how does public art come to the Port? Primarily in two forms -- one is the city's 2 percent for public art program.

And that's implemented when there are city funds involved in a project such as some of the funds -- a small amount of the funds for the cruise terminal or some of the general obligation bonds that the Port has received for developing the public space program.

Where these funds are involved in a project, the Arts Commission is responsible for administering that. So that's one part of it. Then, the other way we get public art at the Port is unsolicited proposals. And we're going to see one of those today.

Artists ask the Port if they may be permitted to temporarily display the art on Port property at their expense. Artists or art organizations assume all responsibilities. And we'll cover that in a little bit. And the Port assists them through the approval process and may waive the permit fees.

The Port does not have a public art program. We do not have staff to administer this or a specific program. We have not dedicated this. And we don't have a public art budget. And you notice that both of these proposals aren't looking at Port funds to implement.

The city's 2 percent for arts program -- what the Arts Commission does is they select the review panel. They do a request for qualifications for artists and then a request for proposals. They manage the contract, manage the fabrication and construction, the event organization for when it opens and some of that management, lots of coordination there.

And they establish a maintenance fund or agreement and administer that as well. When the Arts Commission publicizes public art projects through the 2 percent program, they have requirements for the issue [as they] issue the request for qualifications and public notice on their website and on the mailing list.

And they do intentional and targeted research to reach BIPOC artists. And selection panels will always have racial and gender diversity. These are built into their system for this program.

A couple of examples here -- down at South Beach Park and the new Islais sculpture on the right down across the street from the Bayview Gateway Park are examples of projects that come to us through that program.

And often, we get art from other sources too. Bayview Rise is not -- in the southern waterfront, a spectacular piece [has been] -- is not subject for this program, but it's an example of the Port spending its own money through the Southern Waterfront Beautification Fund to provide that wonderful piece.

So we also get art through unsolicited proposals. And the proposer is responsible for entering into a license to use Port property and obtain an encroachment permit. There are requirements around this. The property that's being used can't be for a revenue-generating -- can't displace a revenue-generating purpose.

The proposer must provide the required insurance, indemnification, perform necessary maintenance and post the permit performance guarantees all necessary. And the proposer bears all costs associated with the fabrication and installation of the art.

The Port often facilitates such pieces where it's found to be a benefit to the Port by managing and assisting through these processes. Examples of the public art that's come to the Port in this way -- this is the rocket ship at Pier 14. That was a crowd favorite. The Women's Day exhibit in front of the Ferry Building that is displaying women who have are necessarily recognized by monuments and other public gatherings.

I think it was brought to us by Hudson, the operator of the Ferry Building, and intended to bring to light some of the gender inequality that occurs. And here is a piece of art at Pier 14 titled "Soma," brought to us by the Flaming Lotus Girls, a women-led public art organization, who was just fabulous and organized to work with and a very spectacular piece -- so a few examples of how the Port got public art and those things.

So how can the Port increase public outreach and inclusivity? Well, as a first step, we will provide a transparent and inclusive process for how we make public art opportunities known.

This will include: publishing a Web page that lists Port requirements, types of public art, the locations where public art may go and the process for approval and installation; identify and reach out to known arts organizations including local BIPOC arts organizations to make the Port process and opportunities known to a diversity of artists; and coordinate with the Port's racial equity action plan working group on additional outreach opportunities and development of a policy which includes a local engagement action plan for arts and education; and make sure the outreach and policies aligns with those efforts.

So those are steps that we will be beginning soon this summer and would be returning to the commission following development of those. And we also could return with a more complete framework of how we do this -- reach out to artists and a possible draft policy for consideration by this commission.

I'm going to switch now to an art proposal for the Pier 14 plaza and artist Denise de la Rue, who is also sitting behind me here, to site a temporary sculpture

known as "Time=30" on Port property between the Agriculture Building and Pier 14 which is roughly where Mission Street reaches the waterfront.

She points out that, by 2050, there will be more plastic than fish in the ocean. And from now, humanity has approximately 30 years to do something to prevent this catastrophe from happening. "Time=30" is a 23-foot replica of a blue whale skull made out of collected and recycled plastic.

Ms. de la Rue is a Mexican artist with many international accomplishments. She is the first Latin American artist exhibited by the Gagosian Gallery, the first artist to be granted permission by Succession Picasso to use Guernica for a contemporary work of art.

And in 2014, she presented her video, "A Cry for Peace," at the United Nations headquarters in New York which was the first presentation of an art project during the United Nations general assembly. She has many accomplishments.

