

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING TUESDAY, MAY 10, 2016

1. CALL TO ORDER / ROLL CALL

Port Commission President Willie Adams called the meeting to order at 2:05 p.m. The following Commissioners were present: Willie Adams, Kimberly Brandon and Eleni Kounalakis. Commissioner Katz arrived at 3:15 p.m. Commissioner Woo Ho is on vacation.

2. APPROVAL OF MINUTES – April 26, 2016

ACTION: Commissioner Brandon moved approval; Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor. The minutes of the April 26, 2016 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Brandon moved approval; Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor.

At 2:05 p.m., the Commission withdrew to closed session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL AND 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 Items)

- a. Property: Piers 31–33, located at Francisco and Bay Streets and The Embarcadero
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: National Park Service: Christine Lehnertz, Superintendent, Golden Gate National Recreation Area

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from closed session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn closed session and reconvene in open session; Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in closed session; Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS – The Port Commission Secretary 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, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, 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 pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

9. EXECUTIVE

- A. Executive Director's Report – Interim Executive Director Elaine Forbes reported the following:

- Mayor Edwin Lee's Announcement of an \$8 Million Investment to Initiate City Efforts to Fortify the Seawall

Elaine Forbes, Interim Executive Director - On May 4, 2016, Mayor Edwin Lee announced that his budget will include \$8 million over the next two years to initiate the City's effort to fortify the San Francisco Seawall. This \$8 million investment will allow us to advance technical studies and engineering feasibility, engage our stakeholders in a public decision-making process, seek external sources for the \$2-3 billion Seawall Project and conduct Environmental Review. The end result of this effort will be a Seawall that is more resilient and prepared to protect the three mile area that stretches from Fisherman's Wharf and Telegraph Hill to South Beach and Mission Creek against the threat of earthquake. It will also provide a stable foundation to address Sea Level Rise. Mayor Lee really responded to the call to action that was presented in the Engineering Report that Mr. Steven Reel, our Port Engineer presented to the Port Commission on April 12, 2016.

This is a historic investment for the Port from the City and it signals the Mayor's faith in the Port to handle this project and the importance of the problem. In a press release that the Mayor released, he said, "San Franciscans built the Seawall a century ago. It's our generation's turn to invest again to strengthen this critical piece of City infrastructure." Port staff looks forward to working with our City partners and with this Commission and with the public to advance this very important project.

- San Francisco Chamber of Commerce City Trip to Washington, D.C. – April 12-15, 2016

As I reported at the last Commission meeting, Byron Rhett, our Deputy Director of Planning and Development, and Mr. Brad Benson, our Special Projects Director, joined the San Francisco Chamber of Commerce City trip to Washington D.C. on April 12-15, 2016. Mr. Rhett will give more details on their trip.

Byron Rhett - I wanted to briefly highlight the trip that Brad Benson and I took to Washington, D.C. I wanted to particularly thank Commissioner Brandon for the opportunity to travel with the Chamber of Commerce back in April for this trip.

I also wanted to acknowledge Brad Benson who is the legislative liaison for the Port. We were able to schedule some meetings while we were there to take advantage of not just the meetings that the Chamber had scheduled, but some other meetings that Brad was able to schedule so that we could meet with key staff in Washington regarding some legislative initiatives and Port initiatives that we discussed in past meetings.

I also wanted to acknowledge Jim Lazarus from the Chamber who made all the arrangements for the trip and had a number of very important meetings arranged for us. One of our past Commissioners, F.X. Crowley was on the trip as well.

We had the opportunity to meet with members of the California delegation and in particular we had a chance to spend some time with Leader Nancy Pelosi. She is very supportive of our work on the Seawall and was also aware of our negotiations with the National Park Service regarding Alcatraz, which we are hoping to present to the Port Commission at our next Commission meeting. She was very supportive of our keeping the operation on the Port waterfront at Piers 31-33.

We also had a chance to spend a considerable amount of time with Senator Dianne Feinstein. Speaking on one of the issues that we've been dealing with here at the Port, she was very much aware of the City's efforts and the Port's efforts specifically to work to create more Navigation Centers in San Francisco and specifically on Port property. She was specifically supportive

of that but she also expressed general concerns about public safety along the waterfront.

We also had a chance to meet with Congresswoman Jackie Speier in a one-on-one, or the group meeting with her directly. She talked about security issues and was particularly supportive of getting support for more security funding for Port property. We also met, in a larger group setting, with Eric Swalwell, Jared Huffman and Mark DeSaulnier.

We also had a chance to have some key meetings with Washington representatives of various departments that, we believe, will be very helpful to us in the future. We met with David Kim who is the Deputy Administrator for the Federal Highway Administration and had a chance in that regard to coordinate with Tilly Chang, the Director of San Francisco County Transit Authority. She had scheduled a meeting with David Kim.

We got some really good insights into how we might find additional funds to help us with the ferry improvements that we're considering along the waterfront. It turns out that Tilly is responsible for developing the Ferry Terminals on behalf of the City on Treasure Island. We've already had a chance to meet with her and her staff since the Washington trip. We are already beginning to coordinate and collaborate with her, trying to get the resources that we will need to develop our ferry improvements.

We also met with representatives from FEMA, from the Department of Transportation, from the Army Corps of Engineers and we began to lay out a strategy with FEMA regarding the recent mapping that they've done of the waterfront, the draft maps. Brad, in particular, was able to lay out concerns that we have about the initial draft and laid out a strategy for appealing and making some changes to the drafts that they provided.

They explained to us the variance process as well. That will be important to us to be able to make sure that we can develop our properties, and we got some information from them regarding making sure that we're able to get low cost insurance, flood insurance, for our properties.

We talked to the folks from the Department of Transportation about TIGER grants and FASTLANE grants and we're hopeful next year that we might be able to take advantage of the information we received about that. We're hoping to get support in the way of TIGER grants possibly for the ferry improvements that we've been talking about.

We also talked to the folks from the Army Corps of Engineers about a \$400,000 study grant that we may be able to receive regarding flooding in and around the Ferry Building and potential flooding in the Mission Creek area. Those were additional meetings that Brad had set up and they were very fruitful for us. We're hoping that we can generate some additional support for our programs through that.

Lastly, we had a chance to meet with staff in Washington, D.C. from Forest City. As you know, we are partnering with Forest City at Pier 70 to develop roughly 3 million square feet of mixed use development along the waterfront. Forest City is already moving ahead with the development of another mixed use development with residential office and commercial in the Washington, D.C. area. It's part of the Capital Riverfront Business District along the Anacostia River in Washington, D.C.

We had a chance to visit with their staff there and got some really good insights in the kinds of challenges and opportunities that we'll see in trying to develop Pier 70. While Pier 70 is a roughly 3 million square feet, this Yards development as it's called in Washington is 5 million square feet. While we're looking at roughly 1,500 units, they're developing 2,700 units there. We got a chance to see the quality of the development.

Here we are in one of the residential developments that they've just completed. Very high end finishes, very quality projects, sitting right on the Anacostia River. They are also developing a Waterfront Park as part of that development which is a real key amenity in the Capital Riverfront District. It's very similar to our South Beach/Mission Bay area. The Washington Nationals Ballpark is just a few blocks from the Yards development.

That's the highlights of the trip. We wanted to thank Commissioner Brandon for the opportunity to join the Chamber in their annual trip. We'll be working closely with Brad between now and next year to make sure if we have the opportunity to go again that we have specific initiatives that maybe like Tilly Chang was able to do, that we actually include specific speakers as part of the Chamber trip that are going to speak to Port issues and will help us move forward with our agenda.

- Grand Opening of Atwater Tavern, formerly Jelly's Café – May 1, 2016

Elaine Forbes - I'd like to announce the Grand Opening of Atwater Tavern on May 1, 2016, formerly the Jelly's Café. This is yet another member of our restaurant family. The restaurant is located at 295 Terry Francois Blvd. The new operator is John Caine who is familiar to us. He is the proprietor of the HiDive at Pier 28.

As you will recall, the Port issued an RFP in August of 2012 and you approved the lease in July of 2013. The Board of Supervisors approved the lease in September 2013 and construction started in July 2015. I will note that Atwater is a public power customer of the San Francisco PUC. They had their soft opening and grand opening last week.

The soft opening was the first chance for everyone to see the spectacular waterfront location and to sample some of the delicious food. They had a fundraiser for Family House. It's a nearby neighborhood that provides housing and assistance for families of children with cancer and SOMA Rotary

that provides scholarship for local youth from SOMA and the Bayview neighborhoods. They will be open for dinner in May and open for lunch and brunch in June and July. I encourage everyone to get down to Atwater and experience our newest waterfront restaurant.

- Public Meeting in the Dogpatch Neighborhood regarding the Navigation Center – May 10, 2016 at 7 p.m. at 654 Minnesota Street, San Francisco

This evening, there will be a Public Meeting in the Dogpatch Neighborhood, which is part of a continued dialog with the community about the proposed Navigation Center on Port property at 24th Street and Warm Water Cove. Port staff will be there as the Mayor's Office and HOPE engage with the public about the proposed 24th Street site and also consider alternative locations for the Center that the Dogpatch Neighborhood Association proposed. The meeting is at 7:00 PM tonight at 654 Minnesota Street.

- Community Clean Team – May 21, 2016 from 9 a.m. to 1 p.m. at Heron's Head Park

On Saturday, May 21st, from 9:00 to 1:00, there will be a Community Clean Team event in District 10. Community Clean Team is the San Francisco Public Works' longest running and largest volunteer program that keeps San Francisco beautiful through landscaping and gardening projects, graffiti removal and litter cleanup in our neighborhoods. The Port's Maintenance division partners with the SF Public Works on this project.

The event will kick off at the entrance to Heron's Head Park which is located at the end of Cargo Way across from Jennings. There will be a check in at 8:30 PM and the event will be over at 12:30. If you'd like to learn more, you can go to SFPublicWorks.org/volunteer. Please come join us and volunteer.

- Cancellation of May 24, 2016 Port Commission Meeting – Next meeting is scheduled on June 14, 2016

The May 24, 2016 Port Commission Meeting will be cancelled. The next Port Commission Meeting is scheduled for June 14, 2016.

B. Port Commissioners' Report:

Commissioner Katz – Yesterday, Commissioner Adams and I took a tour of the Navigation Center on Mission Street and were very impressed with the work that's being done there, the quality of the services offered, the upkeep of the site, maintenance and we spent a lot of time with the team and staff there and left quite impressed. We were very pleased to see what's being done there.

