



SAN FRANCISCO PORT COMMISSION

**December 12, 2023
MINUTES OF THE MEETING**

MEMBERS, PORT COMMISSION

**HON. KIMBERLY BRANDON, PRESIDENT
HON. WILLIE ADAMS, VICE PRESIDENT
HON. GAIL GILMAN, COMMISSIONER
HON. ED HARRINGTON, COMMISSIONER
HON. STEVEN LEE, COMMISSIONER**

**ELAINE FORBES, EXECUTIVE DIRECTOR
JENICA LIU, COMMISSION AFFAIRS MANAGER**

CITY & COUNTY OF SAN FRANCISCO

PORT COMMISSION

MINUTES OF THE MEETING DECEMBER 12, 2023

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

Port Commission President Kimberly Brandon called the meeting to order at 2:00 p.m. The following Commissioners were present: Kimberly Brandon, Gail Gilman, and Steven Lee. Commissioner Ed Harrington arrived at 3:15pm. Vice President Willie Adams was absent.

The Commission Affairs Manager read the Ramaytush Ohlone Land Acknowledgment.

2. APPROVAL OF MINUTES – November 14, 2023

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

3. PUBLIC COMMENT ON EXECUTIVE SESSION

No Public Comment on Executive Session.

4. EXECUTIVE SESSION

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

ACTION: Commissioner Gilman moved to go into closed session. Commissioner Lee seconded the motion. The motion passed unanimously.

(1) PUBLIC EMPLOYEE APPOINTMENT/HIRING

Title/Description of position to be filled: Deputy Director of Real Estate and Development. Discussion and possible action pursuant to California Government Code Section 54957(b) and San Francisco Administrative Code Section 67.10(d).

Present: President Kimberly Brandon
 Commissioner Gail Gilman
 Commissioner Steven Lee

Also present: Elaine Forbes, Port Director
Michael Martin, Assistant Port Director
Jenica Liu, Commission Affairs Manager
Carmel Dula, Executive Secretary
Suzette Love, Port Human Resources Director
Sadia Afandi, Principal Human Resources Analyst

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. (Discussion Item)

- i. Property: Piers 30/32 and Seawall Lot 330
Person Negotiating: Port: Mike Martin, Assistant Port Director, Josh Keene, Assistant Deputy Director, Development, and Wyatt Donnelly-Landolt, Waterfront Development Manager
Negotiating Parties: Jesse Blout, Strada TCC Partners, LLC
Under Negotiation: ___ Price ___ Terms of Payment X Both

In this executive session, the Port's negotiators seek direction from the Port Commission on factors affecting the price and terms of payment, including price structure, financing, and other factors affecting the terms of payment of the proposed Piers 30/32 and SWL 330 Development project. The executive session discussions will enhance the capacity of the Port Commission during the public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City, and the People of the State of California.

Present: President Kimberly Brandon
Commissioner Gail Gilman
Commissioner Steven Lee

Also present: Elaine Forbes, Port Director
Michael Martin, Assistant Port Director
Jenica Liu, Commission Affairs Manager
Carmel Dula, Executive Secretary
Josh Keene, Assistant Deputy Director, Development
Wyatt Donnelly-Landolt, Waterfront Development Manager
David Beaupre, Deputy Director, Planning and Environment
Michelle Sexton, General Counsel
Grace Park, Deputy City Attorney

- ii. Property: Seawall Lots 315, 316 and 317 – the Waterfront Plaza Office Complex (Lease No. L-8618)

Person Negotiating: Port: Michael Martin, Assistant Port Director; Josh Keene, Assistant Deputy Director, and Ricky Tijani, Waterfront Development Project Manager; Development

Negotiating Parties: Christophe Farber, West Coast Regional Director, Alex Schwiebert, Senior Vice President; Ben Fagelman, Associate; and Ryan Goodwin, Senior Analyst; Asset Management, Jamestown L.P. (collectively, Jamestown)

Under Negotiations: ___ Price ___ Terms of Payment X Both

The Port and Jamestown are negotiating entering into a potential new long-term lease. In this executive session, the Port's negotiators seek direction from the Port Commission on factors affecting the price and terms of payment, including rental amount manner and timing of payment of the consideration for a long-term lease of the subject seawall lots. The executive session discussions will enhance the capacity of the Port Commission during the public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and People of the State of California.

Present: President Kimberly Brandon
Commissioner Gail Gilman
Commissioner Steven Lee

Also present: Elaine Forbes, Port Director
Michael Martin, Assistant Port Director
Jenica Liu, Commission Affairs Manager
Carmel Dula, Executive Secretary
Josh Keene, Assistant Deputy Director, Development
Ricky Tijani, Waterfront Development Project
Manager
Michelle Sexton, General Counsel

5. RECONVENE IN OPEN SESSION

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

No Report.

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

ACTION: Commissioner Gilman moved to reconvene in open session without disclosing closed session discussions. Commissioner Lee seconded the motion.

The motion passed unanimously.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS

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

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Public comment is permitted on any matter within Port jurisdiction that is not an agenda item. No Port Commission action can be taken on any matter raised other than to schedule the matter for a future agenda, refer the matter to staff for investigation or respond briefly to statements made or questions posed by members of the public. (Government Code Section 54954.2(a))

No Public Comment on Items Not Listed on the Agenda.

9. EXECUTIVE

A. Executive Director's Report

- **2023 End-of-Year Report**

Director Forbes: If I could put the slide deck up, please -- good afternoon, Madam President, commissioners, members of Port staff and the public. I am Elaine Forbes, the executive director. Today, I'd like to spend a little time in the report looking at this year, 2023, and kind of taking stock of what we've accomplished.

We've had a lot on our plate. We've had a lot to meet mission and commission strategic plan. And I just want to take a second to look at how we've done and what might be coming up more -- we'll talk about in January what's coming up for 2024 -- but to kind of give a signal going forward.

So I'm first and foremost really excited to present this information on behalf of Port staff. We did a great job. We went really first and foremost hard on the mission of making the Port a great place to be with our clean, safe and vibrant planning. And you'll see that really came through, made a huge difference.

I want to say staff has really worked hard on planning, execution, working with other city departments. There's been real effort to get interventions on the ground. And they've just gone above and beyond, really hitting above our weight here at the Port of San Francisco.

I'd also like to attribute a lot of the success to commission leadership. We really have the gift of a very strong commission. You're strategic. You have diverse interests and understandings. You're supportive. You're innovative. You're transparent. And you model accountability and excellence.

And that really comes through through our leadership into Port staff. So I can't thank you enough for that. I could talk a lot about each of you. But there's a lot to present today. So I'll save that for another time but to say we're really thankful for the strong commission that leads us.

All right. I'd like to get to the data to look at the numbers. And we have some very positive numbers. As you can see, we've made a big, huge impact this year. We welcomed visitors across our waterfront, especially at major attractions, Fisherman's Wharf, Pier 39, Alcatraz Landing you'll see there.

Cruise, right away, first and foremost, after pandemic came back safely. And that has persisted. And we're seeing even bigger years here. This year, we had 115 cruise calls, 375,000 passengers. This creates jobs for longshore, provisioning, our small businesses, restaurants, etcetera.

I've had many restaurant owners tell me that cruise passengers made the difference for a positive month income several times in the last year. We have also continued to receive grants, outside funding sources for key improvements that we need to make totaling \$81.5 million, again a banner year in resources from other sources and getting our state and federal and local delegations to care about our investments.

We earned \$128 million this year. And our fund balance is above pre-COVID levels. It's at \$156 million, commissioners. And that is a strong position. We awarded 60 percent of our contracts to local small businesses, always looking at shared prosperity in the way our economics can bring people in with us that can contribute to this great waterfront.

On economic recovery, as I said, our first and foundational mission since COVID has been to make the Port a great place to be that attracts people. We

have targeted all funds towards safe, clean and vibrant. We've understood that this is guiding principle to our economic recovery.

So some things to highlight -- we completed the waterfront land use plan. We have a CEQA document. It is an active plan. This was six years of effort, three on the planning, one on the delay, the rest on CEQA. This is a very big deal for us.

We also came through with some of the most complex events: APEC; the third annual Juneteenth was a fabulous event that keeps growing; Pop-Ups on the Plaza. We continue to work to bring people here, to show what beautiful promenades, public spaces and facilities we have. And it's showing. The numbers are here for us.

I want to speak about southern waterfront activation. The southern waterfront is a jewel in our necklace of public places. And we need to remember that and continually seek to improve these properties. So we make meaningful contribution to the area.

We did -- we aim to make it a destination. And we've made some progress this year. We've had very good Heron's Head Park activations with rec and park bringing people into that center. The Portola Music Festival -- this is the second time at Pier 80 -- 70,000 visitors to the southern waterfront and an exciting new festival.

Building 49 activation is moving for Crane Cove Park. This will be a very important public amenity. And we've done a lot of events in Crane Cove Park. And that park took a while to design. And it took a while to figure out how to pay for but immediately adopted by the community. It's a really great facility due to all that work for the community design.

To the wharf -- as you know, the wharf tells the story of San Francisco's history as a fishing village. And we're really making it now a symbol of evolution and revitalization. Our small businesses, especially restaurants, have struggled. Many have reopened. But very many have not.

There's other issues that we face in the wharf too post-COVID with homelessness, crime and unlicensed vending. We've worked very hard to make this a successful public place. And this year, we gave a boost. The \$2.2 million grant for Fisherman's Wharf CBD has worked very well to activate areas.

There's pier parties and trolley dances and things that people want to see. Bringing the SkyStar Wheel to the triangle parking lot has been a wonderful success. I believe it's very well received. We were waiting to see what the public and neighbors thought of it. It's been well received.

We hope it's a great future success that will be coming to this commission. And it actually, in addition to being a great attraction and beautiful, it helps us with the site conditions. It works on just regulating the site with the queuing and then other opportunities and helps us address unlicensed vending.

We have made -- we're also going to make investments in off-the-boat fish sales. That program is great. But we need facilities that are better for the public. So you'll see that implemented in 2024. But we've been working on how to execute that.

The sole-source Fisherman's Wharf revitalized, we're going to be working on with you. And it has the promise of bringing tremendous investment. We will see. So these investments all are aimed to help our retail businesses reopen and the economy there thrive, filling the vacant restaurants.

You'll see we've got it set up. I'll talk to you about that in a second. It's just a key facility-management strategy not to leave these facilities vacant. So we're working very hard in that regard. So that brings me right to it.