I mentioned the location of it. The sculpture at Pier 14 plaza just south of the Agriculture Building -- the sculpture would be seen by those on the Embarcadero promenade and on the roadway with its 23-foot height yet not impede circulation in that area and would allow space for visitors to walk around the sculpture.

There would also be interpretive elements to explain what the sculpture is and the reason for why a blue whale skull is being depicted here which Ms. de la Rue will explain further. With that, I conclude my presentation and invite Ms. de la Rue to talk about Pier 14 and then return to the commission at that time. Thank you.

President Adams: Okay, Ms. de la Rue. Then, we'll have Ralph Remington, director of the San Francisco [Arts] Commission speak. Go ahead, Ms. de la Rue.

Denise de la Rue: Hi. First of all, I'm super excited to be here. Thank you so much for your time, commissioners.

Director Forbes: Ms. de la Rue, can you speak into the microphone, please.

Denise de la Rue: Sure. Okay.

Director Forbes: Thank you so much.

Denise de la Rue: I'm too tiny. So [laughs] -- okay. So thank you so much for your time. I'm very excited to be here presenting this project, commissioners, President. And yes, our intention with this project is use art as a tool to raise

awareness about plastic pollution in our oceans because art is a language that is borderless, you know.

Everyone can get that. Right. So by portraying 23-foot replica, which is that one, of a blue whale skull skeleton made out of the same material that is killing life in the sea I think is super potent with the spectators because, of course, there is going to be also like information about it either on the [plinth] or on the ground saying like this sculpture was made of six tons of plastic recollected in Southeast Asia because we're getting the plastic from there.

Then, in Switzerland, a company processes that. And they give me some granules or pellets. So I'm going to create the sculpture with that plastic. And you have to [form an imagine --] I mean, I picture myself. I visualize if I'm walking -- pass by. And then, I see this huge, you know, blue whale skull.

And say like it's made of certain amount of tons of plastic, blah, blah. So I think it will really be very impactful. The intention is to change, you know, people, move consciousness and minds for taking action to a more sustainability way of living.

And also, I think it's super important to mention that the San Francisco Department of the Environment created an outreach and educational program to support, you know, like the mission of the project. So I mean, if -- you would like to talk about it? Could he join the conver –

Director Forbes: Pardon me? Okay. Ty, come on up.

Tyrone Jue: Thank you, Director Forbes. I'm Tyrone Jue. I'm the acting director for the Department of Environment for San Francisco. So as Ms. de la Rue said, we're just so excited about this project not only because it's a prominent display.

It does show the effects of plastics in our waterways which is actually one of our most significant challenges in terms of planetary and also human health because all of those microplastics that make its way into the fishes that are ingested by the fish get consumed throughout the ecosystem and by humans as well.

So this is a really important message we need to get out there. We're excited to be putting resources from our department to connect youth to this art exhibit. So we'll be using our environmental education program which has deep networks within all of our schools within San Francisco to bring kids out and youth out on field trips, participating in contests and other sorts of programming so that they get to experience it and learn from this as well because, ultimately, they are the ones who are going to help us shape a better future.

So we're really excited to be partnering. And I would be remiss if I really didn't acknowledge the work of my predecessor, the former environment director, Debbie Raphael, who is a true climate leader and champion for this city.

It was actually thanks to her leadership that she brought this opportunity to the city and that we're here presenting this opportunity to this commission. So thank you.

Denise de la Rue: Also, I would like to mention that this project has the support of California Arts Council and Governor Gavin Newsom. My initial approach of me and my team was with them. Then, we reach out to the San Francisco Department of the Environment, then Jill. And it was, you know, like a chain reaction.

Commissioner Burton: Can I ask a question, Mr. Chair?

President Adams: Go ahead.

Commissioner Burton: My parochial [self] -- is there any artwork on the Port by Benny Bufano? You know, Benny Bufano was [unintelligible].

Dan Hodapp: I believe there is a piece down in Fisherman --

Commissioner Burton: I'm sorry. I can't hear you.

Dan Hodapp: Dan Hodapp speaking again, commissioner. I believe there is a piece in Fisherman's Wharf poss --

Commissioner Burton: One piece of Benny Bufano?

Dan Hodapp: I believe there is one, yes, approximately at Mason Street and Jefferson. I'm not sure if it's still there. But it was. And I should know because I've worked on Jefferson Street. So I apologize for that.

Commissioner Burton: Yeah. Well there should be. Although the modern stuff is good, I mean Benny Bufano was, to this city's art, as great as anyone.

President Adams: Commissioner Burton, let's stay on the current presentation.

Commissioner Burton: [ILWU guy] --

President Adams: No. No. No. No. When you get to your -- you can speak. But Denise de la Rue has the floor. Please get up and speak, please. Thank you.