Admittedly it's not enough for what we need to accomplish, but I was very impressed with the way the Navigation Center's run and excited about opportunities to see those efforts expanded in other parts of the City.

Commissioner Brandon - Commissioner Kounalakis and I also had that same tour last week and we were both very impressed with the site and the facility and the services. I'm really happy that Sam and his team are doing more outreach and have several community meetings scheduled to discuss a new Navigation Center. I hope it works out. I'm very impressed with the site.

Commissioner Adams - I was also glad that I went to tour the Navigation Center yesterday. When you look at society's ills, I realize that we've all in our life have been broken one time or another. A lot of times, people that are homeless are broken. San Francisco, we're a city that lives on the grid. Unfortunately, a lot of the people that are homeless with the mental problems and everything, they have fallen off the grid.

What we're trying to do is to be engaged, to be part of a solution, to try to help the homeless problem, the mental problem of people in our city to see what we can do at the Port. We are working with the Mayor, working with the Board of Supervisors, and working with ordinary citizens as we try to do something to make life a little bit better for those that are less fortunate.

I was in Sydney and Brisbane, Australia last week for work. I attended the Rio Tinto shareholder's meeting in Brisbane, Australia and that was good. Rio Tinto's the second largest mining company in the world. We had a chance to speak at that meeting, talk to Sam Walsh, the Board of Directors and talk about where the mining industry was going.

We were looking at iron ore at one time at Pier 96. It's a good thing that we didn't really go down that way because the bottom with China and iron ore has fallen out. A high note for me was my good friend Bill Shorten. He came from the Labor movement. He's the Opposition Leader. He and Malcolm Turnbull, the Prime Minister, will be running in a face off in July for the new Prime Minister of Australia and the way they're framing this argument is it's, "The banker versus the worker."

I wish Bill Shorten luck in his bid to be the next Prime Minister of Australia. It was good to be at the Rio Tinto meeting and also to be with working men and women from 30 different countries as we talked to the powers that be at Rio Tinto and find out where we're going on the world stage of mining.

C. Informational presentation by Brent Lewis from the Department of Human Resources and a representative from Alliance Resource Consulting regarding the Port Director recruitment and selection process.

Brent Lewis, Director of Finance and IT for the Department of Human Resources - Thank you for inviting us here today. Last month, DHR conducted a competitive selection process for an Executive Recruitment firm. I'm happy to say that with the participation of President Adams and Vice President Brandon, Alliance Consulting Resources was selected.

Today I am joined by Sherrill Uyeda who is the co-founder of Alliance. Sherrill has a timeline and discussion points to talk to you about the recruitment process. Basically this recruitment/selection process is the full recruitment gamut. DHR will take a backseat to this process. I will be there as a facilitator between the Port Commission and Alliance and DHR will also utilize the facilities. Once we get to the point of interviews, we'll make available rooms for that.

Sherrill Uyeda - I brought two documents just for your review. The first document is a detailed overview of the recruiting process. We discussed it in our interview process with the President and Vice President, but I printed out a detailed version so you could have it as a reference material.

Secondly, I put together a suggested recruitment timeline. We can change the dates as it fits your schedule, but at least it gives you a snapshot of what the next couple of months are going to look like, what role, where we take the lead, what month we're actively recruiting candidates, the screening process and then when we come back to meet with you for the candidate review.

Sherrill Uyeda - We anticipate starting this in a couple weeks if that fits your schedule. I want to point out for the strategy session where we develop the recruitment brochure and ideal candidate profile, which we can either do that individually one-on-one with you or collectively as a group, whichever you prefer.

Once we decide on the timeline and we can revise or edit that as you see fit, the next step is to start scheduling the strategy sessions with you, to develop the profile and then on our end, we will start our candidate sourcing. We'll create a targeted list of candidates to do outreach and networking with as well as place our nationwide ads. Those are the two crucial next steps for you.

Once we have those documents approved from you, in terms of the recruitment brochure, and the text, we will start actively recruiting, networking, placing calls, answering any candidate questions or nominations, accepting nominations and begin our candidate screening process. The actual open recruiting period typically lasts about 30 days and then it typically takes us a week to two weeks to do initial screening on the applicants as we receive them.

The next milestone for us would be to meet with you, whether it's an Ad Hoc Committee or selection committee or the full board of Commissioners to review the list of applicants and review the top candidate profiles in particular and then see who we would like to move forward to the next round for further consideration. That next round would also include screening interviews with us, first round panel interviews with you and then we have the background checks going on concurrently with that.

Commissioner Adams - This is the process and what we're going through as far as doing a national, a regional and a local search for a new Port Executive Director for the Port of San Francisco. We're going to be doing an extensive

search. They put an RFP out. It was sent to six vendors. Two responded. They were interviewed and we went with Alliance. They were picked. We want to keep the transparency as we go along.

There'll be some meetings with the Ad Hoc Committee that the public will be able to participate in because we want the true transparency. We wanted everybody to know where we were at today. That's why we've been working with the City, the City Attorney as we go through this process.

The Commission's main concern was that before Director Moyer left, we had in place an Interim Director and we've had a steady hand. The Commission has been firm and solid. A lot of people didn't even know that Director Moyer had left because we had been going strong with our Interim Director Elaine Forbes and the staff have all stepped up and we've been solid and we have not missed a beat.

If you haven't heard anything, it's because we were going through the process working with the City and doing everything according to the City Attorney. I can tell you that Commissioner Brandon and I have learned something. There were meetings that we both couldn't be in the room at the same time because there's so many different regulations. I thank Eileen for walking us through that.

This is just the first phase. We wanted it to be in front of the public that you knew what was going on as we go through this process. We thank you both for coming out.

Commissioner Katz – I'm looking forward to working with you. I'm pleased we're doing the national search. As you've probably been briefed, our Port community is wide and deep. In addition to meeting with some of the Commissioners, will you be doing any outreach to some of our advisory groups and others to get input from them?

Sherrill Uyeda - Yes. Any names you forward us, we will conduct the same outreach and interview them on their input and insight for candidates and get insight to the Port as well that we'll bring back to you in a summarized findings.

Commissioner Katz - I think that might be helpful. Again on the process, probably getting some input from some of the folks that are external but if there's a way of creating some confidentiality?

Sherrill Uyeda - Yes.

Commissioner Katz – Hopefully, we can perhaps speak to some of the potential candidates.

Sherrill Uyeda – In the past, we have kept a general email open to the public so if they have any input throughout the process, they can email the consultants directly and we can bring back to you to further disclose what we're hearing on

the street or nationwide so you have all the information in evaluating the candidates.

Commissioner Katz - Hopefully we'll get scores and scores of qualified candidates submitting their applications. What is the process during the initial candidate interviews? Will you work to winnow it down to a smaller group that's presented to us?

Sherrill Uyeda - Yes. Before we get to the section where it says, "Progress meeting with the Ad Hoc Committee," we'll already have done multiple levels of screening. As resumes come in, we'll do an initial review. Of the more qualified individuals, we'll ask them to submit additional information. There'll be specific, customized information as it pertains to this recruitment. Then we'll do short screening interviews and then cull that down to a top list of candidates.

Historically it could be anywhere from eight to 15 depending on the candidate pool. From there, it's our goal to have you collaborate with us and then narrow that down to anywhere from five to seven candidates that you want to focus on further.

Commissioner Brandon - Thank you and I look forward to working with you.

Commissioner Adams - Brent, thank you so much for all your help. Sherrill, thank you for coming and making a presentation. Eileen, thank you so much for your help. As we move forward on this, there will be plenty of opportunity for clarity, etc. as we go through the process.

Commissioner Katz - One more point for the public. I want to emphasize that this is a confidential process. That while there'll be outreach to the community and all of that, the names that come forward will be confidential and that confidentiality will be maintained across the board.

Sherrill Uyeda - Yes.

10. CONSENT

- A. Request approval for an extension of the Memorandum of Understanding (MOU) between the Port of San Francisco (Port) and the San Francisco Human Services Agency (HSA) from May 15 to July 1, 2016, for use of a portion of Pier 80 Shed A for temporary emergency winter shelter for homeless adults during El Nino 2015-16. (Resolution No. 16-21)
- B. Request approval of Memorandum of Understanding (MOU) between the Port of San Francisco (Port) and the San Francisco Municipal Transportation Agency (SFMTA) for technical review of transportation plans and assistance during the pre-development period for the Pier 70 28-Acre Site and Illinois Street Parcels. (Resolution No. 16-22)

Corinne Woods - I want to make a point in the staff report for this item that community outreach on the transportation issues for Pier 70 is very important. There are quite a few of us who have already been working with Forest City in informal discussions and working with MTA particularly on transit issues. I hope that your consulting contract will include a significant amount of input from particularly the neighborhood that's most affected by this.

When you look at what's going to be happening, in your planning session, Item 13A today, the presentation you're going to get, all of these pieces have to fit together. I don't think it's reasonable to just look at transportation for Pier 70 when we've got so many other projects going on that all have to be integrated. Please include the people who are on the ground.

ACTION: Commissioner Brandon moved approval; Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor; Resolution No. 16-21 & 16-22 were adopted.

11. MARITIME

- A. Request approval of 15-Year Exclusive Management Agreement with Two Five-Year Extension Options with Pasha Automotive Services for Pier 80. (Resolution No. 16-16)

Peter Dailey, Deputy Director of Maritime - At the last Commission meeting on April 26, 2016 we gave an informational presentation regarding a Terminal Management Agreement with the Pasha Automotive Services with the potential to transform Pier 80 into a thriving Marine Terminal creating new revenue to the Port and significant economic and employment benefits for the city.

For the better part of the last two years, staff has been in dialog with Pasha about shifting the marketing focus of Pier 80 primarily to automobile imports and exports while continuing to receive breakbulk and project cargoes. After many months of work, I'm happy to say that staff has negotiated a 15-year Marine Terminal Agreement with two five year options to allow Pasha to begin import and export operations at Pier 80 with other on dock or on terminal automobile preparation and detailing services.

It is anticipated that Pier 80 could receive up to 96 ships a year, shipping approximately 150,000 vehicles. Pasha will also manage any project, breakbulk, cargo or vessel lay berthing at the facility. As structured as shown in slide one, the Port's share of these revenues will increase as cargo volumes grow. If projections are met, the Port will see significant returns. This scenario shows different opportunities at 50,000 cars a year, 100,000 cars and 150,000 cars per annum.