So you've helped us in the post-COVID environment figure out how to deal with the big changes in our real estate portfolio. And the first one was the leasing innovation. We just couldn't do the same RFP process. It wasn't really that successful before COVID. And we knew it wouldn't be after.

So we now have the contracts in place and the solutions on how we're going to broker, bring the restaurants to you that come up to the top and then negotiate the leases. Maven has four vacancies working on in Fisherman's Wharf, Cushman and Wakefield two. And as you know, we have a successful plan for Piers 33.5, the Butterfly Restaurant with PB&K and Kuleto's. So we're hoping that's a really successful partnership.

And we're hoping that these other -- we get other successful opportunities for this commission. So we have the approach in the contracts in place. And now, in 2024, we're going to see if the strategy is working for us.

On construction and development, our engineering team has been hard at work. We've started designing 15 projects this year including Crane Cove Park playground, Aquatic Park sewer repair, Piers 96 wind-power prep and the Pier 52 boat launch and more.

These designs -- first and foremost, we are going to need to spend the funding that we have to do infrastructure improvements from the American rescue funds. And we have other projects in which we have funding. And we want to move along. This creates good construction jobs and activities up and down the waterfront and helps us improve our sites.

We have the redevelopment of our land moving forward on our sites. The amazing Mission Rock project that continues to excel during COVID -- we've received three of the four vertical building certifications of occupancy. The residents continue to move into Building A. And Visa is expected to occupy Building G in 2024.

The project also has recent leasing successes, which is fantastic: five retail tenants plus office space of 30,000 square feet at Building A. We're very proud that this project has continued to move forward during COVID. It's one of the few in the city under construction. So we're very proud.

Pier 70, the develop -- and you'll hear about that today -- the developers executed nine lease agreements including a brewery, bakery, a design studio and others and is expected to begin opening in 2024. Okay.

Mission number two, after making the Port a good place to be and clean, safe and vibrant, is definitely maintaining our facilities. Our operating budget is projected to be very constrained. We are not projected to have adequate investment to maintain our facilities.

And we really can't accept this outcome because, of course, our facilities is the asset that we're maintaining. And I really -- commissioners and our wonderful staff has done exceptional advocacy work to earn what we call inside other people's money, or OPM, because there is city, state and federal interest in our success and in our maritime facility. So that's coming through.

Funding from our state and federal partners is into the tune of 18 -- \$81.5 million. I said 18 because that would have been a big year in the past. But we're at 81.5. And that includes: a highly competitive CalSTA freight infrastructure program award of \$21.5 million for our Pier 80-96 modernization to really make the facilities modern and reduce emissions; \$60 million for resilience through an award from the Coastal Conservancy; and a tentative award from FEMA.

And then, finally -- and you'll hear about Piers 30-32 today -- but this year, we got state legislation to support the commission's plan for a public-private partnership on Piers 30-32 to provide many, many public benefits and infrastructure improvements.

To resilience -- it's a big -- 2023 has been a huge year for resilience. And 2024 will be bigger. We achieved a major, major milestone which is the release to the public of the draft plan that's coming in January. As I say to the team, it's time to show the public the work.

This proposal will be a multi-billion-dollar plan and, if approved by Congress and the city, will address coastal and combined flood risks on our shoreline. This is a major step for partnerships for replacing the Embarcadero seawall and stabilizing the shoreline.

The federal government would pay 65 percent of the costs of the final recommended plan. We've done resilience pilot projects like the living seawall. And it's been very good to test designing-with-nature concepts. This is something that the seawall program offers is to bring in more nature and improvements to Bay water quality to the best of our capacity.

And there's so much news coming forward out of resilience including a federal interest in raising our beloved Ferry Building and thinking about what that will cost and how we will accomplish that in this urban realm with all the infrastructure underneath.

So it's a huge undertaking. And it's absolutely wonderful that the federal government has an interest and that we can move that along with the city because it will take a lot of time to do it right.

To equity -- we have secured parks legislation to add an additional two acres this year. And 12 acres are coming online next year with a new park, the Bayfront Park, which will be a wonderful addition to our parks network.

To our equity program -- we really did a great job this year providing opportunities to young people that were really thought through, organized well, intentional and just really a great job that staff did including the Rising Tide summer internship program. This is the second year. It's a mentorship and internship program.

It's a partnership with the state University Maritime Academy and the Phillip and Sala Burton High School. It provided 11th grade students with a weeklong experience. And they immersed themselves in the culture of the Vallejo campus -- the maritime Vallejo campus. And they had a five-week then paid internship at the Port that rounded out their experience. And they did presentations. And it was just a wonderful program. And I'm really proud of it.

SailGP at Pier 80 -- the base camp at Pier 80 -- during the weeklong event, 40 kids per day visited Pier 80 to participate in the SailGP Inspire learning program. We had the South Beach Yacht Club youth sailing program. This is a partnership with our Pier 80 marina terminal Pasha and the San Francisco Boys and Girls Club within District 10. And it sponsored six students to participate in the sailing program.

To our own workplace and its wellbeing -- I am really proud to say that, in the equity area, we've accomplished a lot too internally. And I believe a culture shift is underway. Staff tells me so. It's really because of your hard work of thinking of a vision of an antiracist organization and what that might look like that we began this long journey of cultural change.

And it's had major opportunities in terms of improving transparency, improving clarity and openness of decision making, getting rid of hierarchy in

ways in which we can do, in thinking about and being intentional about our workplace and what we offer in terms of promotive opportunities, in terms of training.

It means resourcing our HR department. It means creating an HR department that provides services to employees, just not compliance related to our public contracts and unions. And it involves psychological safety, which is creating spaces where people actually get to know each other better.

I want to share that I just read something in the Harvard Review that looked at employee satisfaction. And they're simple surveys, mostly in the private sector. And the thing that's most associated with work performance is the affirmative answer to a question, "I have a friend at work." You wouldn't think that. But that's the highest association to work performance.

So we are intentionally getting to know one another better, supporting each other, understanding the work that we face and also spending a good amount of time in understanding our mission and how we fit together. And all of these things are making the place a much more exciting place to work.

And I will say Port staff love the Port. They take care of this organization. And they're certainly our best asset. But they also are a very skilled group of people with a range of skills that understand how to take care of this complex little city -- Port city out here. So it's extraordinarily important that our staff hits above their weight.

Okay. In closing -- I think I missed -- no. I think I got it all. Okay. In closing, we have a report. And this report talks about all of the impacts in these various areas in far, far, far more detail. I want to say that we could not have achieved so many important outcomes this year without the commission's support.

I also want to mention that our Port leadership team, our chief operating officer, our division directors, communication leads, legislative director, human resources director, commission affairs manager, our legal staff, our general counsel -- really, it's the best leadership team a director could ask for really.

And I want to thank each of them for this work. And I hope everyone has a look at the impact report. And I'm excited to see what we accomplish next year. Thank you, commissioners.

No Public Comment on the Executive Director's Report.

Commissioners' Discussion on the Executive Director's Report:

Commissioner Lee: Elaine, it's a great report. I mean, I've only been here a year and a half, I guess. And it's amazing how much gets done and how everything is

so self-contained compared to when I was at another place. But it's great that -- what we've gone so far.

In 2024, I'm really looking for -- with the Sky Wheel coming in, really gives a big opportunity for small businesses to have incentive to come over. And I'm really looking forward to increasing the experience. I think nowadays, we've been looking at rebuilding our economy based on product. But our product now has to be based on experience.

So the Sky Wheel -- I really want to work on creating a -- you know, the off -- sale fish for the boaters, for the fishermen especially when we lost our outdoor restaurants, you know, that were pushing all the crab sales and things from the restaurant. Now, we don't have anybody complaining that the fishermen are taking away their business. I think we should be supporting them.

I see the pier in front of Scoma's that needs to be repaired -- really should be kind of a tribute to our history of fishing and shipping out fresh fish so that -- and just, again, the overall experience of the Port and keeping it clean and doing everything. And people will come back [and j --] and we will -- I know for a fact that creating the experience, more small business entrepreneurs will come in and lease the properties from us.

So I guess we just have to be patient. But thanks. Great report. Thanks. I'm glad I'm here. I kind of accomplished what I kind of set out to do is really help the Port with their small-business asset. So I hope I'm doing okay. So thank you.

President Brandon: Thank you. Commissioner Harrington?

Commissioner Harrington: Thank you, Madam President. And thanks for the report, all kinds of exciting things. And I've only been here -- only a few months, it seems. And I'm still learning about this stuff. But thanks so much.

I am particularly looking forward to seeing the Army Corps of Engineer work go forward in resiliency and have that in early next year, really kicking that in some kind of movement. A couple of things -- the \$2.2 million grant for Fisherman's Wharf -- at some point in the future, could you have someone either in written form or here talk about what did we accomplish with that?

What's left to do? How much has been spent? Just kind of where we are with that would be useful. And did it make a difference -- kind of discussion? The other thing and a general comment -- there's a term that we use in kind of the accountability world called tone at the top.

And when I was reading about the FBI investigation, the fraud one, it's clear that the staff here were trained and managed in a way that allowed someone to say that's not right. And I'm going to do something about that.

And that starts with the top, the person in charge of the organization but all the way down the chain of command, that there's clearly a place that talks about how things are supposed to be. And it makes a huge difference in terms of people's respect for us and ability to believe in us and trust us. So thank you very much for that.

President Brandon: Thank you. Commissioner Gilman?

Commissioner Gilman: Elaine, thank you so much for a great report and I think really illustrating all of the hard work that you and your -- I really want to thank you, your team, the leadership team. But I also want to thank the maintenance crew out at -- it's Pier --

Director Forbes: Fifty.

Commissioner Gilman: -- 50 -- I was thinking 59 -- Pier 50 and all the staff who I see all the time. I drive the Embarcadero now three days a week early in the morning. And the Embarcadero looks phenomenal.

Director Forbes: Thank you.

Commissioner Gilman: And we are doing such a great job. It is so exciting about the cruise and all those passengers and also the success we've had with our equity work. It's hard to set as -- I love that term, tone at the top -- to do that work.

But I've really seen -- as someone who's been on commission now for seven years -- yeah, almost seven -- four, five, six -- six years -- [laughter] entering my seventh year. Sorry. [laughter] I'm entering my seventh year -- really see a shift in change both at the top in the conversation and how that's showing up in our work, you know.

President Brandon really spearheaded our Juneteenth celebrations here at [Anne Halsted] Plaza and with Foodwise. But we're seeing it bleed out into all sorts of other activities from our contracting to those celebrations, to the youth programs. And it's really great, I think, to illustrate for the public because we are part of the public trust.