Denise de la Rue: Sure.

President Adams: Try to be patient, please.

Commissioner Burton: Sorry.

Denise de la Rue: Thank you. Any questions? [laughter]

President Adams: Well, I want to thank Dan and Tyrone and Ms. la Rue. Thank you so much for being in our house.

Denise de la Rue: Thank you.

President Adams: Appreciate it. And before we go to the next, Ralph Remington, director of the San Francisco Arts Commission, would like to comment. He's joining us virtually.

Ralph Remington: Thank you. Greetings, Port of San Francisco, commissioners. My name is Ralph Remington. I'm here as director of cultural affairs for the San Francisco Arts Commission to express my enthusiastic support for the temporary installation of Denise de la Rue's sculpture proposal for Pier 14.

As mentioned in my letter of support to the Port sent on April 7th, this is an excellent example of art with a purpose. And I wholeheartedly support the mission and goals of this sculpture that revolve around environmental action and awareness.

This sculpture will attract and captivate visitors with its message about the need to protect our natural environment and will help educate and motivate the viewer to take action. I also applaud the artist for using her work to convey an important and time-sensitive statement about the need to protect our oceans from plastic waste with the use of recycled plastic, turning refuse into something creative and beautiful.

From an aesthetic perspective, the sculpture is beautiful and elegant and standing at 23-feet tall. It is appropriate in scale to the backdrop views of the Bay and the Bay Bridge at Pier 14. The message the sculpture conveys will be further amplified by the public programming proposed to accompany the display of a sculpture which will be coordinated by the Department of the environment.

Pier 14 has a long history of hosting temporary sculpture displays. And I believe this sculpture will be a compelling and fitting addition to the city's waterfront. Thank you so much for having me today. And thank you for your consideration of this proposal. Thanks so much.

No Public Comment on the Item 12B.

Commissioners' Discussion on Item 12B:

Commissioner Burton: I just wondered about that. And local people [how about that] -- I don't know his first name. It's Tony Serra's brother.

Female Voice: Richard Serra.

Dan Hodapp: That would be Richard Serra.

Commissioner Burton: Yeah. Local --

Dan Hodapp: Yes.

Commissioner Burton: Local artist of pretty good repute -- do we have any -
- in other words, I guess the point of this -- do we have --

Female Voice: [Unintelligible].

Commissioner Burton: Instead -- not in lieu of but the modern art -- but like local San Francisco artists who have contributed, you know -- and they were the people -- Bufano was one of the first guys that was fighting to get 2 percent of architectural embellishment into San Francisco public projects and [private is] -- kind of an idle curiosity. But -- yeah. [Find them?]

Dan Hodapp: I believe --

Commissioner Burton: Silence is the answer.

Dan Hodapp: We do not have any Richard Serra art pieces on Port property. There is one on UCSF [crosstalk] property in Mission Bay.

Commissioner Burton: I think it would be nice to -- as part of our history. That's all.

Dan Hodapp: Okay.

Commissioner Burton: Thank you. Thank you, Mr. Chairman. Sorry for --

President Adams: It's thus noted, Commissioner Burton. Commissioner Gilman?

Commissioner Gilman: Thank you, Dan and Ms. de la Rue, for your presentation. I want to say I am super excited when we partner with the Arts Commission and other city departments to bring art to the waterfront. I think, as

Commissioner Burton said, we need to highlight both local San Franciscan artists and those who have civically engaged us.

And we also need to engage with newcomers to the city or communities of color that sometimes have been excluded in public art. So I really am excited about the prospect of us having a vehicle and a gateway by not replacing the Arts Commission and grants for the arts but having a way where artists can solicit us blindly when they have ideas or concepts and that we have a venue that is open to making those determinations.

I think that uplifts our communities of color and uplifts artists who are making their home the Bay just like many artists before them. So this was a very uplifting topic. I'm excited, Ms. de la Rue, to see your sculpture at Pier 14. I think this is a great collaboration between us and other city departments. That concludes my comments.

President Adams: Thank you, Commissioner Gilman. Commissioner Brandon?

Commissioner Brandon: Dan, thank you so much for this report. I think I want to kind of separate this bec -- regarding the public art piece at the Port. And I know that it's been a while. But I know that, in the past, I have asked for a policy so that we understand how people can bring art to the waterfront.

I know we have several locations that could be available so just wanted to have some kind of transparent policy so that -- Ms. de la Rue knew all the right people to call. Her art is phenomenal. But not everybody has that access.