Pier 80 has several deferred capital repairs that need to be addressed in order to adequately market and operate the facility. These include leveling large portions of the yard substructure, upgrading storm drains, paving, painting of

sheds. These capital costs are estimated to be approximately \$4 million. Pasha has committed to pay 50% or \$2 million of these necessary capital improvements.

The Port will pay for the other \$2 million for needed substructure improvements through previously Commission approved Capital Budget Project of \$650,000. The remaining \$1.65 million will be funded up through 50% of monthly revenues generated at the Port. Commissioner Kounalakis at the last meeting asked about the net impact of payback. Slide two shows various scenarios depending upon the volume of business in the terminal and the work done and its possible impact to revenue.

Every time a ship would come into Pier 80, approximately 50 ILWU members will be working to unload the vessels. I want to again thank representatives from Local 10 and Local 34. Their work has been instrumental over the last year of negotiations to craft this unique arrangement at the pier. Again, thank you so much.

An exciting part of this project is as processing reaches capacity, it's anticipated that Pasha will hire and train up to 150 new employees. These jobs can be filled with workers from various skill levels which will enhance the economic opportunities particularly in San Francisco's Southern Neighborhoods. Pasha has entered into a written commitment to utilize CityBuild, an employment program under the Workforce Development Division of the Mayor's Office of Economic and Workforce Development and to connect the Bayview neighborhood with the opportunities generated at Pier 80.

Pat Mulligan is here from the Mayor's Office to answer any questions you might have regarding this unique, robust program. CityBuild will work with Pasha to provide screened and qualified workforce, provide a qualified workforce comprised of skilled San Francisco residents for all phases of the work at Pier 80 operation with a priority for residents in District 10.

Pasha has committed to hire District 10 CityBuild candidates. This written commitment, signed by Pasha, is attached as an exhibit to our Operating Agreement. Failure to comply would be a material default to the agreement and Pasha would be subject to specific penalties.

In closing, the past decade or two, Pier 80 has been a difficult project for the Port. Cargo operations have been challenging for a number of different reasons. However, today's Port Commission action signifies a new beginning and hopefully it will transform this pier into an active, lucrative Maritime Industrial Complex for the Port and at the job center for District 10.

I thanked a few people at the last meeting but I do want to do it again. I want to thank Commissioners Brandon and Adams for their leadership in telling us to do this the right way, take our time and make sure we have the right deal for the Port and for the community. Again, thank you for your leadership. Past

Executive Director Moyer was instrumental in the labor negotiations of this last year, and current Executive Director Elaine Forbes firmly pressed staff to get the deal done in a timely manner. Thank you very much Elaine.

Thank you to our ace legal counsel Rona Sandler and Jeff Bauer from the Real Estate Team. Jeff, this couldn't have been done without you. I really appreciate the support that you've given us. I'd also like to thank John Pasha, Executive Vice President of the Pasha Group who's here and Commissioner Adams, if it's okay, I'd like to have him say a few words about this project.

John Pasha - It's a pleasure again to be here. Peter covered a lot of it. This is a very exciting part of the deal. Now the work is coming around the corner so we're mobilizing everybody, including Bill Buenger is here from our group in San Diego whose father used to work for the Port of San Francisco. So we talk about full circle, this thing is just continuing to spin around and bear some really neat fruit.

Our vision for this facility is to create a first class auto railroad terminal, omni-terminal that can handle a variety of different cargoes. We talked a little bit about the market. Although we don't have the keys to the facility yet, we've been talking to a lot of our customers in the last year frankly about the opportunity here. I'm very excited that they'll see what we see especially after we do some of the improvements in the facility.

As Peter mentioned, we definitely have to roll up our sleeves and put some good effort on the ground. We have visitors on May 30th already that are coming, so it will be quite a cleanup effort before that tour. We're excited to be a part of it, to have worked with all of the people in this room. I have to echo Peter's thanks to Monique Moyer who I was texting earlier saying, "I think everything's going well." She's excited as well.

Director Forbes absolutely accelerated the process. Peter and Jeff, all the Labor force, we wouldn't be here if Labor wasn't showing us that they are truly a partnership ready to show the industry, the shippers, the steamship lines, that we are open again in San Francisco and we're going to do it with efficiency, productivity and grace. I'm pleased to be here and happy to answer any questions that you might have. Thank you again for the opportunity to participate and partner with the Port of San Francisco.

Commissioner Katz - I think you've done a lot of the thank yous so I'll associate myself with your thank yous. Thank you to you as well. This is a very exciting opportunity. I've been a big proponent as it's been making its way along here. It highlights our ability to take advantage of opportunities.

I think this is forward thinking, looking at new ways for the Port to participate and sort of changing focus and economies here, taking advantage of the auto industry that's coming in amongst others. Most significantly, creating jobs for the community and working in a way that will ensure that the Port continues to be a

partner with our communities in not only having services along the waterfront and opportunities for the Port but creating opportunities for our community as well and integrating ourselves into the fabric of the greater San Francisco community.

We appreciate the efforts that Pasha's undertaken to incorporate training programs and other things and working with the ILWU and others to create more jobs here in the city. I am excited about that and looking forward to seeing it open.

Commissioner Kounalakis - The reason that I asked for this to be prepared in a little more detail is because something was kind of troubling me about the agreement and it's basically, we have these three scenarios, right? Fifty, 100, 150. So it's sort of the low, medium and the high projections. When I look at it this way, if I substitute annual Port gross revenue of \$1 million which is the minimum that we'll require in order to continue to have this agreement.

In other words, under the agreement in the summary section, number 2, "Port and Pasha retain the right to terminate the agreement at any time after the end of the third year if gross revenues are less than \$1 million per year." But if gross revenues are less than \$1 million per year, that means that the Port is going to be losing at least \$100,000, a little more than that per year, if they're at \$1 million, right? Which means that we would be in a lease for an extended period of time, if the projections aren't above the low range, we're not going to recover the \$600,000 per year in operating fees. I want to make sure that we understand that that's what we're agreeing to that essentially we will be in a contract that, again if the numbers are less than \$1 million in gross revenues per year, we're not going to be recovering our operating fees. We're going to be operating at a deficit every year.

Peter Dailey - Commissioner, good point. The operating payment takes into account a number of different things, expenses that we are going to incur if Pasha is there or not. For example, utilities at the facility range from anywhere from \$20-25,000 a month that the Port pay currently. Security of the facility, 69 acres of open pier on the Southern Waterfront, security costs are relatively high there and increasing.

So your point is well taken. The idea is we're going to be spending upwards of \$350,000 a year anyhow even if there was nobody in the terminal. The \$600,000 that we're paying to the Pasha group is covering many of the costs that we're going to take over right now. If we're not generating a million dollars at the facility within a reasonable amount of time, then we've all made a bad decision. We're extremely confident that we can reach that goal through creativity, through the automobile business and through lay berthing revenue. There is a risk involved. Clearly, we have a risk. The reality is that Pier 80 hasn't seen a ship in 2016 and we continue to pay the utility bills. We continue to secure the facility. This gives us our best opportunity, taking that risk into account, to generate

serious revenues if we do hit the medium or the high end of the projected market.

Commissioner Kounalakis - I wanted to be clear about the fact that we might be in a situation where Pasha's making a profit, but we're losing money and that that could be within the scope of what's allowable under the terms of the lease. I'm new, and I understand there's a lot of considerations that go into making a decision like this. I'd like to hear from the other Commissioners, but that was important that we had that on the record and we knew that that was possible.

Commissioner Brandon - Peter, thank you so much for the presentation and thank you for everyone that worked on this deal. It's been a long time coming. I understand the point that Commissioner Kounalakis is making and because I've been here for a long time and I've seen the different cycles and I know that, you know, this is an opportunity for us to be able to try and create jobs, put people to work and also have the opportunity to have a viable maritime shipping industry at Pier 80.

Probably for the last 10 years, we've been paying someone to run the facility. So this will be a payment to keep the doors open, but that if we are even semi-successful, we will still be able to create jobs, keep Pier 80 open and recoup our investment. I can't say for sure but based on Pasha and what they've done across the country and how they've come into the communities. For me, how you've gone beyond and over and above in your local hiring commitment, I support this.

Commissioner Katz - One of the things as Commissioner Brandon pointed out and as Peter, as you pointed out as well, that we are incurring costs currently, so there would be that savings in a way, even in a worst case scenario and we were more or less breaking even. Is that correct?

Peter Dailey - A couple of nuances to the deal is there is an escape hatch as Commissioner Kounalakis mentioned after three years that either party can leave if the revenue is not going anywhere after three years, both parties can part. What we'd get out of that is Pasha has committed to spending \$2 million on capital improvements that we don't have to pay for. Improvements to the facility that we are generally on the hook for that they're going to put money. They're taking a risk too. They're going to spend \$2 million. They're betting on this business rolling in.

The risk/reward analysis, we took all those things into account. Your point is absolutely right on but we think that the reward ultimately outweighs the risk. The worst case would be they would leave in three years. They'd spend \$2 million of their own money on facility upgrades and we would spend \$650,000 of capital money that's already allocated for the facility. That's the equation that we had to balance.

Commissioner Kounalakis - Actually, the \$2 million that they're going to put in, we're going to pay back half of it over the first few years.

Peter Dailey - It's \$4 million total so they're going to put \$2 million.

Commissioner Kounalakis - They're doing two and we're doing two. So that's an important point., I think three years in, if they've got even 50,000 cars coming, there's going to be a huge commitment to keep it going. I guess what I'm concerned about is year 15, year 20. I assume that if it's going that poorly for us, it will also be in relative terms going poorly for them too. We would have a problem that we would have to be addressing together.

But it just seems to me that locking in in a circumstance to a lease that we're losing money every year. If you do nothing with it, then that's more expensive to us. But it does seem that when you're talking about a 15-year term with the ability to renew two 5-year term extensions, this is 25 years where there's no protection against it.

Peter Dailey - At the end of the initial 15-year term, before the options are triggered, there is a rent reopener. So we get to sit down and get another chunk of the apple if we need to. We can renegotiate the terms at the end of the 15th year. So your point being, you don't want to be locked into a 25-year deal without any right to negotiate. At 15 years, we can.

Commissioner Kounalakis - If we're losing money every year, right?

Peter Dailey - Even if we're making more money, we might want to get, even make more money.

Commissioner Katz - Maybe, as a point of clarification, once we've paid back the \$2 million in upgrades, can you explain that payment structure a little bit? The second point on that is after that's been covered, then even at only \$1 million in gross revenue, we still end up net positive.

Commissioner Kounalakis - No.

Commissioner Katz - No?