We have not controlled the waterfront for that long. We really are giving back to the public and ensuring that that trust and our uses really represent the public interest and not a privatized solution.

So I just really want to thank you and your team for all your hard work particularly around the equity program and the youth programming, be it from the maritime program or the phenomenal work that Foodwise actually is doing with young adults around farming and cooking, etcetera. So thank you for your leadership on all those fronts.

President Brandon: Thank you. Elaine, great report. And it is totally amazing to see all that has been accomplished in a year. You would think, with all that you've talked about, you were giving a five, 10-year report. But it all happened last year.

And the fact that we have such great leadership and that we are at pre-pandemic levels across the board is just phenomenal, the amount of people coming to the waterfront, our balance sheets. Our tenants are happy. We have an incredible staff. And I just really want to thank all of you for everything you did this year because it was a challenging year, a very challenging year with a lot thrown at us over and over so really appreciate all of you and everything you accomplished in 2023 and definitely looking forward to 2024.

Director Forbes: Thank you so much.

10. CONSENT

- A. Request authorization to accept and expend a \$9,607,500 grant from the Port Infrastructure Development Program (PIDP) which is implemented by the U.S. Department of Transportation's Maritime Administration (MARAD) for the Amador Street Infrastructure Improvement Project to fund upgrades to the roadway, utilities, and install landscape features. (Resolution 23-52)**

- B. Request approval of the Operating Agreement (Contract # OP-0011) with ISOFLEX USA granting authority to operate its location at 1801 Lombard Street, San Francisco, CA as a Foreign Trade Zone No. 3 Usage Driven Site for a term of five years, with one option to extend for four years and outlining conditions for the operation of the usage driven site. (Resolution 23-53)**

- C. Request approval to execute an amendment to the professional services contract with COWI/OLMM Joint Venture for architectural and engineering services for the Mission Bay Ferry Landing Project to extend the contract term through June 16, 2026. (Resolution 23-54)**

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

No Public Comment on the Consent Calendar.

All Commissioners were in favor.

President Brandon: Motion passes unanimously. Resolution 23-52, 23-53, and 23-54 are adopted. Next item, please.

11. REAL ESTATE & DEVELOPMENT

- A. **Informational report related to (1) acceptance of certain Phase 1 horizontal improvements, (2) a proposed amendment to the Disposition and Development Agreement between the Port and FC Pier 70, LLC related to maintenance of those improvements, and (3) the overall status of Phase 1 of the Pier 70 28-Acre site project, roughly bounded by 20th Street to the north, San Francisco Bay to the east, 22nd Street to the south, and Michigan Street to the west (the “28-Acre Site”).**

Christine Maher: Good afternoon, commissioners, and Director Forbes. My name is Christine Maher. I'm a project manager for the Port's real estate division. With me here today from the Port are Josh Keene and Paul Chasan as well as Tim Bacon from Brookfield Properties.

The main purpose of today's presentation is to share with you a really big milestone for the Pier 70 project. That is the completion and proposed acceptance of horizontal infrastructure serving phase one of the project. I'll start off with some background about the project and a brief update on its current status before turning the presentation over to my colleague, Paul, to discuss infrastructure acceptance and next steps.

I'll start off with just a quick overview of the Pier 70 district. The Pier 70 special use district was approved by the Port and city back in 2017. Outlined in blue on the map here, it encompasses 35 acres including the 28-acre Brookfield site, Parcel K north and south on Illinois Street and the PG&E-owned Hoedown Yard at the corner of Illinois and 22nd Streets.

At full buildout, the SUD will include up to 3,000 residential units, up to 1.75 million square feet of office, nine acres of new parks and open space and up to 500,000 square feet of retail or light industrial uses.

Next, an overview of phase one of the 28-acre site project -- development of the 28-acre site is governed by a disposition and development agreement, or DDA, with the Port's development partner, Brookfield. It will be developed in three phases.

At buildout of phase one, which is the focus of today's presentation -- and it's outlined in blue on the map here -- will include up to 600 residential units, 460,000 square feet of office, 3.5 acres of parks and open space and 115,000 square feet of retail, art and light industrial uses.

Since the project was approved in 2017, we've reached a number of important phase-one milestones for the project. Brookfield has now completed subdivision mapping, site preparation and construction of horizontal improvements with the exception of parks. And while doing so, they've achieved a 20 percent LBE participation far exceeding the project's goal of 17 percent.

Brookfield also completed the rehab of Historic Building 12 in 2022 and is actively leasing the space. As Director Forbes mentioned, Brookfield has signed several leases including five with women-owned businesses. Brookfield has also been activating the space with special events such as Bayview Uncorked while leasing efforts are underway.

Finally, Brookfield and its affiliates have completed design review for two of the vertical parcels A and E2 as well as the phase-one parks, which they intend to build on a schedule that coincides with adjacent vertical development.

Next, an update on vertical development at the site -- with the completion of Building 12 in 2022, there are six remaining buildings in phase one including: two office projects, Parcel A and Building 2, shown in blue on the map; one market-rate rental, Parcel E2 shown in yellow at Maryland and 22nd Street; two condo projects, Parcel C2B in yellow at Louisiana and 22nd and Parcel D in yellow at Maryland and 21st.

And finally, there's one 100 percent affordable project, Parcel C2A in yellow, on Louisiana just across the street from Building 12. Under the DDA, Brookfield has the option to purchase or lease all of these remaining vertical parcels except C2A, which is again the 100 percent affordable project.

The timing of these vertical projects has, of course, been delayed due to the ongoing economic impacts of the pandemic. In addition, the project is in a period of down-market delay, which was triggered in 2021 by the appraised value of E2, which came in lower than a threshold value that was set in the DDA.

As a result, the timeframes for Brookfield to perform time-sensitive matters including closing escrow on these vertical projects is [told] until the down market no longer exists for the project. Nonetheless, we do see signs of growing momentum at Pier 70.

Building 12's first tenants will open to the public this spring. And Brookfield is seeing an uptick in interest in the space. Acceptance of the streets, which is the subject of today's presentation, is anticipated early next year by the city. And we believe that will increase the marketability of the vertical parcels.

And importantly, the Port and Brookfield affiliate King Street Properties have been negotiating a long-term lease for life science building at Parcel A which we hope to bring to the commission for approval early next year. And finally, should Parcel A move forward next year, the impact fees that will be paid by the developer of parcel A will be used by MOHCD to fund a predevelopment loan for Parcel C2A, so that project can begin moving forward as well.

With that, I will turn the presentation over to my colleague, Paul, to discuss the acceptance of phase-one infrastructure.

Paul Chasan: Thanks, Christine. Thank you, Director and commissioners, for having me here today. You know, despite the down-market delay, I don't want to underscore the importance of this moment for this project. This is a huge milestone for Pier 70, as we accept this infrastructure, these streets that are being built and invite the public to come and see them.

We are building some truly wonderful landscapes here for the public to enjoy at Pier 70. So this is kind of a very brief overview of the acceptance process. We are going to come back to -- this is an informational item today. We'll come back to you next month asking this commission to take a number of actions related to acceptance of Port infrastructure.

And then, with that will be an amendment to the DDA and kind of approving the projects MMEP, which is an acronym for master major encroachment permit. And I'll explain those in a couple slides. To get here, there was a number of due diligence that's being done by both the city and the Port to allow this stuff to kind of be ready to be accepted.

The city goes through what's called an NOC process, notice of completion process, where they vet to make sure all the infrastructure was built correctly, that utilities were commissioned correctly and so on. There's a lot of paperwork that's traded hands. And that was achieved in November of last year -- about a year ago.

We are -- [have the] Port process for Port-owned infrastructure. It is outlined in the DDA. And that's called a schedule of performance process. We approve the developer's request for an SOP. And that, we anticipate, will happen next month before the Port Commission hearing.

And both the SOP approval and your approvals next month will be approved with conditions. Next slide, please. So there is -- outlining some of your -- the commission's role in this acceptance process -- there's a number of steps you have to take. There are conformity findings, which basically say that the improvements are functional and were constructed in accordance with the regulatory requirements.

You will accept the improvements -- the Port-owned acceptance items themselves -- the Port-owned improvements themselves. And in doing so, you will dedicate them for public use, dedicate them as public assets. For the streets, you will dedicate them for streetscape and sidewalk purposes and accept maintenance and liability of the Port-owned items.

And then, here is a summarized list of what some of those items are, mainly the stuff on the surface. There are special paving -- the way it kind of works is that the streets -- Public Works and the city will accept all of what they call standard infrastructure, anything that's kind of above and beyond that is

nonstandard from a maintenance perspective for the city will be accepted by the Port.

So that includes: special paving, and there are various kinds of special paving throughout the site; custom street furniture that includes benches, bike racks, trash receptacles and some bollards; understory plantings and their associated irrigation systems; trees themselves will be maintained by Public Works; the building 15's frame, which kind of spans 22nd Street and acts as a gateway to the project from 22nd; and the northern block of Louisiana Street, which was too narrow to meet city standards.

So the Port will actually accept ownership and maintenance for most of the infrastructure on that one block, everything really except the street lights, street light conduit, third-party-utility conduit and, I think, the stop sign and the paint stenciled on the road [right will be owned by MTA].

And so there are some more actions that you have to do associated with this. It's all -- that includes approving the MMEP and the DDA amendment. The MMEP is the master major encroachment permit. And that's really the permitting mechanism by which public works will lump all of these nonstandard items into a permit. And the Port will take on that permit and accept maintenance of those non-standard items [in city right of way].

The DDA amendment will allow the developer to continue to maintain these items in the absence of service special taxes due to the down-market delay and the delay in kind of moving forward vertical development. And we don't have revenue to support it. So the developer will continue to maintain that infrastructure for the foreseeable future.

And you will also grant the executive director some authority to take some actions following the acceptance including: accepting deferred infrastructure; approving the MMEP attachments, which are being drafted -- attachments of the MMEP; and releasing accepted improvements from the master lease area.

And finally, you have some recommendations to the board that they go ahead and improve and accept city acceptance items. So you'll be able to accept them, dedicate those improvements for public use and approve the major master encroachment permit and the DDA amendment.

In terms of next steps, as Christine mentioned, you know, we'll be here in a month for the actual acceptance item for acceptance of these. And then, there'll be a follow-up action at the board first quarter of next year, probably in February or March of next year.

That concludes our presentation. Before I wrap up, I just want to acknowledge a couple staff members who have worked so hard on this project,

our attorney, Annette Mathai-Jackson, has been instrumental in moving this project forward on a number of documents.