So I really wanted us to come up with a policy so that, if someone is interested in bringing art to the waterfront, they know exactly how to do it and where it can be done. So hopefully, sometime in the near future, we can come up with a policy along with outreach to communities of color to let them know that this is available.

But as far as supporting this project, I think it's phenomenal. I can't wait to see it in person. I think it's beautiful. So I truly support that piece. Thank you.

President Adams: Thank you, Commissioner Brandon. Vice President Woo Ho?

Vice President Woo Ho: Thank you. I'm very supportive. It's a beautiful sculpture, complement the idea of being able to integrate the idea of the plastic with the plastic and also send a very strong message at the same time in terms of what we need to do about to protect our environment.

I just had one question. I know it's only going to be up for six months. It does say in the staff report that, Ms. de la Rue, you are responsible for maintenance. And I'm hoping -- the worst thing is to see a beautiful piece of art -- and we're on the waterfront. And we have lots of birds and other things.

So we hope there isn't going to be any sort of -- there will be some maintenance to make sure that the art remains in pristine condition and does not get ruined by other forces of nature.

Denise de la Rue: Absolutely. It's something -- bird -- I don't know -- do something like that. Maybe it's going to be damaged, you know. But the plastic is extremely resistant -- well, that's, you know, like -- and it's covered with a painting from Bentleys and Rolls-Royce and rocket painting.

It's a mixture -- and airplane. So it's extremely -- I don't think even it's going to be any maintenance for six months. I mean, that's -- the engineers -- I'm producing this in London with an art fabricator there. And we [already made] tests, etcetera. It's extremely resistant.

Vice President Woo Ho: Yeah. Okay. So I just hope it looks clean because the last thing is you want to make this look dirty. And then, all of a sudden, it --

Denise de la Rue: Absolutely. Absolutely.

Vice President Woo Ho: I mean, the pictures are wonderful. It's a great depiction. So I think it's another great addition to our waterfront. And I would echo Commissioner Brandon's comments about, while we don't have the resources to have a formal art program per -- I understand that that's the case.

But we probably should have something that's a little bit more stated maybe in terms of the process of how people can find us. They don't have to wade through a maze. I think we are part of a city government that the more efficient and easier we can make it for people -- and we're just one agency.

So whatever we can do within this department -- I can't speak for the whole city - - let's try to make it as easy and efficient and simple for people to do whatever they need to do. And this would be a good example.

So Elaine, it's one of your projects anyway to become internally more operationally efficient so another example. Right. So anyway, I am excited to see this and compliment you. And glad you found us. Thank you very much.

Denise de la Rue: Thank you. Thank you so much. Thank you.

President Adams: Thank you, Dan and Ms. de la Rue. I think it started out with -- Commissioner Burton has been around a long time and a strong historian in the city and has known a lot of -- and I think this is great.

It's not too many agencies that can really talk about having art. And it's nice that, on the Port, we're that diversified in our portfolio that we have art. And we can showcase it down on the waterfront. We're talking about a city, before COVID, that got 30 million tourists a year.

People come to San Francisco. And this is one of the great things that people can enjoy. I would also, like Commissioner Brandon -- I would like to see something, a policy in place, where we could show more diversity and have other people know where to go, so they could have an opportunity.

I mean, this is a platform here. I think people need that. And a lot of times, if you're not in a certain clique or if you're not with a certain group of people, you don't have a chance to get that exposure. Right.

Commissioner Burton: Exactly.

President Adams: I think the Port here should be able to provide that platform from anybody from any background. Right. Ms. la Rue, I have to say what you're doing is visionary. It's a strong social statement. And you see a lot of people especially a lot of countries all over the world going out trying to get stuff out of the ocean, the plastic and stuff like that.

And it's going to affect younger generations. And we're talking about spending all this money here for a seawall. But we have to protect that environment of the ocean. I think sometimes we take water and the ocean for granted.

Who would have ever thought we'd be paying for water these days? Growing up, we n -- but now, people sell bottled water and everything. So I appreciate -- and maybe it'll make people think. It's a strong, and it's a powerful social conscience.

And maybe it will sink in to people because we have to take care of it for the younger generations and generations to come. They'll say, were you paying attention? So you're definitely out front and being a visionary. Thank you.

Commissioner Burton: Mr. Chairman, just as my last buttinsky -- [laughter] another San Francisco, Ruth Asawa.

Director Forbes: Ruth Asawa is amazing. Yeah.

Commissioner Burton: I throw these names out -- when I get a puzzled look, it puzzles me about th -- [laughs] you don't know who Ruth Asawa is.

President Adams: You done, Commissioner Burton? You have anything else?

Commissioner Burton: No. I've taken up too much time.