Peter Dailey - Pasha's going to spend \$2 million of their own money to make improvements to the facility. After they spend that money, we will reimburse them according to the City protocols. On our side, the Port Commission has allocated \$650,000 of capital monies for the Port to make these specific improvements.

Pasha will undertake those improvements for us and they will also do another \$1.65 million worth of work, so they're essentially giving us a no interest loan until that work is done. Once the work is done, we only pay them back 50% of revenue derived at the terminal. If there's no revenue at the terminal, we don't

pay them back and that's until the \$2 million is reimbursed totally. Once that happens, it's straight revenue split as derived in the contract.

Commissioner Kounalakis - The thing that's tricky about it is the scenario that you've given us is 50,000 autos annually that would bring in approximately \$1.6 million but the cutoff is actually \$1 million. That's actually the scenario that we would need to see, right? Because we're in this deal, the only way we can get out of the deal over the course of it is if it drops below \$1 million.

Peter Dailey - Correct.

Commissioner Kounalakis - So if you plugged in this, the way you've done these calculations for the different scenarios and let's forget the side that shows our share of capital improvements. Let's assume it's a couple years in, the capital improvements are paid off so you go to the backside. That Port net revenue, if you plug in a million, it's negative to us because of the annual operator fees of \$600,000.

So one way it could be fixed, and I'm not proposing that we vote on this. I'm just saying that if we said that the right to terminate is less than \$1.3 million, that's the point where we don't lose money after our share of the capital improvements are paid off. For me, I just wanted to make sure that we knew that there was this possibility.

Elaine Forbes - If I may weigh in, I think one of the things that is different about a Management Operator Agreement is that the Port takes on the liability for all of these expenses that we pay whether or not Pasha is here. As you can see from the structure, the Port participates more and more with the upside.

You're absolutely right in what you're pointing out is we are taking on risk and we have more reward for the upside under a Management Operator Agreement. What you're also pointing out is the trigger under which we can terminate has us at a small deficit number and that is true. That is part of the structure that we've negotiated. It is a small deficit. Right now we're paying much more and have been paying much more for that facility for the last decade.

We're protecting ourselves to have a smaller subsidy in seeing this business create the jobs, hold on to our Maritime purpose and we want to see those piers activated and creating jobs. We are saying, we will take on this small liability. I think it's 100, the deficit is about \$160,000 potential, for the jobs that generate, the potential to really participate in the upside. But you're absolutely right the Port takes on much more risk in this structure than with other leases.

Commissioner Kounalakis - As Commissioner Brandon said, the ability to use this facility as Maritime use completely.

Elaine Forbes - That's right. The other thing to point out is this scenario shows what we think happens year one, year two, year three as Mr. Pasha and his

team grows the business. That's how this was structured and what we think will occur year one, year two, year three.

Commissioner Brandon - It might've been better to show the expenses that we're incurring now versus what we're not going to have. It probably averages about \$400,000-500,000 a year easily.

Elaine Forbes - That's right. Peter do you have that number? I know it's in the north of \$400,000.

Peter Dailey - It's near a half million dollars a year of subsidy right now that we're paying to our current operator without any upside.

Commissioner Brandon - Just to keep it there.

Commissioner Kounalakis - You don't develop a property though thinking, "Hey, we'll make less, we'll lose less than we're losing now" and lock yourself in for 25 years. But I do understand. Again, I just felt we should know what we're getting into.

Commissioner Kounalakis - You know, as they say, it's good to be optimistic, but that doesn't mean you don't have to worry.

Commissioner Adams - Right. I am really glad for this dialog and it's out there. It's got the transparency. If you want to hold it over, we can.

Commissioner Kounalakis - No, I'm all right.

Commissioner Adams – I have a few things to say. I guess it's kind of different. I understand Commissioner Kounalakis. This is like a different type of agreement. It's not like a Development Agreement. I'm glad that you pointed that out. But seeing that pier all these years that I've been in San Francisco, 13, pretty much sitting empty. For a long time no one would come into San Francisco. There was a question about the workforce and their commitment to working. A lot of employers wouldn't come to San Francisco. John Pasha has the courage to step out and say, knowing that he might take some criticism, that, "I'm going to come to San Francisco and I am going to make that work." I know Peter and Jim have been working for years, and even Monique and Commissioner Brandon, longer than anybody, has been on this Commission for 18 years. This is something that is good that it's worth taking the risk. I talked to John today, we had lunch and I made it clear to him that we have to understand.

Three to five years, we have to be patient. John has the optimism to look forward and say, "I'm going to make this work." Now, he's a partner with us. It's up to him to use his prestige in the shipping community and the business community to sell the Port of San Francisco and that we're open for business and to go out there and to roll his sleeves up with us. It's going to reflect on him. He's with us now and so he has to be totally invested.

I talked to Brother Gonzales today, the President of Local 34. I told John today, "John, this is contagious. We're not going to start at Pier 80. We're going to Pier 96 too. We want you to grow your business." John has so much business in San Diego. He has three or four ships just sitting out there. I think we can get up to 150,000 automobiles. This is progressive thinking. This is a risk. I salute him for taking that. He's engaged with this and I think this will be good.

As I mentioned at the last Commission meeting, this will provide jobs for the community. It will take someone that's willing to come in and take a risk. If somebody's willing to come in and take a risk on us, we have to be willing to take a risk on them. I support this and we've got to get all in behind it. I will be on John's behind to make it work. We've all got to roll up our sleeves and go out there and sell this great Port that we have.

People will know that San Francisco still remains a working class Port and we want that. People like Corinne Wood and others who get up and talk about this. Even Ellen, who's on the Maritime Advisory Committee, these things are important about San Francisco and the working class people in this Port. John, thank you. I'll be calling you. You heard Commissioner Kounalakis, she wants about 150,000 cars in a couple years and she's going to come down there.

Thank you very much, John and Peter. It's a lot of hard work. Peter, I know you were nervous and you were worried about what's going to happen.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor; Resolution No. 16-16 was adopted.

12. ENGINEERING

A. Informational presentation on the Study and Options for Mission Bay Ferry Landing Project.

Winnie Lee, Engineer for the Port - I'm here to provide an informational presentation on the study and options for Mission Bay Ferry Landing Project.

Why is a Ferry Landing needed in Mission Bay? The Mission Bay Ferry Landing will provide critical trans-bay and regional ferry service between the Southern Waterfront, financial district and the East and North Bays. It will also provide a direct local transportation link to a variety of new development including UCSF Mission Bay Hospital, the approved Golden State Warriors Arena, new commercial and retail space, hotel and additional housing units.

The Mayor's Office requested that the Port execute a Planning Level Study for the development of a Ferry Landing at Mission Bay. In 2015, the Port hired COWI Marine to prepare the study. COWI submitted their completed Mission Bay Ferry Terminal Planning Study in March of 2016.

COWI's study identified four potential Ferry Landing sites. Their study also included review of a Water Taxi Landing. Alternate A is the most southern site of all the alternates. This site is close to Aqua Vista Park located near 16th Street. Alternate B is called South Street location, located between Pier 64 and Pier 54. Alternate C is Pier 54 South Side location and lastly Alternate D is Pier 54 North Side location.

COWI met and interviewed WETA, BAE Systems and other project stakeholders to establish the project goals and to review the pros and cons of each alternate site. COWI reviewed hydrodynamic conditions e.g. wave analysis, dredging requirements, access to nearby public transportation, vehicle drop-off stations and other landside transportation for each site. The estimated total project development costs ranges from \$32.5 to \$42.7 million depending on the alternate site selected. This cost range includes construction of Water Taxi Landing and all soft costs.

Alternate A site is located slightly south of 16th street adjacent to existing Pier 64 ½ fishing pier and at the tip of the future Bayfront Park Development. This site is the closest to the epicenter which we refer to as Mission Bay Development 16th Street. It's in close proximity to future Warriors' State Arena, and UCSF Mission Bay Hospital. BAE is adjacent to Alternate A site which is a pro and a con for the site.

BAE Dry Dock shelters the site from wind induced waves, therefore creating a natural breakwater for Alternate A site. On the other hand, BAE ship repair facility can be a con because BAE 's operation requires vessels to move in and out of their facility which has the potential to delay ferry service operation occasionally. This can be mitigated by possibly Alternate A site slightly up north of 16th street, triggering the need to perform additional dredging at the old Pier 64 site which may contain hazardous material.

Alternate B site is located at the end of South Street between Pier 64 and Pier 54. Alternate B site is a little further from the epicenter Mission Bay Development and it's located right across from the future Bayfront Park. It's also close to the future Warriors' Arena and a breakwater is required east of the landing because the site is exposed to wave generated waves during storm conditions. If we don't install the breakwater, winter storms could shut down ferry service.

Alternate Site C is located on the south side of Pier 54. This site will require significant investment to seismically upgrade the entire Pier 54 to allow for construction of a new Ferry Landing. The location is also subjected to strong wave conditions, potentially resulting in significant operational downtime. This option was removed from consideration early on in the study due to its high costs and its relatively large distance to the recognized epicenter of Mission Bay Development 16th Street.

The last site is Alternate Site D. This site is located on the northwest corner of Pier 54. This site will require that a small portion of Pier 54 be seismically isolated and upgraded. This site is also the farthest from the Mission Bay

Development 16th Street. The primary reason for Alternate Site D being the least expensive is that it requires less dredging than Alternates A and B.

Although Alternate D is the least expensive to construct, COWI Marine is recommending Alternate A as the preferred Alternate based on its proximity to the epicenter Mission Bay Development 16th Street, it's close to existing transportation and major businesses and the fact that no breakwater is required at this site.

In addition to identifying potential Ferry Landing sites for Mission Bay, COWI's study also reviewed six different Water Taxi Landing locations. The recommended Water Taxi Landing is independent of a Ferry Landing and is located slightly south of Alternate A.

Next steps for the project. The project is currently funded with \$3.47 million of Port funds. This will partially fund the project design. Port staff is actively pursuing additional project funding through federal, state, regional and City funds. Port staff is scheduled to request authorization to advertise for RFP on June 14, 2016. The RFP will be for solicitation of architectural and engineering services for the design of the Mission Bay Ferry and Water Taxi Landing.

Veronica Sanchez for the Masters, Mates & Pilots and also speaking for the IBU with the permission of Marina Secchitano - We certainly welcome the addition of the Mission Bay Ferry Terminal. It's very much needed in this area of intensive growth of biotech, the hospital, etc. and all the commercial uses. We are glad that the Port has conducted these feasibility studies. We think there's important information in this.