And also my boss, Kevin Masuda, unfortunately couldn't be here today -- who has really stewarded the engineering of this infrastructure. He has put a lot of wisdom and expertise into that. We have additional slides available on the project's financial structure and getting into the details of what some of those -- this infrastructure that we are actually accepting if you are interested in them. With that, I'll open it up for comment. Thank you very much.

No Public Comment on Item 11A.

Commissioners' Discussion on Item 11A:

Commissioner Harrington: Thanks very much for the presentation. Given the situation with the economy for the last few years, it's amazing that the Port staff and the developers have worked on this project and so many other projects to really keep things going. I'm very grateful and impressed with all that that's happened.

A couple of questions -- the down-market delay that triggered the [tolling] and the [tolling] project -- again, I apologize. I'm fairly new here. Can you talk about that or send me something that would talk about what triggers it? How long does it happen? What stops the [tolling], how that works?

Christine Maher: Sure. We can follow up with additional information. But essentially, what happened is there's kind of threshold values for each value that's set -- they're set in the DDA. They're adjusted annually. If an appraisal of a parcel comes in below that value, that sets the down market for the project.

And then, basically what happens is, annually, you can do another appraisal to kind of test to see if the down market is still there or not. If it is, we're still in down market. You test again in a year. If it's not, you're out of down market. There is a kind of cap, if you will, on the DDA that the down market cannot extend beyond five years.

We're two years in. So hopefully in a year, we'll test better. But if not, the outside date is one year. And at that time, essentially what happens is the developer kind of has to waive the delay. And they're supposed to come in with changes they can adjust, phasing of the project or make other changes to allow it to move forward.

Commissioner Harrington: Okay. But it's an annual thing with a five-year cap [unintelligible].

Christine Maher: Yes.

Commissioner Harrington: Thank you. Other question -- the whole idea of Port acceptance of a variety of different improvements -- I'm understanding that the developer will be taking care of those for now. At some point, the Port has to staff up to take care of those. Is that the plan?

Christine Maher: Either the Port has to staff up or the Port can contract out the work. But yes. Eventually, it -- I mean, it will become a Port obligation. And either, yes, Port staff will do it, or we will contract out or some combination thereof using a service with special taxes once they're being generated.

Commissioner Harrington: Right. But it seems like this is happening on a variety of different projects going on right now. Collectively, that becomes a pretty big maintenance kind of effort for the Port.

Christine Maher: Yes. It will.

Commissioner Harrington: It'll be interesting to see what that plan is kind of as we go through that.

Director Forbes: I will say that we do our best to have city-accepted assets, our very, very best in these development projects. But some of these things are non-standard. And to the best of our capacity, we could not get the city to accept them. So those are the few streets and utilities that we are taking on.

Christine Maher: We tried hard. [laughs]

Commissioner Harrington: The city does have a basic policy that city staff should do whatever city staff can do and that you only contract out if it's not possible kind of for city. So that's kind of the charter language. So I'm assuming you might be trying to contract out. But we'll see what happens with that. But thank you.

President Brandon: Commissioner Gilman?

Commissioner Gilman: Thank you so -- I just had sort of one question along that line. So did we coordinate with the developer for these special assets to ensure that the tiling, as an example on the side block that they showed, is not made of a material or an aspect of it that, in 25 years, we can only find that from a vendor in Vienna or something that -- I'm just saying like, are we -- since we're going to own these assets, have to maintain them, what's our collaboration with the developer to ensure they're not going to be cost prohibitive in the future?

Paul Chasan: Yeah. We have close collaboration with the developer. And we are building high qu -- the landscapes are built out of high-quality materials. You know, the Port staff -- the master developer has a general contractor. And they do the construction.

But Port staff review material submittals for everything that is put out there and signs off on it. So we have our engineering staff, all the sub-disciplines that are looking at everything very closely.

Commissioner Gilman: Okay. That was my only question. Thank you.

President Brandon: Thank you. Commissioner Lee?

Commissioner Lee: Everything looks great here. I'm just curious. Is there any talk -- or maybe I missed this because it's been ongoing. What's the -- so Port situation -- you have so many residents. You've got office space. Is there going to be a supermarket there? Is there going to be small mom-and-pop restaurants to be able to pop up?

I'm sure that there's so much space here that you can have a little -- kind of what they do in Mission Bay. They have a little courtyard with surrounding businesses, a supermarket or a small grocery store. Is that in the plan for this at all?

Christine Maher: I'm going to ask Tim Bacon from Brookfield Properties to answer your question.

Commissioner Lee: Okay.

Tim Bacon: Good afternoon, commissioners. My name is Tim Bacon. I'm with Brookfield Properties. It's a great question. That has always been our hope and dream for Building 12 in particular to have a grocery store as part of that historic building.

I think right now -- and we had a few options just leading up to the pandemic to try to do that. The old adage in real estate is that grocery stores follow the rooftops. And I think, until there's a little bit more housing development and that we can move some of the vertical development forward there, I think that likely will be something that will be perhaps in a lighter phase of the project.

Commissioner Lee: Okay.

Tim Bacon: But we are working on ways to continue leasing throughout the space and are having some pretty good success all things considered.

Commissioner Lee: I know it's going to be a while before you fill it up. But I think preplanning saves a lot of money --

Tim Bacon: Yeah.

Commissioner Lee: -- especially if you have kind of a site in mind because you're going to have to bring the electrical, the power -- everything's, you know, three

phase now. I mean, there's a lot of prep work. And then, if you can just make it turnkey for any person to go in with it and get set up within six months, you'll get so much more opportunity. And it will support the people that are living and working in the area. I think that's a good -- something that should be on the table.

Tim Bacon: Yeah. I completely agree. We've -- our design of Building 12, which Port staff was involved in, was very much thought to include that. So there's one specific corner of Building 12, which I'd be happy to show you around if you --

Commissioner Lee: Great.

Tim Bacon: -- have a chance to come around, that we had designed with a grocery store in mind.

Commissioner Lee: Yeah. [I'd love for] --

Tim Bacon: So someday it does hope to have that.

Commissioner Lee: I'd like to see that, yeah, because Third Street -- there's very limited amount of restaurants there. So it'd be great to have something there.

Tim Bacon: Yeah. Certainly.

Commissioner Lee: Okay. Thank you.

Tim Bacon: Thank you.

President Brandon: Thank you. I think a few of my questions have been answered especially about the down-market delay and next steps. And it seems like there's very little activity out there now besides leasing Building 12 and just wondering why we're doing this now. Why are we accepting this now? Don't we usually do this like when we have a full project or when everything comes together? I'm just wondering, why are we taking on this liability now?

Christine Maher: Part of it is contractually we're obligated to take it on per the DDA. But I think part of it is, in order for --

President Brandon: Now?

Christine Maher: Yes. We are contractually obligated --

President Brandon: So the DDA says that we have to take it on now despite no --

Christine Maher: Once it's completed, we have a certain amount of time to accept it. But I think we're also looking at it from the perspective of this is what needs to happen in order to make the site accessible, in order to help build that momentum that people are able to actually go out to the site.

And if the streets and the infrastructure aren't accepted, the site's not open. So like in order for the Building 12 tenants to open, the streets have to be open. So there is the liability part of it. But I think also it's a huge milestone in that it will actually open up the site and allow people to get down there to visit.

President Brandon: So people cannot use these streets right now until we accept them.

Christine Maher: Correct.

President Brandon: So in order to -- okay. That part I -- [crosstalk]

Christine Maher: That's right.

President Brandon: Okay. That makes sense. Thank you.

Christine Maher: Sure.

President Brandon: Thank you very much for the presentation. We're looking forward to hearing more about this project and moving forward. Hopefully, you know, the market will turn. And we can actually get the shovels back in the ground. Thank you. Next item, please.

B. Informational presentation on the status of the Piers 30-32 and Seawall Lot 330 mixed-use development project generally located at the Embarcadero and Bryant Street.

Wyatt Donnelly-Landolt: Hello, President Brandon and commissioners. Wyatt Donnelly-Landolt with the Port's development team. I'm joined by Josh Keene, assistant deputy director of development, and David Beaupre, the deputy director of planning and environment, as well as Jesse Blout and Clarke Miller from Strada Group, the developer at the site.

So today's presentation is a project update as well as an update on the term sheet, which we intend to bring back in January for approval. I'll touch on some of the terms. And some, we'll follow up with in January, also want to give an update on a key milestone, which is the passage of SB273 at the state, which was critical for moving the project forward and without which we would not be here today so excited to talk about that as well.

Before I jump into the presentation, just want to give a brief overview on the development process timeline. There's a lot of information here. But generally, at the top in the first row, is the negotiation of a term sheet. So we're going through an exclusive negotiating agreement, or an ENA.

And then, that allows us to negotiate a term sheet, which is what I'll touch on today and will return in January to discuss more. That will allow us to move

forward to the legislative approvals of the term sheet and the Board of Supervisors' approval of the term sheet as well as a fiscal feasibility resolution.

And then, we enter a negotiation of the transaction documents themselves, the development agreement, leases and other agreements. All throughout this, there is extensive community engagement and engagement with state agencies overseeing the area. And that will eventually lead us to both Port Commission and board approval of the transaction documents themselves, which are detailed contracts giving the overview of the development and various terms.

But the term sheet, which we're working on right now, is a much higher-level overview of basic terms. And I'll touch on some of them and return in January on the remainders. So right now, we're negotiating the term sheet. And I'll touch on where we've been because some of the steps have taken longer than we had originally planned. And I'll talk about why as we get into what's happened over the last couple years.

So just some additional background -- our original goals for this were to preserve and improve the existing maritime uses. Piers 30-32 is a critical Port resource but needs extensive improvements to survive into the future. So I think that was the leading goal here is to rehabilitate Piers 30-32 and activate that space along the waterfront.

We wanted to upgrade that infrastructure, both the Pier and the seawall to be resilient for the next 100 years including both seismic and sea-level rise concerns. We wanted to include public trust and public-oriented uses at the site while keeping in mind the need to generate revenue from the site for the Port and create a financially feasible project.

So a little bit of background on where we've been -- the Port issued an RFP, a request for proposals, in December 2019, received three proposals. And the commission authorized staff to work towards an ENA, or exclusive negotiating agreement. That's what allows us to negotiate with Strada-TCC, who scored the highest of the three proposals in September 2020.

The ENA was approved in February 2021. That's obviously a while ago. There's been extensive community outreach since then to bring that initial proposal to both the community and state agencies overseeing the area. And I'll talk about how that impacted the proposal. But that all led up to the passage of SB273.