President Adams: No worries. No. We've got time anyway. [crosstalk]

Commissioner Burton: Research her. She's not bad.

President Adams: Once again, thank you for being here. Appreciate it. And thanks a lot, Dan. Looking forward to what you've got coming up next. [Surprise.]

Commissioner Burton: [crosstalk] She did a -- [crosstalk]

13. REAL ESTATE & DEVELOPMENT

- A. Informational presentation on a proposed new lease with Aardvark Storage Unlimited, Inc., a California corporation, dba American Storage Unlimited, Inc. for approximately 274,163 square feet of paved land at Seawall Lot 344 for a term of five years with a one (1) year option to extend.

Kimberley Beal: Good afternoon, President Adams, commissioners. My name is Kimberley Beal. I'm the assistant deputy director for real estate for the Port. And as was said, I am here today to provide you with an informational presentation on a proposed new lease with Aardvark Storage Unlimited for a portion of property at Seawall Lot 344.

So as background, Aardvark Storage Unlimited does business as American Storage. And they lease property at Seawall Lot 344 again for a mini-storage facility. And the term of the existing lease was originally for 60 months.

It had one option to renew for an additional 60 months which they did exercise. And the term of that lease will expire at the end of this month. And both the tenant and Port staff would like to renew. This is also being brought to the commission because the initial base rent proposed is under parameter. And the lease will also generate more than a million dollars in revenue.

So it requires Port Commission approval and, if approved by the commission, will also require Board of Supervisors' approval. This lease will meet the Port's strategic objectives in that it will allow us to retain a tenant that can perform through economic cycles and also the rate once -- increased parameter will increase the rent by 51 percent which will then help support the Port's revenues.

So the leased premises is approximately 6.29 acres at Seawall Lot 344 which is located on Amador Street off of Cargo Way. And American Storage has been a Port tenant since 1998. Prior to American Storage's occupancy or tenancy, the site had been used for staging for railcars and other light industrial uses.

The proposed use will continue as existing which would be used primarily for operation of a mini storage facility consisting of temporary storage containers, administrative offices and then parking directly related to the operations.

If the tenant were to vacate the site, there is in the area approximately 306,000 square feet of land that we do have available for similar uses. So the other goal is, in this case, tenant retention. So under the current lease, their current rent is about \$82,000 per month which equates to about \$0.30 per square foot.

However, current parameter for paved land is currently \$0.45 a square foot which would be a 51 percent increase over their existing rent or about \$40,000 per month. To make this a bit more palatable, what staff is proposing is to use the leasing incentives that the Port Commission approved under Resolution 21-16 for shed space which would, again, slowly ramp the rent up to parameter.

So under the new lease proposed key terms, we are looking at a five-year lease. The rent, as I mentioned, would be ramped up slowly to parameter where it would be starting at 80 percent of current parameter in year one which equates to about \$0.36 a square foot, increasing to 90 percent in year two up to the \$0.45 per square foot in year three with 3 percent bumps in years four and five.

The tenant would have an option -- one-year option to renew at which time the rent would be increased to then parameter rate. And the tenant would continue to be responsible for all maintenance and utilities for the site. They would also be required to provide a security deposit equivalent to two months of the rent during the last year of the lease. So we're looking at about \$260,000 as a security deposit.

So during the last three months of the lease, if the tenant is vacating the premises -- so this is not during the last three months of the term. This, again, is only if the tenant is looking to vacate. We are proposing that the rent be reduced during those final three months. And it would be reduced to 50 percent of the then rent immediately preceding the expiration or termination.

So this can be viewed as kind of a load-in, load-out. So with special events, usually when a tenant is loading in, the rate is reduced as opposed to when they're actually holding event where it's full -- the full rate. This is being done because the trailers themselves cannot be removed -- it has to be removed kind of as -- almost as a puzzle.

So they have to be removed in a systematic manner. And the tenant would not be able to utilize all of the space. So they would be paying for something they can't use. But we're saying you're still using Port property for storage of your trailer. So we are entitled to rent.

So this is something that we have negotiated with the tenant, they are agreeable to in addition to the rate that has also been proposed. So this area is in the southern waterfront and therefore subject to the southern waterfront beautification policy.

So community benefits that this particular agreement would offer is they do have and maintain planters along Amador Street to provide beautification. They also do trash pickup and sweeping there along Amador Street. And they do support local businesses within the Bayview.

So there is a cleaners that they frequent for staff uniforms. Also, there's a hardware store that they mention that they depend on for supplies, also local restaurants where they buy staff lunches. There are only seven employees for this operation, two of which have been with the business for over 20 years, the other three for over 10 years.