We do have a lot of questions about the project management and delivery of this project. Both our unions, since 1999, were very active in the creation of WETA. We went all the way to the legislature to have WETA created as the lead agency to manage the development and the operation of a comprehensive regional service. The Mission Bay terminal is part of that transportation network. We think it will be an important link in that network.

We have a lot of questions that have not been answered because this project has not been briefed at the MCAC and Ellen as the Chair will comment on that a little bit more, particularly with our unions who have been such active players about the future management and development of the project. We want this project to be successful. \$3 million of money for planning is just a little coin in the bucket. We're familiar with what it takes to get that public money.

We just got \$3 million for the Alameda Central Basin facility and that took the President of our union going to Washington for two years trying to get that funding. If we're going to be successful on this project, we would urge the Port to hit the pause button a little bit, come to us, brief us and see how this project can be better managed. Its' not going to just entail an Engineering and Construction Project. It's broader than that and we have not gotten the full breadth of that.

I would ask the Commission to hit the pause button and give our industry and our stakeholders and opportunity to provide input before you put an Engineering and Construction Project out next month.

Ellen Johnck - I'm Co-Chair of the Maritime Commerce Advisory Committee. I wanted to just bring you a couple comments in that context. The Maritime Commerce Advisory Committee, as you know, represents the Port's Maritime tenants and assists to support the Port in the furtherance of its Maritime mission. I was really pleased when we expanded the Maritime Preservation Policy last fall to include water transit as essential operations to the Maritime mission of the Port.

This project sounds like a great project. No question about that and we would support it, except for one thing. I received several calls from members of the Maritime Commerce Advisory Committee asking about this project as they haven't been briefed. We know that the Commission has to be briefed first, which is absolutely logical. I heard it would cost \$32-35 million to carry out something like this. This is a lot of money to spend. You have four alternatives to look at. It looks quite extensive and quite comprehensive.

We would request the Port staff to slow down on the process a bit before putting out an RFP. I don't know what the other components of this as far as timing is concerned. If you slow down on that how that would affect the carrying out of the project. The Maritime Commerce Committee has a lot of expertise in the operation of these facilities so we think we can contribute some ideas and would like an opportunity to do that.

Corinne Woods - There's some information in this staff report that's not correct. It states that outreach has included thorough discussions with the Port's Central Waterfront Advisory Committee and OCII's Mission Bay CAC. That's wrong.

We've all wanted this Ferry Terminal for many, many years. It's been part of the original Mission Bay Plan and it was discussed in the context at the Mission Bay CAC, in the context of the Warrior's Arena. It was discussed briefly in the planning for Bayfront Park. Like the Maritime Commerce Advisory Committee, CWAG has never been briefed on this thoroughly. It's important if you're going to move forward that you get feedback from the community.

For one thing, if Alternate A is the preferred alternative, you'd have to dredge under Pier 64 and pull out those old pilings below the mud level. Why not do it at the foot of 16th Street? Which is where we've always thought it was going to be where we have a big plaza as a part of Bayfront Park that would be a good place to land people. It would be helpful if the community could give some feedback before this goes out to an Engineering RFP.

Commissioner Katz - I also agree. I'm very excited about the opportunity for additional water transit to come in and definitely want to see that occur. I am a little concerned about comments regarding the outreach not having gone as extensively as I think we might like to see. Perhaps we can take a look at this.

I'm not an engineer but I kind of agree that if we're going to be removing Pier 64 anyway, I'd want to see if that could be explored further and in part for slightly different reasons.

I noticed there weren't any comments in here regarding our intended Crane Cove Park. I know we're going to be using that for some public water access, kayaks, sailboats and other things. I would have some concerns whether the Alternative A might be a little too close to that site. It may not be an issue, but I want to raise those concerns. If we have kayakers and others going out in that water if that would present potential hazards and that exploring a site slightly further out might make more sense.

I certainly appreciate all the analysis, but I would like to see if we could perhaps get a little bit more community outreach done and feedback so that we can all feel comfortable moving forward with whatever decision.

Certainly financing is always an issue as well so that may factor in on some levels. As always, I'd like to see if we have a little bit better pathway to making sure that the funding will be there from various sources. I want to make sure that we've incorporated that information as well.

That being said, I unequivocally support putting in a Ferry Landing Project somewhere in this area and expanding our Water Taxi Services as well. I wanted to make sure that we get the community support for it as early as possible so that we're all on the same page moving forward.

Commissioner Kounalakis - I just want to understand, according to the staff report, you're planning on coming back on June 14th to Request Authorization for Solicitation of Architectural and Engineering Services. Based on this presentation and the study done so far, it's already being recommended that the location is Alternative A so that the RFP would only be for location A or would they look at these other locations too?

Winnie Lee - For the RFP they would be including two different locations.

Joe Roger, Structural Engineer for the Port - Winnie and I worked on this project to date so far. To answer your question, the RFP is going to ask for a design consultant to come in and look at two sites, 16th Street being the preferred site and then possibly a site 100 feet or so to the north. We are asking the consultant to do extensive community outreach.

Commissioner Kounalakis - Right, but the consultant's going to do extensive community outreach on just two sites, whereas what you were looking at so far is a handful of them.

Joe Roger - We looked at four sites. We've had more than several meetings in-house and with the Mayor's representative, and nobody seems to like the site at Pier 54 nor the site that we call South Street. There seems to be a general

consensus on 16th Street. The idea to go 100 feet north if we have to is to stay away from navigational issues potentially, but not trigger the need for a breakwater.

Elaine Forbes - As you see on the schedule, this is a very long project to implement. We're hoping to streamline the schedule, but we're looking at a four to five year horizon because of permitting issues. Again, we're hoping to streamline. From the community outreach that has been done to date, there is a lot of consensus around the 16th Street location because that is the preferred passenger site and the preferred site located to transit nodes etc.

Our Engineering Study was looking at the other alternatives from a cost perspective, from a dredge perspective, from an environmental contamination perspective. The consultant concluded that the preferred location for community access and for the public is the same as what the consultant would recommend, which is 16th Street.

There's been many comments that the public needs to be involved more, and we completely agree. We've been trying to advance what is a long project and the consultant will engage the community stakeholders both on some of the issues that Miss Sanchez brought up related to operations. We've been in close coordination with WETA on how this facility will be operated and maintained. These questions will be delved into as well as other questions.

But the consultant that we're hiring, the scope does include a very robust public outreach component. We're here today to talk about the Engineering Study that looked at locations from as I said, a dredge, environmental perspective. But we are just beginning this project which will have very robust community participation.

Commissioner Kounalakis - Right, but my point is that you're starting an outreach project already having predetermined the location.

Elaine Forbes - Yes, and the reason being that there's engineering components that bear on these site selections. So to get to the preferred site that is the preferred spot for the public is a way to narrow in and advance what would otherwise be an even longer project.

Commissioner Brandon - Thank you so much for this presentation. I have a lot of questions but I haven't formulated them quite yet. We're looking for a site to place a Ferry Landing and is this the only Ferry Landing that we will have on the Southern Waterfront?

Elaine Forbes - That's a very good question. WETA has a plan relative to infrastructure and this project is on the plan. This is certainly a piece of infrastructure that we want in the Southern Waterfront. It doesn't preclude additional infrastructure. We're looking for both a Ferry Landing and Taxi

Landings in this location, but it does not preclude other infrastructure to serve Ferry and Water Taxi in the Southern Waterfront.

Commissioner Brandon - Since they're coming up with this collaborative effort of all of the departments working together to make sure that transportation is successful along the Southern Waterfront, has this been taken into consideration when looking at the entire waterfront? It seems like it's very expensive.

Elaine Forbes - It is very expensive.

Commissioner Brandon - Are we going to spend \$40 million in two or three locations along the Southern Waterfront or just one and is this the ideal site?

Joe Roger - As far as the cost, I was shocked also. Having worked on the downtown Ferry Terminal 20 years ago, and my recollection was the cost was \$13 million for two different berths. Dan Hodapp informed me today that the extension of the Downtown Ferry Terminal which WETA is project managing and funding, cost \$80 million for two berths. We took a site visit down to the South San Francisco ferry facility that WETA did down there a few years back and that was a \$32 or \$33 million dollar project.

Commissioner Katz - There's no structure down there by Oyster Point or not much, right?

Joe Roger - There's a structure at Oyster Point.

Commissioner Brandon - Since we're going to spend \$40 million, is this the right site to spend it if we're only going to put one along the Southern Waterfront or are we looking at doing others since there is so much development going on the Southern Bayfront?

Elaine Forbes - This is an excellent question and we don't have the answer right now. We know this is a piece of infrastructure that is warranted based on the development footprint that's coming in and the number of riders that's predicted. But we will get you an answer to what is the larger plan for the Southern Waterfront and how does this infrastructure fit in to that plan.

Commissioner Brandon - It was also mentioned that this \$3.5 million is a drop in the bucket, and so ultimately who's going to pay for the project?

Elaine Forbes - We are looking not to pay for the project to be totally blunt about it. It's not something the Port's Capital Budget can sustain given our other needs but we did want to advance the design work to get the project going. We are looking for a TIGER grant and perhaps ISTEPA funding. We're looking at federal, state sources. We're also looking potentially for some private contributions to build the infrastructure.

In terms of how it will be operated and maintained, we're in conversation with WETA that is just beginning to answer those questions. We do not anticipate Port contribution in the operation and maintenance of the ferries that come onto the landing nor do we anticipate the Port paying for the infrastructure beyond this \$3.5 million.

Commissioner Brandon - I feel that now that you've briefed us that you can brief the other community groups that really should have a say in this. It would be great if you can have conversations with them before you come back to us.

Elaine Forbes - Will do.

Commissioner Katz - In terms of my comments, I think you addressed the concerns I had which is if we're bringing in some consultants that they have a little bit of that flexibility. I guess that's what I was concerned about was just sort of this predetermination before we really start getting in to the site. It may be, as you say, a difference of 100 feet, but you answered my concerns on that which is that there is going to be that flexibility built into this, the next phase or as we go out to the consultants.

Obviously you answered the other one which was, "Who's paying for it?" Which I'm glad it's not us. I'll repeat that, "Not us." But if to the extent when we do, and that we'll be doing additional briefing in the community and there'll be useful information coming from that. It should be emphasized that there is going to be that flexibility for some adjustment that can be taken into account when we do bring in the team that's spending significant energy.

Joe Roger - Absolutely. Our goal is to site the best site.