So just a little bit about the outreach -- dozens of meetings with BCDC and the State Lands Commission both with the Port staff and the developer. We met many times with the Northern Advisory Committee. And the developer held outside stakeholder engagement meetings.

These two lines of community outreach both with state agencies and the community led to design modifications. I'll talk about those in the context of the original proposal and where we are now a little later. But the biggest update is the passage of SB273. It was introduced by Senator Wiener and cosponsored by Assemblymembers Haney and Ting.

This allowed the city to permit the project through its process so essentially gave state authorization to move the project forward, ensuring it was consistent with the state trust and other doctrines. So without that, we would not be here today. That approval in September allows us to move the project forward.

To get there, there were some modifications. And SB273 included those modifications. And I will get there eventually, I promise. So first, I want to talk about where we are now, the current project concept. So we're looking at a two to three phase -- phases one to two could go together, could go separate. It's two residential buildings with approximately 15 percent inclusionary affordable housing.

And then, land on that site will be dedicated to a 100 percent affordable housing building. That will be constructed as financing is available for that building. The next phase, phase three, is the demolition of the existing piers and reconstruction of a resilient pier with vertical improvements. That will include strengthening of the seawall at the project site, an aquatic center that you can see in the foreground with a pool as well as a deep-water berth for both cruise and emergency exit purposes.

To narrow in on the seawall site, phases one to two, the two original b -- the two phase-one-two buildings include 619 units of housing, 92 on-site BMR units, ground-level retail, community space. And these could be developed together in phases depending on construction feasibility and the market, just depending on how many units can be brought on at one point at that specific site.

And then, the affordable site -- if you look -- there is the tower, which would be phase one. And then, the mid-rise building on the left is phase two. The affordable site is in between The Watermark in the background and the tower. So that's the 100 percent affordable site including 94 units.

And that brings us to a total of 25 percent affordable, which is what was included in the original proposal so still meeting that target from 2020, which we see as a big accomplishment, given all the changes in the market over the last few years.

Phase three is the demolition of the existing Piers 30-32 and reconstruction of a new, resilient pier. The seawall lot will be strengthened. There will be the construction of an aquatic center with pool, a deep-water berth for excursions and emergency access and then 375,000 square feet of office in one

building with the potential for an additional 55,000 square feet of space in a mezzanine that would be within the existing footprint of the building on the first floor and then 70,000 square feet of retail mostly in a market hall right on the Embarcadero. And the site would also include accommodations for Red's Java House.

Finally, there would be major investments in the Port's assets specifically Piers 30-32. The projected cost of that at construction is around \$460 million. And that's before any of the vertical improvements on top of the pier. So there's a major infrastructure component. This is a very big asset for the Port but thus has a very big price tag.

So all of that would be included within the project. At the end of the leases, everything would revert to the Port including both infrastructure and the vertical improvements. So just to touch on those changes I mentioned, these were the results of community input and input from state agencies including BCDC and State Lands.

The first is that the project will be delivered in up to three phases rather than a single phase. I think there's two reasons for this. The first is just construction feasibility. Trying to do both sides of the Embarcadero at the same time creates challenges both in terms of bringing crews on site, moving equipment and closures to the road.

The other component is maximizing public sources for the project. So we anticipate using a CFD/IFD on both sites to fund the infrastructure improvements at the piers. So that will be a major source of that \$460 million bill will come from the CFD/IFD. And by doing the seawall lot site first, we can stabilize that and gain the value there rather than trying to reach into the future. And it actually acts as equity for those early investments in the piers.

So the second change is a reduction in scale of phases one to two. So here, you can see the original rendering. And I'll show you the residential in the background. You can see it was a larger bulk across the two buildings. So the changes resulted in a reduction to 713 units.

And then, the final change -- I think the biggest one you can see is there were two piers. There is now one pier with the large market hall. So much more of the Embarcadero-Street-facing frontage is active retail. The pool and aquatic center are right off of the Embarcadero. So there's more activation right on the street.

Changes to phases one and two -- again, 175,000 square feet less, 137 units less. And much less of the site is at that 105-foot mark, more retail on the site and more open space as well. And phase three, you can see from the depictions here going from two piers to one.

The market hall is on the left here. In the right picture, you can see the -- everything on the Embarcadero is market hall and that building pretty much and then the aquatic center and pool are closer to the street and much more visible.

So the next step is the term sheet. We'll return in January to request approval of the term sheet. I'll discuss some of the terms here. Some remain under negotiation. And we'll return in January to discuss those. So some of the key things covered in the term sheet are the uses themselves, which I've discussed previously, but also phasing, schedule of performance, financial terms, the lease structure of the deal and then the project DEI plan.

So the financing -- as I mentioned earlier, we anticipate using both CFD and IFD similar to how the Port has structured those tax districts at Pier 70 and Mission Rock. A key thing here is that, even with those sources, the project still shows a \$125 million gap -- infrastructure gap on the piers to balance.

We're going to monitor this moving forward. Our hope is that the market improves and that closes the gap itself. I think that's a potential path to close that gap. However, we are also looking at other sources. Some of the sources that we're seeing used across the city are: changing impact fees, either adjusting them or delaying their collection, which has time impact on money; utilizing additional investments through capturing more tax increment; adjusting or waiving transfer taxes.

And with the Port, we also could potentially identify federal or state funding for infrastructure, one of which recently received already to close that gap. So the next term is the deal and lease structure itself. So we're expecting to have a leased disposition and development agreement.

There is the potential for a master lease or construction [license] to start construction early and then separate ground leases for each vertical construction site. So there are these four ground leases, one for each of the three residential buildings, the two market-rate inclusionary and the one affordable and then one lease for the piers in total.

The piers lease would be 66 years. The Seawall Lot 330 ground leases would be 99 years. The next component in the term sheet is the DEI plan. So this covers different diversity, equity and inclusion initiatives as part of the project. I think the first and most unique for the project is swim and water sports access.

So the pool will be controlled and managed by a nonprofit aimed at addressing racial, gender and economic disparities related to water sports and swim proficiencies particularly with a focus on youth and young children especially.

The second, a BIPOC artisan retail program -- they're looking to target BIPOC entrepreneurs for the artisan retail spaces on the pier shed building and

plan to have a program aimed at supporting those entrepreneurs both in successful business practices but also in structuring leases in a way that ensures success.

Looking to find an affordable housing partner for the affordable housing site with a heavy emphasis on BIPOC leadership when selecting that partner -- and then we set LBE/WBE participation goals as part of the transaction documents.

And finally, workforce development -- the developer plans to put the project under a project-labor agreement, which governs labor rules for the project. And they also intend to work with CityBuild on a pipeline program to help bring people in to work on the project and leave with the skills necessary to build a career in construction entries.

So additional terms -- then, we will return in January to discuss these -- the ground leases' rent and terms of payment, performance schedule and the Port participation in project profit.

Finally, just next steps -- so again, we'll return in January with some additional information and to request approval of the term sheet. This will allow us to bring it to the Board of Supervisors, who will endorse the term sheet as well as find the project fiscally feasible. We're currently working with a consultant on that fiscal feasibility report.

Board approval allows the developer to submit an environmental evaluation to the Planning Department and then us to continue moving forward to those more detailed transaction documents. So I will open things up to questions if anyone has them.

Public Comment on Item 11B:

Katy Liddell: Good afternoon, President Brandon and commissioners. My name is Katy Liddell. And I have lived actually at Port side right across from this site for almost 30 years. I am the co-chair of the Port's Northern Advisory Committee. And I founded one of the local neighborhood associations. So I'm very familiar with the territory.

The reason I'm here today is to actually tell you what a great job Strada has done of community outreach. It hasn't been easy. There have been loud objections to some parts of the project. But Strada has listened and has made many changes accordingly.

They redesigned the housing on Seawall Lot 330 to remove 100 and -- I have 135 -- he just said 137 units -- and improve view corridors. They held numerous meetings with HOAs and had Zoom and telephone office hours, so people could call in on a weekly basis and ask questions.

It's also my understanding that the BCDC did a lot of work on this. And as co-chair of the NAC, I know that the developer made a number of significant concessions at the request of the BCDC. They changed the project from two piers to one and added 40,000 square feet for a market hall to ensure continuous public access.

The project is the first proposed for this site to balance financial self-sufficiency, supportive maritime activity, public access and removing fill from the bay. As co-chair of the NAC, I personally witnessed the very favorable reception from the public for this revised plan at one of our meetings.

The retention of the deep-water berth and the investment to strengthen the seawall are unbelievable gifts on top of everything else. At a time of rising sea levels where private investment and resiliency will have to be part of the funding picture, we need to stop the bureaucratic in-fighting and focus on getting something done.

It has been 20-plus years of failed efforts. I know. I've been there the whole time. Lastly and as a long-time resident of this neighborhood and one who has been very hands-on involved, I can tell you that we are desperate to finally fill in this spot on the bay with a welcoming recreation and commercial area.

This neighborhood has fewer public parks and open spaces than many other parts of the city. We need this project. And we have the best developer to deliver it. Commissioners, I urge you to support this project. Thank you.

Eddie Reyes: Good afternoon, commissioners and staff. Thank you for the opportunity to offer public comment. My name is Eddie Reyes. And I am a native San Franciscan and have been a proud ironworker for over 40 years. I am also an officer in the San Francisco Building Trades Council and elected president of Ironworkers Local 377 here in San Francisco.

We are glad to see the process moving forward to realize the development of Piers 30-32 and Seawall Lot [340]. The project will privately finance 400 million in public infrastructure, which will help us address rising sea levels. It will also add resiliency to the Port and the city with seismic strengthening work.

All of these important investments will create good union careers in construction and opportunities for local apprentices. Thank you for your time.

Greg Hardeman: Good afternoon, commissioners and staff. My name is Greg Hardeman. In addition to being a San Francisco native, I'm also representing the Building Trades Council and the International Union of Elevator Constructors, Local 8.

We are thrilled to hear the process of the -- the progress of the Piers 30 and 32. We have a long history working with Strada Development on projects in

the city, commercial developments. And their proposal to reimagine, revitalize the Port staff is ambitious. And some might even characterize it as risky.

But like Strada, the trades always see SF as a place to innovate. For the Port, this is a great opportunity to bring in revenue via long-term ground lease and also free up harbor trust funds for other needs. The activation of the Embarcadero will bring jobs after our members are long gone and too -- and something we can get behind. Thanks for this time. We look forward to working with you closely on this project in the near future. Thank you.

Commissioners' Discussion on Item 11B:

Commissioner Gilman: Thank you so much for this presentation. It's so exciting to see this project move forward. You know, these piers really need to be redeveloped. And this is a really exciting concept. I have a couple of questions. And actually, Wyatt, I don't know if you or Jesse Blout from Strada would be better to answer them.