And the most recent two have been added to provide security for the site. I will mention too that this is going to the southern advisory committee tomorrow where we will be informing them that we are looking to enter into a new lease with this tenant.

So with that, I welcome the Port Commission's questions and hope that the next recommended steps -- or you will recommend that we bring this lease back to the Port Commission for approval at the May 10th commission meeting. With that, that concludes my presentation. Thank you.

No Public Comment on Item 13A.

Commissioners' Discussion on Item 13:

Commissioner Gilman: Thank you so much for this report. I'm sorry. It might just be me. I apologize. It's been a really long day. Can you just remind me again -- maybe I heard you wrong about why we're doing a drop -- are we raising the parameter rate to where it should be because the lease is historic? Or are we dropping it? Can you just go over that one more time for me?

Kimberley Beal: Actually, we're bringing the rent up to parameter.

Commissioner Gilman: Okay.

Kimberley Beal: The current rent is only -- their current rent that they're paying is \$0.30 a square foot. Parameter is \$0.45 a square foot, which is quite a jump when we look --

Commissioner Gilman: Okay.

Kimberley Beal: -- at the amount of space that they are leasing.

Commissioner Gilman: Okay. Thank you. That clarifies it for me. So based on that, I actually don't have any questions and am overall supportive. Thank you so much.

President Adams: Thank you, Commissioner Gilman. Commissioner Burton?

Commissioner Burton: No questions.

President Adams: Commissioner Brandon?

Commissioner Brandon: Kimberley, thank you so much for the report. I'm just wondering -- I know we're bringing them slowly up to parameter. So if we have a tenant that is going into a new lease and they say, "I don't want that new parameter rent. I want to stay where I am," and then you compromise, but what's the compromise? Why? Have we seen their financials? Is there a hardship? Why are we not bringing them to parameter?

Kimberley Beal: Thank you for that question, Commissioner Brandon. We are bringing the tenant up to parameter. Again, this is just one of the leasing-incentive tools that the commission had approved for other types of uses.

And looking at where we are -- the economy is right now, again as I mentioned, we are trying to focus on tenant retention. And this is a way to retain the tenant, get them to enter into a lease of term and also bring the rent up to the current parameter rent.

Commissioner Brandon: Okay. Have they said that they may leave?

Kimberley Beal: They have not said that they would leave.

Commissioner Brandon: So I'm just wondering, if we have a new lease, if someone is coming up for a new lease and parameter is at a certain point, why - - and I do understand it's an increase. I think we all do. But why are we saying to the tenant, "Okay. Well, if you stay, we'll slowly ramp you up to parameter instead of --" unless they have a hardship, unless they can't afford it. Unless something's going on, why would we not just bring them to parameter?

Kimberley Beal: That was a conversation that we did have with the tenant. So with that \$0.15 jump, it was quite a shock. They had also mentioned that they did try to reach out during the pandemic to try to discuss a lease renewal.

So because of the amount of time where they had been trying to have this discussion where maybe, if we had dealt with it sooner, they may have found other space and left. This was a compromise again where we could continue to have them as a tenant, bring them up to market, recognizing that we also have space available in the vicinity that is vacant that we do not have a huge demand for. But I understand what you're saying.

Commissioner Brandon: Right. I thought that we came up those tools to work with tenants who were having issues. So that's why I was asking, what's the hardship? Have we seen the financials? Can they not afford this? But if they can -- so we're just going to use those tools across all of our tenants?

And if someone says, "I don't want to pay the new parameter rent. I just want to pay this amount," then we're going to work them to keep them? I'm just trying to figure out why we would not bring especially a non-maritime tenant to parameter.

Director Forbes: I think Becca would like to --

Commissioner Brandon: Thank you. Thank you.

Rebecca Benassini: Commissioners, Rebecca Benassini. I only wanted to jump in because we're starting the work with our consultant on resetting parameter rents. And we're looking at market conditions today. And the thing that struck me when Kimberley was writing the staff report was the vacancy.

The vacancy in office, the vacancy in sheds throughout San Francisco but particularly at the Port, we still have vacancies. And the number of acres we have vacant -- the concept of letting this tenant potentially go if they couldn't come all the way up to parameter was just too great of a hit for us economically.

So I think, as we look at the parameter coming forward in the coming months and another look at leasing incentives, I think we still do have to work with tenants to keep them in place and to ramp them up slowly.

We will talk about that further. But the leasing incentive that we have allowed for shed and office has been useful for us in keeping tenants who would have seen a big jump if they went directly to parameter in place. So just to make that connection --

Commissioner Brandon: Okay.