Commissioner Katz – You should make that point as well when you do the community outreach that there were reasons for limiting potentially two of the site right out of the box just for a lot of reasons that even the community would certainly appreciate but recognize that there is some flexibility still as we go forward.

Commissioner Adams - Clearly there hasn't been enough public comment on this issue. I'd like to see us slow down a little bit, have some transparency. I don't think we need to bring it back on June 14th. I don't know why we can't wait to July but it seems like we're rushing this a little bit. We haven't gone through the process of public comment.

The first thing the public's going to be thinking that you're trying to hoodwink them on something, that we need transparency on this issue. Commissioner Brandon's questions have not been answered. There needs to be some more homework on this. I would hope that we wait until July after we go through the public comment process and the public has provided their input.

This is our responsibilities as Commissioners not to try to push something through because what we want is public transparency. I would ask that we hold this off, if my fellow Commissioners would all agree, and wait an extra month for staff to come back to the Commission in July. Bring it forth, talk about it, get all the questions answered and the public process has been done.

Commissioner Brandon - If staff is able to do the community outreach and get the questions answered and it's ready for June 14th, that's fine. But if not, we'll move it to July.

B. Request authorization to advertise for competitive bids for Construction Contract No. 2740, Crane Cove Park Surcharge and Site Preparation Project. (Resolution No. 16-20)

Steven Reel, Project Manager in the Engineering Division and together with David Beaupre, we're co-managing the Crane Cove Park Project, the design and implementation - The item before you today is to request Commission authorization to advertise for competitive bids for Construction Contract No. 2740, Crane Cove Park Surcharge and Site Preparation.

This Construction Project will prepare the site for Phase One of Crane Cove Park. A subsequent Construction Project will construct the completion of Phase One. Crane Cove Park is one of the Port's Blue Greenway projects and will be a major new Open Space in the Union Ironworks National Historic District located at Pier70. A design update on the park was presented to the Commission by David Beaupre in October of 2015 at which time the Commission approved the Park Master Plan and CEQA Community Plan exemption.

The Commission was briefed on the plan to deliver the initial phase of the park, Phase One, by 2018. Phase One is currently in final design and is funded at \$31.5 million, \$25.2 million of which is from the 2008 and 2012 Clean and Safe Neighborhood Parks General Obligation Bonds. It is expected to include the northern shoreline and beach, repurposing of the slipway into Keel Park including restoration of at least one crane, the large open green and the 19th Street extension and Georgia Street connection to 20th.

To deliver the project, staff chose multiple design, bid, build construction contracts as a method to shorten the overall schedule and to provide more opportunity for construction firms. The first Construction Project will prepare the site. Work includes, demolition of buildings on Illinois Street, number 671 and 699 and buildings number 30 and 40 of the former shipyard. Site cleanup and miscellaneous site demolition, utility shutoff and decommissioning, rough grading of the area of the future 19th Street and the open green adjacent to Illinois Street, surcharging the area of the future 19th Street and plaza adjacent to the slipway in order to pre-consolidate the soil prior to construction of the final improvements which will be delivered under a separate contract. Crane 14 dismantling and storage on site, Crane 30 relocation, and the permanent

foundations for Cranes 14 and 30. The Engineer's cost estimate is \$6,500,000 and it includes the 10% contingency.

Contract Monitoring Division has established a Local Business Enterprise subcontracting goal of 25% for this contract. The contract will comply with the City's Local Hiring Ordinance which currently requires 30% of all project hours within each trade to be performed by city residents with no less than 15% of all project hours within each trade performed by disadvantaged workers.

Staff expects to advertise the construction contract this month, return to the Commission for award in what will likely be August as there's no late Commission meeting in July, and complete the contract in May of 2017. The advertisement will include numerous forms of outreach to the community and Local Business Enterprises. The next construction contract for the completion of remainder of Phase One is expected to be issued for bid early next year.

In summary, staff is prepared to seek competitive bids for this project and therefore respectively asks the Port Commission to advertise for competitive bids for Construction Contract No. 2740, Crane Cove Park Surcharge and Site Preparation Project.

Commissioner Brandon - This is great. Congratulations. Let's move forward.

Commissioner Adams - Great work Steven.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor; Resolution No. 16-20 was adopted.

13. PLANNING

- A. Informational presentation by the City of San Francisco's Office of Economic and Workforce Development (OEWD) on the Southern Bayfront (Mission Bay, Central Waterfront, Bayview Hunters Point, Candlestick areas) interagency coordination to guide community and citywide investment.

Diane Oshima, Planning and Development Division - I'm providing a brief introduction to this informational presentation that will be provided by Ken Rich, Leigh Lutenski and Mike Martin from OEWD who are the Port's partners for our major projects that we're proposing south of China Basin, the Mission Rock Project at 337 and the Pier 70 Forest City Project.

It's opportune frankly that this item shares on the same agenda with so much that's going on elsewhere along the Southern Waterfront where we have this mix of Maritime Industrial uses and our cargo core operations as well as our brand new parks that we're trying to plan and new water transportation facilities. All of those pieces are part of a Southern Bayfront strategy that OEWD is leading and

collaborating with all of the City departments and private development partners who are proposing major projects along the Southern Bayfront shoreline.

Each project in and of themselves are complicated and multi-faceted, kind of big management issues in and of themselves. But together, they create a critical mass that opens up new opportunities to create improvements that will benefit the Southeast San Francisco communities overall. To that extent, we are happy to have the OEWD staff provide that presentation.

The one thing that I would like to just draw to your attention which was on the footnote on page two where we referenced the Pier 80-96 Maritime Eco-Industrial Strategy, that was intended to be an active link to the report that we've produced to document all of the efforts that the Port has been making since Commissioner Brandon's tenure. It's been a long journey together to create the core Maritime operations and the industrial activities around it.

The Southern Bayfront Strategy, even though it is welcoming in a lot of new neighborhood development in the Southeast San Francisco area is doing that in a coordinated effort so that the Industrial Preservation Areas that also are part of City policies are also integrated. Amy has hard copies of the eco-industrial strategy for you and they are online as well.

Ken Rich - We're very pleased to give you this report today in an effort that has been gestating for some time now in our office is a partnership between OEWD and our partner City agencies including notably the Port. Producing the absolute best results for the City from a number of unique large developments in an area of the city we've taken to calling the Southern Bayfront to add another geographic name to all the other ones that have been floating around.

To set some context, let's step back and take a quick look at our entire San Francisco Waterfront. Starting from the lower left, we suggest that you think about our waterfront in four zones moving clockwise. First two zones are primarily under federal control. Those are the ones in the red or the green with a little bit of Rec Park ownership thrown in for Marina Green. These areas are going to see very little if any change in the future.

The third area shown in blue is what we all classically think of when we imagine the San Francisco Waterfront. This of course also is obviously controlled entirely at the waterline by the Port and is the subject I know of some planning that the Port is doing around the Waterfront Land Use Plan now. In all likelihood, changes in this blue zone will be present but limited in the future.

Which leaves the last zone shown in yellow, stretching from just south of AT&T Park all the way to the southern border of the city. This is the part of the waterfront that will be seeing the most change. The one where we believe many if not most observers will welcome the idea of change as long as it is planned and executed for the benefit of the surrounding neighborhoods. The remainder

of our presentation focuses on how to manage change in this portion of the city in the right way.

If we zoom in, we see that the key point here is that this is already a place where people live and work. But it's also at the same time the part of the city that will see the most growth in residential and commercial development in the coming decades. How do we manage and shape this growth for the good of the city and also at the same time, the good of the already existing adjacent neighborhoods?

The fact is, most of the large scale development that we will see in the Southern Bayfront is already known and on the horizon in some form. Whether it's already in implementation such as Hunters Point, Candlestick, in the middle of an entitlements process such as the Port's two large projects, Pier 70 and Giants' Mission Rock, or in earlier stages such as the India Basin or PG&E's Hunters Point Power Plant Site.

To underscore the importance of getting this right, please take a look at these very compelling statistics in the large red print. We will see at least 20,000 new housing units created in the Southern Bayfront. At least 6,700 of them will be affordable housing. We'll see 35,000 new jobs of various kinds and we will see as much as 520 new acres of Open Space which is virtually the new Open Space the city will see in the foreseeable future.

A couple of the projects, as I mentioned, are already approved and in implementation. These are shown on this slide as faded back in the light red. But there are five large proposed projects still to be approved. Two of them again are the two large Port projects. All of these proposed development projects are seeking to transform formerly industrial land with new Open Spaces, housing and commercial activity. While these investments we believe are inherently beneficial to the city. We are still focused on claiming as much of that value as possible for our residents and neighborhoods.

All of these projects will be coming in front of this Commission and the Board of Supervisors notably as Negotiated Development Agreements. Not only the two Port projects, but the other non-Port project we expect to be Negotiated Development Agreements and they will be coming forward for approvals within the next couple of years.

What we're proposing and what the remainder of this presentation will outline is what I call a Negotiating Framework for these projects. As we negotiate public benefits around such topics as transportation, Open Space and affordability, we want to be thinking at the same time about all of these projects as a whole and not bringing you and other decision maker's projects one by one not understanding what we might be negotiating on the next one.

Leigh Lutenski - As Ken discussed, our Negotiation Framework will coordinate investment from these proposed projects into a number of key focus areas. You

can see those listed at the bottom of this slide and the next set of slides will go through each of these in more detail.

First and foremost, affordable housing. This is a critical area where we want to direct project investment in order to achieve 33% affordability across all of these projects. This will result in over 6,500 units of affordable housing. Most critically, this will have a direct impact on existing residents of these communities through the Neighborhood Preference Program which allows for 40% of those units to go directly to local residents. This one effort will have a huge impact on both existing residents and new residents that seek affordable housing.

The next area is Sea Level Rise. As this Commission has already demonstrated and knows well, the City is committed to protecting vulnerable communities from Sea Level Rise. These developments will play a significant role in this effort. Not only will they adapt large swaths of the waterfront by raising their grades and by including long-term adaptation strategies, but they will be able to coordinate with City efforts to provide long-term district wide strategies that can have the potential to protect this entire waterfront.

I know that this Commission are familiar with the City's Sea Level Rise Action Plan. This image is taken from that plan, and you can see the significant impact that these projects can have on the Southern Bayfront shoreline.

Transportation investment is a critical component for existing and future residents of the Southern Bayfront. The good news is that the City is already working to meet this demand with new projects that will come online as early as next year. This will demonstrate all of the investments that the City is making through the end of this decade, through 2020.