They're really about project design and concept. So I guess my first question is on the seawall lots, which will be developed first in phasing. And I just want to make sure I'm understanding the t -- I mean, I know this could shift -- but right now, what we think the timeline is going to be.

And it seems like we're going to do the residential developments in phases with those having on-site BMRs. Jesse, have you thought about what you're going to target those at? I'm just curious what AMI levels or what you're thinking of for the BMR units. And then, I have questions about the affordable.

Jesse Blout: Thank you for the question. Jesse Blout, partner at Strada Investment Group. Great to be here after a few years of slogging away -- really excited we're at this precipice and moving forward on the project. You know, as Wyatt pointed out, we have an overall affordability of 25 percent.

Some of that is satisfied with a stand-alone 100-percent-affordable development. And then, we'd have 15 percent on an inclusionary basis, which is part of the process for qualifying for a state housing density bonus, which we intend to do in this project. The average affordability, I believe, is -- or the affordability for the inclusionary units, I think, is at 60 percent of --

Commissioner Gilman: Okay.

Jesse Blout: -- median income. Yeah.

Commissioner Gilman: I just didn't remember. So I --

Jesse Blout: I'm pretty sure.

Commissioner Gilman: -- I really appreciate that.

Jesse Blout: Yeah. No problem.

Commissioner Gilman: So can you explain to me though the pha -- I guess -- and I think I'm just interpreting it wrong. I was concerned that it seemed like there is not a timeline for the affordable parcel. Wyatt did use the language, which I appreciate, if financing is feasible.

So I could imagine you build these units. You rent up. And we're still looking at an empty lot five years down the road because we can't find financing. So can you explain sort of your plan for that parcel?

Jesse Blout: Yeah. I mean, it starts with selecting a partner for that parcel. We intentionally did not go into the RFP process with kind of a predetermined affordable partner. We do intend to select one. And I think, as articulated in our DEI proposal, we intend to do that in a collaborative effort with the Port and MOHCD if they want to be involved.

Commissioner Gilman: Okay.

Jesse Blout: There is no reason we couldn't start the process with that partner to try to secure predevelopment funding and other things to move that project along. I think we just wanted to make clear in full transparency that the parcel itself doesn't have all the sources identified.

You know, obviously, with phase three and all of the jobs-housing-linkage fees that would flow from that project, that's an obvious source to fund the gap. But given the timing of that, you know, we would want to go forward and try to seek additional sources.

You know, as you know from other projects, we've been very successful with our affordable partners and getting state money and other sources when they're available, you know, kind of opportunistically. So there's no reason we wouldn't try to do that here and kind of put our sweat equity into helping that process along. But we also didn't want to say that the timing is guaranteed because it is relying on outside sources.

Commissioner Gilman: Okay. No. I really super appreciate that. I'm very excited about this. I just hope that possibly you can select a partner sooner rather than later to have them in that beginning stages. I think we've seen a lot of success in San Francisco both at other projects you've done but also in Mission Bay, as an example.

The first building that went up was 100 percent supportive housing. And then, all the buildings came in around it. And I think there's a danger sometime, when you're building a new community or a new parcel, if you build the market

rate first and then the affordable for the last, I think sometimes it can have some unintended consequences. So I just wanted to --

Jesse Blout: We agree.

Commissioner Gilman: -- encourage that. And then, I also -- you know, on that front too, I'm super excited that you're having a PLA for the overall site. Would that PLA extend to the affordable parcel though because that will drive up costs? So I'm just -- and make that more expensive. So I was just curious what the thinking was on that.

Jesse Blout: I think that's a policy matter for the city, the Port --

Commissioner Gilman: Okay.

Jesse Blout: -- and the other participants in that discussion to hammer out. I mean, we are committed to a PLA. We always do PLAs for our projects.

Commissioner Gilman: Yeah. That's great.

Jesse Blout: But we're cognizant of that dynamic. So we'll leave that up to the powers that be on that issue.

Commissioner Gilman: Okay. No. Thanks. And then, I just have two more questions about the piers. I think it's the same thing. Sorry. I don't know. It's about the market hall.

Jesse Blout: Okay. Yeah. It's probably me. Yeah.

Commissioner Gilman: I was just curious -- and I know this is -- you know, this isn't opening tomorrow. But I'm just curious if there's been market studies done. We've seen -- maybe it's just the point in time in the pandemic. But we've seen struggles here at his market hall.

Jesse Blout: Yeah.

Commissioner Gilman: We've seen vacancy. And actually, we've seen several small BIPOC businesses that were brought in pre-pandemic not make it through the pandemic. So I'm just wondering --

Jesse Blout: Yeah.

Commissioner Gilman: It might be premature. So maybe at a later date, I'd love to hear the strategy for the market hall and how we're going to have that sort of small-business BIPOC component be successful because we've seen mixed success at the property we're sitting in.

Jesse Blout: Yeah. We'd be happy to come back. We do have a lot of conviction that the market hall is viable in this location. And one good example of why we -- or sort of reinforcing that confidence is we've actually had inbound interest from national market-hall operators expressing interest in the site.

I don't want to get into who they are. But you can imagine -- probably seen -- been to some around the world with these particular brands, not to say that we're necessarily interested in moving forward with any of those at this time. But it is, I think, an indication of the potential demand for this location.

Commissioner Gilman: That's great.

Jesse Blout: Part of the reason we're excited about it is, with the cruise berth, you obviously have built-in demand when you have several thousand people coming off and on the ship in a port-of-call context. You know, we're going to be basically funneling people along that promenade who will be able -- they will be able to patronize those entrepreneurial spaces that we've designed into the promenade particularly for smaller BIPOC entrepreneurs and then through the market hall.

So we think that brings an additional level of demand that you wouldn't otherwise count on in San Francisco along with the fact that it's a little bit of a food desert in this location along the waterfront. And then, you've got all the -- obviously the sports-patron traffic coming along the Embarcadero.

So those factors combine with just, I think, when you -- if you have high-quality design like we're intending, I think we're going to have strong demand. But we'll be happy to come back as we get further into --

Commissioner Gilman: Yeah. No. I know a lot of these are sort of premature. [Maybe it's just me but --] and then, my last final question is -- the nonprofit to run the aquatic center -- is that -- because we've seen -- I think it's at Mission Bay with the parks. We've seen nonprofit entities form for these development groups to manage or operate them. Are you considering a formation of one? Or do you have an aquatic --

Jesse Blout: We are --

Commissioner Gilman: -- partner?

Jesse Blout: We are. To be honest, we're having conversations with partners that already exist in the space, nonprofit partners, YMCA, Boys and Girls Club. But we're also interested in looking at whether it makes sense to create our own mission-driven nonprofit specific to this facility.

Both options are on the table. Both are viable. No matter what, we intend to have partnerships with those organizations that already do this incredible work

in the community. And frankly, regionally, one thing to point out is I think, in the conversations with State Lands and BCDC, it was really reinforced that this needs to be a regional benefit, that we should be bringing kids across the bay --

Commissioner Gilman: Right.

Jesse Blout: -- and from North Bay, etcetera, to be involved in this facility. So we think there's opportunity for lots of regional partnerships as well.

Commissioner Gilman: Okay. Thank you. That concludes my questions.

President Brandon: Thank you. Commissioner Lee?

Commissioner Lee: Well, I think most of my questions have been answered because -- you know, I was curious about the marketplace. And if you could keep it local, you know, we get the local options first. I've dealt with airport -- you know, how the airport has all these concessions. And then, they have big companies coming in.

And eventually, the rents are so high, you know, it kind of squeezes out the small-business guy. So I'd just like to keep it local, you know, if possible. Obviously, there's a certain amount of overhead you've got to cover. But I'm just looking at that end.

And I guess you're going to keep it small like maybe 1,000-square-foot units. And if they want more, you can actually add more. So I guess that's probably the deal there. So -- yeah. All I can do is wait and see two more years at least to get started. That's all I have.

President Brandon: Thank you. Commissioner Harrington?

Commissioner Harrington: Thank you, Madam President. Thanks for the presentation. I really do appreciate how much work has gone into this thing. I think, as one person said but many people say, we are so sick of 30-32 sitting there. It would be so nice to make something of that.

And the work that you've done with the neighbors and labor groups and everything else is really pretty stunning to have people coming in and -- I'm sure there will be people coming back and saying we hate it anyway but so far so good who's in the room at least.

My questions really go around timing and risk. I did like -- in the staff report, it says, while the developer and staff have not identified the exact mix of funds to close the \$125 million gap, the team feels confident they can secure these well ahead of the start of the project. What does that well ahead of the start of the project timing look like?

Wyatt Donnelly-Landolt: Sure. So with the phasing -- and we'll return with the schedule of performance next month. But I think we're definitely a few years away from construction of the piers. And that gap is solely at the piers. I think this is another piece of the phasing is it gives us more time to identify funds and see what happens with the market for the piers to move forward.

If the market improves and that becomes financially feasible on its own, we don't necessarily those additional public subsidies to make it work to close that gap, that 125 of the \$400-plus million infrastructure need. But if we don't, we have time to work through any approvals we need.

We've seen the -- the city is moving on impact fees, transfer tax. There's different ballot propositions. So we'll see what happens with those and use the next couple years while we negotiate transaction documents to identify those. I think that the goal is, in the next couple years, we would have something fiscally feasible ready to move forward whether that's through market improvement or additional public sources, grants or tax subsidies.

But I think we wouldn't want to get to the stage where we are ready to construct the piers and haven't identified those sources. So we're giving ourselves time to do that. I think the hope is that we do it sooner rather than later. But we feel confident in the next few years because we're looking at definitely, you know, a five-plus-year window before construction on the pier starts.

So I guess what makes me nervous -- and I'm sure it makes you nervous too -- is that this is emphasizing the things that are relatively straightforward in terms of the housing. And the things that are always going to be difficult are the ones that are sitting out there continuing to be difficult.

I know you've put a variety of things in the language about, well, if this doesn't happen, this happens. There's contingencies. But again, we're looking at the housing being done in the next how many years?

Wyatt Donnelly-Landolt: I think -- so we would likely have transaction documents in 2025-2026 and probably constru -- there'd be a couple years to prep for construction on the housing. So probably late 2020s, 2030, we're looking at completion of that.

So we're still -- even completion of that work -- several years away. So there's time here. And as you said, things happen over that time. And I think, in January, we'll return to talk about some of the financial structures here that are ensuring the incentives are aligned to make sure that the entire project is moving forward successfully. I will defer some of that conversation for January though. Yeah.