Rebecca Benassini: -- we are definitely offering those incentives.

Commissioner Brandon: But with our parameter rent, isn't there a spread between the -- so this is the bottom. The \$0.45 is the bottom. And what's the top?

Rebecca Benassini: Do you happen to know? I think it's \$0.48.

Commissioner Brandon: So it's \$0.45 to \$0.48?

Kimberley Beal: It's \$0.45 to \$0.50.

Rebecca Benassini: \$0.50. Thank you.

Commissioner Brandon: So it's the bottom.

Rebecca Benassini: It is the bottom. It is just a tough market out there. I mean, I think that's --

Commissioner Brandon: Right. But this is not a shed or an office. This is just land.

Rebecca Benassini: Correct. But we still have 300,000 square feet of vacant land just next door to this site that we haven't been able to lease yet.

Kimberley Beal: I'm sorry. I would like to add that paved land -- the rate has not increased since 2015. And with what's being proposed, we are still looking at bumping the rate by 3 percent in years four and five. So if that rate does not increase, then we would be increasing above that low end of parameter. And then, once again, there is the option that they could exercise in year six which would be at the parameter rate.

Commissioner Brandon: Right. Thank you.

President Adams: You done, Commissioner Brandon? All your questions answered? Vice President Woo Ho?

Vice President Woo Ho: Yeah. So I would follow up and kind of ask the question a little bit different. Yes. Market conditions are very tough. And so if we were pricing the parameter rent, they should reflect the market conditions of what the rates are currently in the market, not just with our properties and whether those rates have gone up.

The question I have really is, why was the existing rate not slowly being ramped up during the life of the lease so that the gap between at the end of the lease and parameter rent would not be so great?

So what was the rate of increase in the existing lease that created -- and was it 3 percent? Because I guess 3 percent can't make up for 51 percent. But that says that we might have to rethink because you're going to have the situation -- could reoccur again.

And then, you again have to have the situation where you're going to have to sort of figure out this interim measure of slowly bringing you back up and where the real issue is the formula for increasing rent on a gradual basis during the life of a lease sort of takes care of this huge-gap issue so that the tenant slowly -- it's not so great.

It's not 51 percent. Maybe it's 10 percent or something. And I think you all need to think more carefully about how you do this going forward especially -- we're going to be in a period of inflation. I don't know how long the inflation is going to last.

But now we know that it's no longer where we've been in the zero-inflation period. Of course, that did not necessarily translate in real estate rates in the last few years in San Francisco because of the demand and supply.

Obviously, that's a supply-and-demand issue. So I think there's something structurally that we didn't think about in our old leases. And I think you have to learn a lesson from that, so you don't run into the situation where you always have such a huge gap.

And then, you have to find other solutions and tools to help the tenant. If I was the tenant, I would say that too. So then, you're really forced to compromise with what you ended up with saying, "Okay. We'll gradually take you up."

But it would be better to have not had the problem to begin with if they had already been increasing. And maybe they would have during the COVID period. Maybe they would have had some other rent-relief program because of COVID.

But that's a totally -- so I'm not quite sure why, with COVID and all the other vacancy factors, the parameter rent hasn't sort of been affected. So that's my other question.

Kimberley Beal: So I would like to -- thank you so much for that question, Vice President Woo Ho. I would like to respond to the inquiry regarding the rent, whether or not it was being increased and what may have happened.

So the rent was actually being increased annually by 4 percent. Where we ran into a problem was with the initial rate that the lease was entered into when it first commenced. We have two different rates, one for paved land and one for unpaved land.

Unpaved land is obviously less. And that is what occurred. In this case even though the tenant is leasing paved land, they were charged the unpaved-land rate. That rate was then increased annually by 4 percent. But it was not able to keep up with the higher rate of paved land.

So that's the other thing we are doing at this time. We are charging them for what they are actually using which is paved land.

Vice President Woo Ho: Because they got a great deal all this time.

Kimberley Beal: Yes.

Vice President Woo Ho: Do they recognize that? [crosstalk] So that kind of sounds like we sort of were taken advantage of a little bit in the oldies then if they were paying an unpaved rate where actually they should have been charged a higher rent. But yet, we're compromising again because the increase is so great.

I think we just have to be really careful how we think about our leases because we structurally -- we created this problem ourselves. And the tenant, more or less, said, "Hey, this is a good deal. Why shouldn't I go with it?" and forcing us to now compromise. That's not a good situation to be in. How do we avoid that going forward?

Director Forbes: I believe this original lease was entered into about 25 years ago. Is that right -- the o --

Kimberley Beal: The existing is 10 years.