We have new rapid bus corridors along the southern part of the district. We have the opening of the Central Subway and expansion of the Light Rail fleet which will actually improve frequency of the T Third along the Southern Bayfront corridor. You also have Caltrain electrification and upgrades to critical maintenance facilities.

If you skip ahead to the next decade, between 2020 and 2030, you can see we will have additional rapid bus corridors. We will have key intermodal connections with regional transit and Caltrain extension. We've been discussion at this Commission, hopefully the 16th Street Ferry Landing and that will be paired with other Ferry Landings throughout this Bayfront that we can talk more about.

If we put all of that together and we look at the whole picture, you can see the significant package of improvements that are planned and being implemented. On top of that, in the purple arrows you can see that the city is also engaging in some long-term big picture efforts to plan for major regional improvements such as the second trans-bay tube and the core capacity improvements.

As you can see again, this is a significant host of improvements that are coming online to address demand. The question is how did the proposed Development Projects fit into this picture? Through collaboration with each other, and through negotiation with the City, these projects will channel their transportation obligations together so they can have a larger collective impact than they would otherwise have independently.

For example, these collaborations will improve local neighborhood infrastructure such as streetscape improvements. This is especially important for projects that are directly adjacent to one another such as the Pier 70 project and the NRG project. The streetscape improvements can be coordinated to create a better network for local residents.

The second area where we will channel investment is into transit operations. This includes improvements or additions to the light rail fleet that will enhance operations of the T Third and we'll also include Ferry Network Operations. The questions that were addressed earlier, making sure that there is a good water transportation network to complement the landside.

Finally, we want to plan for the future so we want to make sure that these development projects are taken into consideration when the city is planning for those big long-term efforts like the second trans-bay tube.

On Open Space, as Ken said, these projects have the potential to create over 520 new acres of Open Space. This is half the size of Golden Gate Park and this is a significant amount of Open Space for this part of the city. Our Negotiating Framework will coordinate this investment to promote connectivity and inclusivity with existing and new communities.

We are hoping to create a waterfront that is significantly publicly accessible. We want to create Open Spaces that are connected to one another where possible. We want to create connections to existing communities to these new Open Spaces and to the water and this all of course is going to build on the framework that the Port has been spearheading with the Blue Greenway network.

Finally, we want to create a unified approach to programming and have a unified programming strategy so that we can have cohesion throughout the public experience of this network of Open Spaces. That's of course acknowledging that each of these Open Spaces may be managed and owned under unique and different agreements but to have a cohesive approach to the way the public can use this entire network of Open Space.

On sustainability, we are working towards proposed projects that will achieve a high level of environmental sustainability. For the most part, all of these will be revitalizing formerly industrial spaces. They will be creating new revitalized assets that use resource saving technologies and utility systems and will push the envelope on what they can achieve. Part of that is because they are big Master Plan projects and so they have the capacity to be forward thinking in

terms of their sustainability goals. This is going to provide long-term environmental benefits for the whole district.

For community facilities, we recognize that because these are individually negotiated and sort of unique projects, we also need to address the public amenities that all city residents need such as fire stations, police stations, grocery stores. The City is engaging in an effort to analyze current residents' access to these services so that we can actually make proper accommodations as the neighborhood grows and changes.

Lastly on Economic and Workforce Development, each of these projects will make commitments to Workforce Development in both Construction and Professional Services in close partnership with OEWD's CityBuild. Additionally as Ken mentioned, these projects have the potential to create 35,000 new jobs across a multitude of sectors through PDR, office and retail uses. We want to enhance and make sure that we're creating that diversity of employment options. These are the main areas where we are going to be focusing our efforts.

Mike Martin – We're very excited to be before you today. This slide is meant to talk about tactics. We just heard a lot about the strategy and what we're trying to bring together and what we've heard throughout this process is not only how do we organize and target these benefits, but how do we grow the pie? How do we get more out of these developments than we otherwise would?

If you could subtitle this slide sort of, "Follow what the Port has already done in its Term Sheets for Mission Rock and Pier 70." At the top three circles are three of our key sort of tactical tools we're using. Mello-Roos Special Taxes, Infrastructure Financing District Tax Increment and Impact Fee Targeting, all of which are ways to pay for public serving infrastructure and public benefits in ways that don't take away from land value.

This is something that you've seen at the Port developments where we've already in the Term Sheets plan to deploy Mello-Roos Special Taxes and IFDs to basically pay for the deeded public infrastructure and hopefully keep as much of the land value as possible for the Port's benefit.

What we'd like to do is take this strategy to the private developments and have a negotiation around creating value through building what they would otherwise build on from their private capital sources using these public finance sources and taking the value that's created for them and trying to share it more efficiently over things that we need to do such as more housing affordability and more transportation improvements so that the public sector doesn't have to carry all of those burdens.

In addition, by targeting some of the impact fees back towards the neighborhood that generates them, we can create a great link between what these developments are doing in terms of growing demands, but also specifically what

they're doing to improve those networks. One of the key ones of those is the Transportation Sustainability Fee which was just increased.

Those strategies together hopefully will allow us to, like I said grow the pie. But there's also one other aspect. As you know, all these developments are along the water's edge along the Southern Bayfront. Obviously Sea Level Rise is a consideration on everybody's mind. These developments themselves are going to be protecting their own build out as an investment to get people to live and to work there.

What we'd like to do is to structure the public finance mechanisms to, once the initial infrastructure is paid out, still be available to go towards additional adaptation, not only for the developments themselves but for the neighboring areas because this is a network of Sea Level Rise protection. Instead of people asking, "Why are you developing there?" This becomes a reason to develop there that we're now able to bring resources to a challenge that right now is very under-resourced as we're trying to get our arms around it as you well know with the Seawall Study etc.

We're really excited about this opportunity and again the Port's leadership and its Term Sheets has really showed us a way to do this and really has given our development partners some confidence that the thinking that we're doing here can be really effectively implemented there.

This slide is really compelling to us. It shows us what's coming and what we have to get ahead of for the benefit of all of these projects and the City at large in terms of where these investments are going.

This is the schedule, although it's been moving, is what drove this interagency effort because we see all these circles landing in the 2017-2018 area and realizing that when we're before all of the policy making bodies including this one for one of these projects, we're going to have to talk about the cumulative context of what's happening in this part of the city. We feel like we've gotten a good start, but this is our next step in getting the word out and engaging Commissions and the public in understanding what it is we need to do to make these successful policy conversations.

This is a roster of the participating City departments. I have to say on a personal note, it's been exciting to have these kinds of discussions outside the context of an approval timeline where you're trying to get in front of Commissions and in front of the Board of Supervisors and trying to explain what you're doing, but instead you can take a step back and take a little more thoughtful approach and see where threads can connect. It's something that we're excited about and we're excited to continue to update this Commission and others as we move forward.

Corinne Woods - I am really pleased to see this coordination. This is a fabulous idea. I'm glad OEWD is taking the lead on this. I'm working on probably five different projects in this area and it's always been a big question, "How do you

coordinate? How do you bring it all together so that Pier 70 isn't doing something that doesn't make sense for Mission Bay or the Sewall Lot or whatever?" And some developers are more, how do I say this? Cooperative?

In terms of what they want to do and how they want to do it. And having it be a coherent plan so that it all fits together, really makes sense. A lot of us in particularly South Beach, Mission Bay, Dogpatch, Potrero, have been working for a couple of years at least on trying to figure out, we're already behind the eight ball on a lot of these things. Central Waterfront, the Eastern Neighborhoods Plan, none of these things really caught up with the rezoning.

We don't have transit. We don't have Open Space. We don't have a lot of the benefits. Having a coherent plan for the future, hopefully we can get back on track with this stuff. The neighborhoods have been meeting with individual developers, with MTA, with the Ballpark Transportation Coordinating Committee which needs a new name, about some of the already existing problems and what we expect in the future. What I'm hoping we can take from this is a Community Outreach Plan that is also interagency and brings in more than just each little neighborhood so that everybody knows what the big issues are.

Dogpatch has its priorities so does Mission Bay. But we've all got to fit together. I'm going to look to Ken and Mike and all of this group to figure out a way to bring it, not only to the community, but from the community back because we do know what some of the problems are. We know the fights we've had. We know how hard it is to get transit. We know how hard it is to get Open Space.

Commissioner Adams - Peter Albert, would you like to come up and say something?

Peter Albert from MTA - I actually share Corinne's enthusiasm for this. I wish I were staying around long enough to be able to see this in the next level, but I like to think that our work together when we did the Waterfront Transportation Assessment was a forerunner of this idea. The idea that individual developments solving their own problems isn't helping the whole community. That when you put them together, you get more than the quantity of the individual sums.

That came out well in the presentation here. I love the conversation about the ferries because when you think about ferries, you don't just think about boats on the Bay. You think about landside connections. Wherever they're going to dock, how are you going to get people to and from them? What are the taxi facilities? How do the buses interface?

We've talked about Ferry Terminals in the Shipyard. We've talked about them with India Basin. We've talked about them with Mission Bay. I can point out that the Mission Bay Ferry Terminal has been an idea for a long time, even in the original Mission Bay Plan, but what they lacked as a conversation was this kind of comprehensive overview.

I do want to point out, it's interesting to be from MTA and be sort of the ringleader for so much more transportation than MTA. This is a WETA issue. This is a Golden Gate issue. This is AC Transit. This is BART. This is Caltrain. You're creating a rich environment for solving some problems. If I were a developer, and I was a little bit nervous about coming into a neighborhood where we think these things can't be solved, I would love an opportunity to have a conversation with the community to make sure the dollars I'm spending are actually helping everybody's quality of life get better.

This sounds awfully rosy and Pollyanna, but that's maybe, as Mike says, that rare opportunity not to try and chase a development project, but lead a development conversation. I can tell you this. I have great staff lined up to take over where I left off. You'll be meeting Carli Paine and other agency staff pretty soon. I also have staff that follow-up on all the development agreements that were promised.

Those transportation corridors that Lea showed in the Hunters Point Shipyard. Those are happening. That bus Rapid Transit network, those busses connecting the Bayview to the waterfront and to the park, the pedestrian networks, those things are happening because there's a commitment to do it and now we have staff following up on that commitment. I leave you in very good hands.

Commissioner Kounalakis - Thank you very much for coming down and making this presentation. For a newcomer like myself, it's incredibly helpful. I'm going to bring it home and read it thoroughly. I was struck by something that you had in your presentation. One of the slides where you show various financing options for the new development going on down there. Community Facilities Districts, Mello-Roos Districts, Infrastructure Districts.