Commissioner Harrington: So we're saying maybe housing by 2030?

Wyatt Donnelly-Landolt: We'll come back [laughter] [crosstalk] in January with the final schedule of performance. Yeah.

Commissioner Harrington: What I'd love to see something about, if that happens in 2030, then we have a pier in 2035 or just some sense of that.

Wyatt Donnelly-Landolt: And that will be part of the January presentation is that detailed schedule of performance with outside dates. Part of the reason I'm being vague here is we're still negotiating those exact dates. I think there's timelines that we have general senses of. But we're negotiating what that will look like. So we'll come back in January with exact dates and present all those.

Commissioner Harrington: Okay. And as you're doing that, is the plan at least now to finish the housing before you start the piers? Or is something happening at the piers while you're still working on the housing? Or is that part of the negotiation still?

Wyatt Donnelly-Landolt: I think that's part of the negotiation.

Director Forbes: Mm-hmm.

Wyatt Donnelly-Landolt: I will say, if the opportunity presents itself to work on the piers through some major grant, I think everyone would jump on that opportunity.

Director Forbes: Mm-hmm. Mm-hmm. Right.

Commissioner Harrington: Okay. My only other question is a really simple one. In the discussion about the deep-water berth for excursions and emergency access was the wording that was in there -- and then, I think Jesse -- and in the pictures, it shows cruise ships. Is this in competition with our cruise terminal? Is this the secondary cruise thing? What's the thinking on that?

Wyatt Donnelly-Landolt: I think it's a complement to the existing cruise terminal.

Director Forbes: It's an in-transit berth. So it would add an additional berth, not a full turn but one in transit. I think I have that right. And we desperately need berthing. I mean we really -- we don't want to ever turn a cruise ship away. But we're going to get into that situation. And also, this would be an electrified berth. So there would be a lot of positives there.

Commissioner Harrington: Good. Thank you. Thanks very much, Wyatt.

Wyatt Donnelly-Landolt: Thank you, Commissioner Harrington.

President Brandon: Thank you, Wyatt. Thank you, Jesse. Thank you for the report. I think most of my questions have been answered. And I guess more questions will be answered in January. We'll learn a lot more in January.

Wyatt Donnelly-Landolt: Yes. More to come.

President Brandon: But really, you know, like Katy said, I've seen every failure at this site. And I really hope that Strada is committed to a successful project on the wharf and the seawall both. I really, really do. I hope that we don't just have more housing and nothing on the wharf side. I really hope that you're committed to a successful project because it will be very exciting if you can complete it -- very exciting. So lots more to come in January. Thank you. Next item, please.

C. Informational presentation on proposal to amend and restate Lease No. L-16997 with the Young Men's Christian Association of San Francisco for Building 49 located within Crane Cove Park.

Jamie Hurley: Good afternoon, commissioners, Director Forbes. Jamie Hurley with Port real estate and development. I'm here with a brief presentation -- informational presentation regarding a proposal to amend the Port's lease with the YMCA of San Francisco for Building 49 located at Illinois Street and 18th Street within Crane Cove Park.

Just to give you a brief project overview, this lease was approved by the Port Commission and the Board of Supervisors earlier this year and subsequently executed with a lease commencement date of August 1st of this year. The master tenant, as I mentioned, is the YMCA of San Francisco. And there are also two subtenants, both small, local businesses, Dogpatch Paddle and Daily Driver.

The Port's objectives for this project include the preservation and rehabilitation of Building 49, which is contributing resource to the Union Ironworks Historic District, providing community and visitor-serving uses and enhanced activation of Crane Cove Park.

Just to summarize some of the key existing lease terms, the lease has an initial term of 10 years and a total term of up to 34 years including all extension options. It requires a minimum capital investment into the building by the YMCA of \$5 million with a current estimate from the YMCA closer to \$6 million.

It also requires the YMCA to assume all maintenance and repair obligations for the building including for the public restrooms, which comes with an associated \$2,000 monthly rent credit. The lease also includes voluntary seismic improvements and structural upgrades to the building, which comes with associated rent credits of up to \$500,000.

So in terms of why we're here and the need to amend this lease, the proposed lease amendments will provide for a revised seismic scope that has been designed in consultation with Port engineering staff to meet the seismic and structural code requirements for an existing building at a significantly lower cost while still providing for a seismically upgraded facility as compared to its existing condition.

This change to the overall project scope is necessary in order to bring the project back into financial feasibility and ensure successful project delivery. Some additional lease changes that I wanted to highlight -- in addition to the change to the seismic scope, the amended lease would also include the following changes to account for delays associated with the need to rethink and redesign the seismic scope.

So these include elimination of the Port's obligation to provide rent credits for the seismic work of up to 50 percent of the cost for that work or up to a maximum of \$500,000. It would extend the outside rent commencement date from July 1 to October 1st of 2024 so an additional three months.

And then, it would require the YMCA to open the public restrooms no later than July 1, 2024 or upon occupancy of the building by the tenant or subtenants if that occurs prior to July 1st. In terms of immediate next steps, Port staff plans to bring the amended lease back to the Port Commission for your approval at your January 23rd meeting and, upon such approval, to immediately move into the approval process with the Board of Supervisors in February.

In the meantime, the YMCA remains committed to the project and is proceeding with final design and preparing for resubmitting of their building permit application accordingly. And they expect that the building will be fully open and occupied early next fall with possible partial occupancy as early as June.

This is just a rendering of the building after project completion, just as a reminder of the big picture in terms of what we're trying to accomplish with this project. I want to thank the YMCA team, several members of which are here today, for their ongoing partnership and commitment to this project. That concludes my presentation and happy to answer any questions. Thank you, commissioners.

No Public Comment on Item 11C.

Commissioners' Discussion on Item 11C:

Commissioner Lee: No questions. Whatever it takes to help the YMCA because the YMCA is such a great organization and is a good partner. I don't have any problems with -- to a reasonable extent. But yeah. We want to support you -- at least I do. So I have no other questions.

President Brandon: Thank you. Commissioner Harrington?

Commissioner Harrington: Thank you. Yeah. I mean, it makes sense. The world is changing, and we have to adapt to it. I'm a little interested though. Were we asking for like the gold-standard seismic and now we're doing a silver-standard seismic? I mean, we're still doing seismic. But it's a lot cheaper. How does that work?

Jamie Hurley: Yeah. So that's a great question. It was never going to be a full seismic upgrade, a full code-required seismic upgrade. And that's why you'll see it referred to in the staff report and hear it referred to as a voluntary seismic upgrade. So if the gold standard is the full -- this was not that to begin with. And it was always going to be voluntary.

But the new approach is significantly, you know, reduced in terms of scope and -- but as I mentioned, it would still provide for an upgraded facility as compared to its current condition.

Commissioner Harrington: And it provides to whatever the current regulations are and all the --

Jamie Hurley: Correct.

Commissioner Harrington: -- building codes.

Jamie Hurley: It would meet the code requirements for an existing building --

Commissioner Harrington: Okay.

Jamie Hurley: -- under the current code. Yes.

Commissioner Harrington: You know, a couple months ago, we started doing things a little bit differently where we can do an information and acceptance if we think something is ready to go.

Jamie Hurley: Right.

Commissioner Harrington: Was there a reason we're doing this in two steps?

Jamie Hurley: We had considered doing it that way. And I think --

Commissioner Harrington: Somebody said no. [laughter]

Josh Keene: Real quick -- Josh Keene, assistant deputy director, development. The main reason is there's still an actual lease that needs to be negotiated and restated. So it's the approval of the lease. We're there conceptually. We need to

actually finish the drafting of that. So we don't have that document in front of you to be approved.

Commissioner Harrington: Okay. Thanks.

President Brandon: Thank you. Commissioner Gilman?

Commissioner Gilman: I'm super supportive. And hopefully, this comes back as a consent item. I think we all are in agreement. We're so excited to see this happen at this location and have the YMCA flourish. So thank you.

President Brandon: Definitely. Thank you, Jamie. I was going to have that same question. I was like, why can't we vote on this now? [laughter]

Jamie Hurley: Thank you, commissioners.

President Brandon: We look forward to seeing you come back in January. Thank you. Jenica, next item, please.

12. WATERFRONT RESILIENCE PROGRAM

A. **Informational presentation on Request for Proposals (RFP) from Prequalified Pool for up to four engineering consultant services contracts for detailed design of Waterfront Resilience Program (WRP) Embarcadero Early Projects.**

Steven Reel: Good afternoon, Commission President Brandon, commissioners, Executive Director Forbes, Port staff and members of the public. My name is Steven Reel. I'm with the waterfront resilience program. I'm the deputy program manager for engineering and project delivery.

This is an informational item on the WRP's intent to issue an RFP to procure conceptual design and detailed design services for WRP Embarcadero early projects. I'm joined today by Carlos Colon, the WRP project administrator, and Alysabeth Alexander-Tut, the Port contracts procurement manager.

The WRP identified Embarcadero early projects with the goals of defining implementable projects that reduce earthquake risk and near-term flood risk. To deliver these projects, the WRP defined a process that includes planning, pre-design, detailed design, construction and close-out phases.

With support from the CH2M program management contract, 23 potential projects were identified in the planning phase. Seven of those projects have been advanced in the pre-design phase. And we are now seeking new contracts to support completion of pre-design and detailed design and to provide design support during construction for six of those projects.

This map shows the 23 potential projects initially identified and the six projects that will be included in these new contracts. The projects are the Wharf J9 seawall earthquake -- the Wharf J9 replacement project, the Pier 15 seawall earthquake safety project, the Pier 9 seawall earthquake safety project, the Ferry Building area earthquake reliability project and the downtown coastal resilience project and the Piers 24 1/2 through 28 1/2 earthquake safety project.

Contract one as proposed is the downtown coastal resilience project. This incorporates aspects of the Ferry Building earthquake improvement project. This project intends to improve coastal flood defenses and earthquake safety along a three-quarter mile stretch of the Embarcadero seawall between Piers 5 and 22 1/2.

Contract design services include coastal flood defenses, seawall rehabilitation, marine structure strengthening, roadway and public space improvements, utility and drainage improvements. The anticipated contract duration is seven years. And the estimated fee is 9.5 million.

Contract two -- and there's a mistake on the title of the slide. This is the southern Embarcadero coastal resilience project. This contract will develop designs to strengthen and will replace the seawall and bulkhead wharf between Piers 24 1/2 through Piers 30-32 to improve coastal flood defense, earthquake safety and support pier redevelopment.