Director Forbes: It's 10 years ago. So I think that we are doing a good job of cleaning up some of the practices of the past and modernizing how we look at leasing. Here, we have a tenant who has been in good standing. They may have been getting a rate that was lower than what we might have charged.

But they have been in good standing, making their rent payments, making their increased rates. We want to see them continue on Port property. We are recommending a step up to parameter given the increase that they're experiencing and also considering their history of being a tenant in good standing and the unleased land we have proximate.

So we feel, on balance, this is a good tenant. We're getting them up to parameter for the kind of space they're leasing or taking care of an old situation. And we're bringing it up to the best state that it can be in.

I believe the real estate team has looked a lot at leasing. And there are, especially in this pandemic, various tools that we can use to keep the portfolio strong, to keep tenants in place. And this step up to parameter for an existing tenant or this way of approaching it is one tool the commission has agreed with us that we can deploy.

Vice President Woo Ho: Okay. I think it's important to Commissioner Brandon's point that we don't set a precedent so that everybody, regardless of whether there's a pandemic or not, says, why don't we just start out with -- you know, I really don't want to pay the new market rate.

They will make up a rationale which may be very plausible. My business is down right now. I need to pay a lower rate. Can you always start me down lower because then now we're setting precedents.

So I think you have to figure out how you're positioning this with this tenant. And we should go on record here saying this is not a new practice or policy of the Port to do it this way. We expect people, when they renew, that they will be brought up to parameter rent.

I'm saying it on record here. So anybody wants to say it -- because, otherwise, you're going to have everybody coming in negotiating, to Commissioner Brandon's point, which I think is what she's concerned with. Correct?

Commissioner Brandon: Yes. Yes, very concerned.

President Adams: [laughs] Are you done?

Vice President Woo Ho: Yes. I'm done.

President Adams: Kimberley, great job. No. My two fellow commissioners, I think what they have said and -- I think you've heard. Yeah. It's kind of -- I don't know. Sometimes, we show kind of -- we might do for one here, do something for there and trying to get that [formativity] that we need. I think this is still a work in progress.

But I think Commissioner Brandon is spot on on that and Vice President Woo Ho. So I can't wait till you come back. I know we're trying to help. But yet, I know there's a lot of places that are vacant out there. Right.

So it's hard, this real estate market right now in certain places especially down at the Port. What's our vacancy rate right now?

Rebecca Benassini: We just had a report done. It's almost 20 percent. And it depends on how, of course -- what you use in the denominator. We're always

struggling with how to do vacancy because there are some spaces that haven't been kept up. And they'd be very difficult to lease.

But if we kind of do it very broadly, we're at 20 percent. When we come back with the parameter rate resetting in the coming months, you'll see a lot more. And I think this will help inform you as to what's been hard and what's been easy but that we have a relatively high vacancy rate at this point.

President Adams: Thank you, Kim. Great presentation. Rebecca, thank you very much.

Kimberley Beal: Thank you.

14. NEW BUSINESS

Director Forbes: I have recorded two items. The first one is to come back in 60 to 90 days to discuss Port property maintenance, security maintenance and cleanliness of property owned south of India Basin and to recommend other next steps.

And then, I have a sad piece of new business. Yesterday, Commissioner Woo Ho notified Mayor Breed that she is not seeking reappointment for her seat. And her last day will be May 10.

Commissioner Woo Ho was appointed by Mayor Ed Lee nearly 11 years ago. And since that time, she has really helped guide and made her mark on the Port through many projects and initiatives and always served with integrity and an eye towards equity for the residents of our city, visitors and our waterfront and our tenants.

As Commissioner Woo Ho expressed to the mayor in her letter yesterday, there is never a perfect time to leave. But the Port is on a strong path to recovery. We owe a great deal of our success especially during this period of recovery to Commissioner Woo Ho who has had vision and expertise to serve our Port and city so well.

We will celebrate your contributions much more on May 10th. But for now, I will tell you I will miss you terribly. And we wish you and your family the very best. So with that, is there any other new business?

President Adams: I just want to say I want to thank our tech staff. Thank you so much in the back. We couldn't do it without you. A lot of times, we don't say it. But I just want to know how much it means because we're able to have a hybrid, in person and virtually, and continue to do our business.

Sometimes -- I just want to personally say from all of us up here thank you. We couldn't do it without you. Thank you.

Commissioner Brandon: Thank you.

15. ADJOURNMENT

ACTION: Vice President Woo Ho moved to adjourn the meeting. Commissioner Brandon seconded the motion. All commissioners were in favor.

President Adams: It passed unanimously. We are done at 5:40.