What I think I heard you say toward the end is that once these districts are in place and the original infrastructure is funded, there might be opportunity to use those districts to raise funds for future projects like the Seawall. I'm wondering if you could talk a little bit more about that.

Also, this came up at our most recent hearing with the Community Facilities District and some legislation that's going through to allow Port property to be included. It made me wonder if there have been facilities at the Port that benefit these projects that have been funded by funds raised through these districts in the past?

For instance, a new Ferry Terminal, could that derive some funds from a CFD for new development in this area? Has that happened before? Has it been contemplated before? I have a two part question for these infrastructure districts. One is, have they ever been used to improve Port property? Could they be for something like the new proposed Ferry Terminal at 16th Street? How would it work to be able to look at these districts as part of a long-term solution for a Seawall?

Mike Martin - If it's okay, I'll take the second part first because I know that one a lot better. There are two different tools that we're talking about. One is called the Mello-Roos Community Facilities District which is a special tax. So that's like an additive tax above the normal property tax. The Treasure Island development actually pioneered this because they are obviously impacted by Sea Level Rise.

Basically you can set that up at the outset to say we have the authority to levy a tax over time and you can set how long that tax gets levied and then there's an initial vote by the landowner which typically in a development project is a developer, so it's usually able to get that vote. What they did at Treasure Island was they extended that time over a long life, long enough to pay off the initial investment.

Once that is done, they still have the taxing authority. They allowed the authorization documents to say they could pay for as yet unnamed shoreline protection improvements. So raising their berms or doing other things that sort of deal with Sea Level Rise at that location.

Commissioner Kounalakis – So as long as there's a nexus that it's actually needed for improvements for this particular development.

Mike Martin - Actually, the thing about the Mello-Roos law is it doesn't need to be touching this development. You can make the argument that it's part of a network and so long as it's clearly disclosed at the outset, you could find those dollars being spent somewhere that isn't contiguous with where the taxpayers live.

Infrastructure Financing Districts are a little different. In fact, the Port has actually achieved a Board of Supervisors' policy to use the Port IFD such that where there are dollars left over after the initial dollars are used again for that initial infrastructure build out, that those dollars would be available to improve the Seawall. So similar idea, you have the initial build out that gets paid off. Then those resources are available under the original formation documents to be used for that purpose.

To your other point, these tools are able to be deployed for other public facilities. We have a great deal of flexibility that could see something like transportation improvements. I'm not sure a Ferry Terminal has been paid for using them. I think the challenge is this is very much an interest based negotiation with developers.

We can definitely make the case that using dollars on their build out is something that benefits them. I think we can make the case that the shoreline question is something that's going to get asked on every waterfront development. If we're asking them to pay for something in addition to those things, it's a negotiation. It's a case to be made.

I think we heard earlier there's a big challenge for that particular Ferry Landing improvement. Is that a conversation that makes sense for this coordinated strategy? We're open to having that conversation with those developers, with the City agencies, etc. Because we see the value of that improvement, and if it's not going to get done in a timely way, there's a reason that we're having this conversation. To the question about whether it's been done, I don't know if there has been.

Byron Rhett - The ability to use tax increment is new to the Port and a new option that we have. We started with relying on public/private partnerships when the plan was adopted back in 1997. Realize that the projects were getting very expensive and very difficult to rely in not having necessarily enough value to pay the Port, pay for benefits and have a feasible project.

Working with Brad Benson and our legislative team, we were able to get the ability to use tax increment and, which wasn't necessarily needed on our smaller one-off projects. But now that we're embarking on these larger projects like Mission Rock and Pier 70 where there's major infrastructure that needs to be built, we have that ability now and we're embarking on that.

The only times that we're aware of where tax increment was used on Port property was through the Redevelopment Agency's process. The Rincon Point/South Beach area included Port property, the South Beach Marina, and some of the properties that we just recently got back once the Redevelopment Agency no longer existed in its old form. Tax increment was used there, but it wasn't used by the Port. It was used to develop Port property.

Commissioner Kounalakis - It's definitely worth pursuing at least in that one example of the new Ferry Terminal that we look at it in the greater context of the development going on down in the Southern Bayfront to support it. Because it's certainly an amenity for the neighborhoods down there as they build out.

Commissioner Katz - Thank you very much. This is very exciting. As probably all of you have heard me say when we first started looking at a lot of these developments along the waterfront that it was imperative that we coordinate all of these different areas from housing to the commercial opportunities to transit. I'm thrilled to see this come forward and to fruition and how exciting it is as we look at the opportunities along the Southern Waterfront there.

I have the same comments as Commissioner Kounalakis regarding the funding opportunities. One thing that has struck me as we look at developments, not just here but around the city, is having what has made the city so desirable which is all different ranges of, using the term affordability broadly, in housing. So that we have the workforce housing and that in between range that is so difficult.

I would say is potentially looking at these other funding tools and seeing if there might be some way that a pool of money could be created that would support the developers in terms of providing that in between housing that they claim is

so difficult to get the funding for to enable people to move in to that. This seems like a perfect opportunity.

Ken Rich - Thank you for that comment. I just want to acknowledge we're very much on that page. Your two projects, in particular the Mission Rock project are leading the way in terms of having that range of affordability from low all the way to middle. We intend to do that with the other projects as well. Anyone who follows affordable housing probably knows that it's counterintuitive but the moderate middle income housing is harder to fund than the low income housing because there's no state and federal subsidy for that.

It's very much on our radar screens. Infrastructure finance districts are not eligible. The new EIFD's, a newly created vehicle at the state level, we can use those to pay for affordable housing. It doesn't go all the way up to middle income, but at least low and moderate. We're definitely on that page.

Commissioner Katz - I've looked at some opportunities in other states. I think Colorado has used this in Telluride where a pool of money was essentially put into play that allowed people to move from rental to home ownership at varying levels. The funds were used to help them with down payments and financing. I'm not sure if that's something that could be used with these funds.

Ken Rich - We're willing, happy and intend to look at all different possibilities.

Commissioner Katz – I've been listening to Peter on transportation issues for so many years. Peter, you will be sorely missed. I still can't believe you're going to be leaving the City family soon. But, what he was alluding too was his impending retirement.

I echo Peter's comments that it's really exciting to see how far we've come in the coordination of all the different kinds of transit discussions that we're having and certainly looking at not just the traditional transit, under MTA, but the ferries, the multimodal opportunities, bicycles. For the plans along the Blue Greenway as well, I think just people walking and creating that kind of opportunity as well. I think that falls under transportation in a way as people are using that as we're creating work environments so close to where people are living. It's going to be added means of people getting to work. I've noticed lately it's often faster than when I'm in my car. I think it's very exciting that we've really coordinated all this. I want to thank all of you for the efforts on this and am pleased that we're really creating something exciting for the city as a whole.

Commissioner Brandon - Thank you very much for the presentation. This is wonderful. It's very exciting and it's something that's very much needed so I really commend you for putting this together and bringing it to us because it's really going to benefit the Southern Bayfront. Once the strategies are developed, how will they be prioritized and implemented?

Ken Rich - You saw the schedule that Mike showed. We have a bit of time. The other thing I would point out is that we're well into the negotiations with the two Port projects and at a much earlier stage for the other three non-Port projects. I should've mentioned that we were at the Planning Commission with this presentation last week. We're going to the Rec Park Division, the MTA Commission and a couple others.

What we wanted to get through in this timeframe was an initial "here we are." We expect there may be some interest from some community groups for us to come and talk to them as well as Corinne alluded to. We have to go back and start prioritizing. We don't have a set process for that yet. But we would want to come back in front of the Commissions and the public to show you how we're prioritizing it.

An important thing to us, well before you see a particular project with a particular deal in front of you, we want to say, "We think across the Southern Bayfront." We want to see this much money spent on this kind of transportation. We want to see this Open Space. If we start with a picture of what should happen across the Bayfront, then we can say, "Maybe Developer A can work with us on this and Developer B can work with us on that." We would probably come back to you in a few months is that larger picture.

Commissioner Adams - This is awesome that you have all the stakeholders together. I know this is not a sexy project. This is grind. I know that and I really appreciate.

You're taking the Southern Waterfront from the Flintstone age to the Jetsons. This is a city that's on the grid and I like that. Because when we have a group of people working together like that, the left hand knows what the right hand's doing. We have that kind of coordination. Ken, Mike, Leigh, thank you for your group working together. This is good. I hope that you get back in front of us. I'd like to see you come back before the end of the year.

This is really some exciting times for me at the Port, how things work out. I know that Corinne is pleased about this because you're taking the community with you. All we are asking for is transparency. We're supportive. This is awesome. Hopefully we'll get to see you guys before the end of the year.

I also want to thank you for your involvement in the Pasha project. That is so good for District 10 and for the residents. You weren't here at the last meeting but I am hoping with the jobs that the Pasha deal will create a lot the young kids can put their guns and drugs down, have a job and make a contribution to the society. I really appreciate what you said about affordable housing, being this is the most expensive city to live in and you're considering the transportation issues. I know Commissioner Brandon has some issues.

I know one of the questions she had asked Elaine was would the ferry be used for everybody in the Southern Waterfront. If we can get more cars off the road, if

we can have more water taxis and more ferries and make it more efficient for people, I think we're looking ahead. San Francisco is on the road of thinking out of the box. I really appreciate all the heavy lifting that you've done. Elaine, please get them back in front of us before the end of the year.

Peter, thank you my friend for all your work. I hope you don't go away. This Port Commission, we could always use your advice and input. I hope you get on one of these advisory groups and be up here with Corinne, beating us to death up here, and making sure we're doing the right thing.

14. NEW BUSINESS

Elaine Forbes - I heard from the Port Commission that we want to have OEWD back before the year's end to talk about the Southern Bayfront and we'll be sure to do that.

Commissioner Adams - As a Commissioner, the Mayor oversees our attendance records. A lot of people were dying to get on that Working Waterfront Group and I have seen some of the minutes and a lot of people aren't coming to the Working Waterfront Group after raising all this hell, excuse the expression, about getting on there.

Diane, Byron, you go home late at night to your families. Even Elaine, you guys are putting in a lot of time at the office. I looked at several of the minutes, and some of the people that's on this Working Waterfront Group, haven't been to three or four meetings. If they do not want to be on the Working Waterfront Group, they're not all in, please replace them with someone in the community that wants to come and help.

Even David, you're away from your family a lot. They made a big deal about having this Working Waterfront Group. Show up or I want them off the Committee. Let somebody sit on the committee that really wants to come and give their time.

15. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Port Commission President Adams adjourned the meeting at 5:45 p.m.