The scope includes Pier 30-32 demolition design, seawall rehabilitation or replacement, marine structure strengthening and replacement, roadway and public-space improvements and utility and drainage improvements. The anticipated contract duration is seven years. And the estimate is \$9 million.

Contract three is the Wharf J9 replacement project, phase two. This project will replace Wharf J9 including the seawall and improve Al Scoma Way for earthquake safety and coastal flood defense. Phase one of this project is being delivered early with the float and the temporary installation of that floating berth, which is going to go out for bid shortly.

The contract scope includes design of the seawall and wharf replacement, berthing facilities, roadway and public-space improvements, utility and drainage improvements. The anticipated duration is six years. And the estimate is \$6 million. And then contract four is for seawall earthquake safety improvements at various locations including Pier 9, Pier 15, Piers 24 1/2 through 28 1/2.

Scope includes seawall and wharf rehabilitation and strengthening, pier and building seismic joints and retrofitting and utility service improvements. The expected contract duration is six years. And the estimate is \$4 million.

To procure these services, staff intends to issue a single RFP to the prequalified pool established by Port Commission Resolution 22-68 on

December 13, 2022. This pool was recently used for the Pier 50 earthquake improvement project solicitation.

And it consists of seven firms. Contracts awarded from this pool carry an LBE rating bonus of 20 percent minimum LBE sub-consultant requirement. A CMD-approved panel will score the written proposals and grade on the approach to the work, experience and qualifications.

Firms may propose on one or more of the contracts. And a ranking will be established for each of the contracts. Negotiations will commence first with the highest ranked firm for contract one and then contract two and so forth. The firms will only be awarded one contract each.

So if a firm is awarded contract one, their name will be removed from the list for contracts two and three and four. The anticipated schedule is to advertise early next year, to request award at the commission meeting in April of 2024 and then start the contracts as early as May if we can conclude negotiations.

The contracts are primarily funded by the 2018 seawall GO bond except for contract two, the southern Embarcadero coastal resilience project, which is primarily funded by a forthcoming coastal -- California Coastal Conservancy grant. And this concludes my presentation. Carlos, Alysabeth and I are available to answer questions. Thank you.

No Public Comment on Item 12A.

Commissioners' Discussion on Item 12A:

Commissioner Lee: I mean, basically, all these engineers do basically the same thing. It depends on their expertise, I would assume. Do you put any weight value on their kind of final design? Like there's always that -- you know, you fix the pier, fix the structure and then the overall look for the public. Do you guys weigh in on that? Or do you guys weigh in on the actual work? What is your pointing scale?

Steven Reel: Yeah. It's qualification selection so based on experience, prior contracts, the staffing proposed, the staff's experience and the commitments of the amount of time the staff can provide on the contract and their approach to the work. So there's a series of questions that each respondent provides answers to. And those are reviewed by the panels. They're evaluated by the panel and scored.

Commissioner Lee: So any final design like -- you know, other than the actual fixing the structure, is there any points for creative design or anything? Is it just strictly engineering stuff?

Steven Reel: It's not strictly engineering. These are important public spaces.

Commissioner Lee: Yes.

Steven Reel: So the quality of public-space design will be an important component in the evaluation for these projects. Some of them are more important than others. Downtown coastal resilience project, the southern Embarcadero coastal resilience project are going to require high-quality public design.

The earthquake safety retrofit projects are mostly underneath the structures so much more engineering focused. So for that contract, that's less important.

Commissioner Lee: Do we get to see -- after you kind of pre-select, do you just make the final decision? Or do we get to see kind of the design, as they say?

Steven Reel: Well, there's no design. The design will be developed by the firms. Right.

Commissioner Lee: Okay. Yeah.

Steven Reel: So this is a qualifications-based selection. The CMD-approved panel will do the evaluation. And then, CMD will oversee the scoring and provide the ranking. And so then, we will negotiate with the highest-ranked firms, come to a tentative agreement. We come to the commission to seek authorization to award a contract.

Commissioner Lee: I see.

Steven Reel: So that's when you get to see who the firms would be.

Commissioner Lee: And then work with them on what we think that would be nice in that. Okay. All right. It sounds pretty routine. As you know, you know, I want to kind of create this environment after the structures are finished to entice more people to come to the Port. So I'm just kind of -- I'm more leaning on that part.

Steven Reel: Yes.

Commissioner Lee: Okay.

Steven Reel: It's incredibly important.

Commissioner Lee: All right.

Steven Reel: The waterfront is an amazing space right now. And these projects will make it more so.

Commissioner Lee: Okay. Thank you.

President Brandon: Thank you. Commissioner Harrington?

Commissioner Harrington: Thank you, Madam President. Thanks for the presentation. I get why we want to spread these out as opposed to having like one contract for \$28 million. We give a lot more work to different firms. We have less risk in some ways and everything.

But I also want to manage expectations. So some of these firms in their joint ventures have like 30 different firms related to that. And one of these projects is like \$4 million. They're not going to get that money. So I always hate when we kind of make it seem like we're going to distribute all this money to all these especially local kind of minority firms. And then, they don't get anything out of it.

When you come to one like a four-million or a six-million one and there's all these firms, as part of their presentation, do they have to say we'll work with all these? Or do they start to break it down and say, for this project, we're only going to work with 10 of them or 20 of them, not all 30? How does that work?

Steven Reel: They break it down in their proposal. So right now, they're prequalified with a whole host of sub-consultant firms with expertise in various disciplines. When they propose on this particular contract, they will include the disciplines -- the mix of disciplines that they see are a best fit. And they'll make that commitment in their proposal.

The contract, however, is signed with the prime. And there's the ability to manage sub-consultants during the contract if work scopes change, and sometimes, that happens.

Commissioner Harrington: And when they applied to get in the kind of as-needed pool, they did not make promises then to all the subs. They just said, if the work applies, you might get part of this, but you might not. What's kind of the expectation out there in the community, I guess?

Steven Reel: I was not involved in the --

Commissioner Harrington: Okay.

Steven Reel: -- creation of the pool, that solicitation. It was an engineering-as-needed-contract solicitation. So there's no predefined scope of work. So there can't be -- I'd imagine there are not specific commitments to how much work each firm would get.

And these are new opportunities. When that solicitation went out to create that prequalified pool, it was known that we would be bringing new opportunities. And those new opportunities would have their own scopes of work. And each firm

would tailor the sub-consultants they bring and put on that contract based on the scope of work and how they see the best fit.

Commissioner Harrington: So when these come back in April or whatever, you will have a list of the real mix of firms that will be working on the project at that time.

Steven Reel: Yes. That's correct.

Commissioner Harrington: Okay. Thank you.

President Brandon: Thank you. Commissioner Gilman?

Commissioner Gilman: I think all my questions were answered. Thank you.

President Brandon: I think mine were also. This is interesting. Yeah. It's an interesting way to -- I mean, I think it's great that we're trying to use a lot of firms and give a lot of opportunity. But then, it's like you can only win one contract. So one contract, we may have the third best versus the first best. So it's like, what's a real fair way to do this? But I guess this is it.

Steven Reel: One of the benefits is that this is a lot of work. So there are capacity issues with firms to try to do all this work at once. So this is one way to help out because we do want to [support and advance] these projects on time and that they all move together.

So we think that this will help with that. And we know that these seven prequalified firms and the sub-consultants that they bring -- they're all very good firms.

President Brandon: [Great]. So when we bring more projects online and we use the same pool, will they be able to --

Steven Reel: Yes.

President Brandon: -- apply for -- even though they have a contract, they'll be able to apply for new contracts in the future?

Steven Reel: Yes.

President Brandon: Okay. Thank you.

Steven Reel: Thank you.

President Brandon: Okay. So this will be back in January? Or this is it? This is just the informational.

Steven Reel: Was there another question?

Director Forbes: We need to take action, right? The commission will take action on consent.

Steven Reel: You'll take action when we come to request authorization to award.

President Brandon: In -- [crosstalk]

Steven Reel: In April.

President Brandon: Got it.

Director Forbes: Thank you for that clarification, not on this item but when the individual contracts are prepared.

Steven Reel: Yes.

President Brandon: And so when you come back for authorization, you're just going to come back with the one that was selected, not like first, second or third. You're just coming back --

Steven Reel: We'll --

President Brandon: -- with who was selected for each --

Steven Reel: We'll detail the process, the evaluations, the selections and then seek the authorization to award.

Director Forbes: Perfect.

President Brandon: Thank you. Thank you.

Commissioner Gilman: Sorry. But it will be a less intensive process because the pool is already qualified.

Director Forbes: Right.

Steven Reel: It is. It's --

Commissioner Gilman: I guess like I -- I mean, part of this was to break down bureaucracy, break down barriers, break down timeframe, so we could contract more quickly. I just want to make sure I'm not missing that.

Steven Reel: That's correct.

Director Forbes: That's right.

Steven Reel: So --

Commissioner Gilman: Sorry.

Steven Reel: When the firms applied to the prequalified pool, they submitted, you know, the stack of qualifications, all of their experience. And they were evaluated by a CMD panel -- approved panel at that time. They met a minimum score that was established to get into that pool. So now, they can focus on the scope of work and their approach to the scope of work. They don't have to resubmit qualifications.

Commissioner Gilman: Right. And I'm just guessing some firms may not want to bid on the [17] -- number 17 because that may not be what they do.

Director Forbes: Yeah. Or they -- [crosstalk]

Commissioner Gilman: There might only be one person in that pool who is like, yeah, that really is exciting. And I'm going to go for it.

Steven Reel: That's correct.

Commissioner Gilman: Okay. Make sure I conceptually understood.

Commissioner Harrington: But the idea of getting from here to award in April is warp speed in the city. It would never happen --

Director Forbes: Yeah.

Steven Reel: It's very fast. [crosstalk]

Commissioner Harrington: -- unless they were preapproved.

Director Forbes: Exactly. [crosstalk]

Commissioner Lee: And these will start all at the same time. If you've got all projects selected, they can move simultaneously.

Steven Reel: They can move simultaneously.

Commissioner Lee: So we'll be -- [crosstalk]

Steven Reel: Some of the projects will move more quickly. Those earthquake safety retrofit projects are going to move very quickly.

Commissioner Lee: Okay.

Steven Reel: We're looking at, you know, approaches to speed, the construction of those through phasing approaches to the design.

Commissioner Lee: Yeah. Okay.

President Brandon: Thank you. And then, just regarding -- and this may be a Nate question. But during the budget cycle or sometime within the next couple months, you're going to show us where we are with funding from the bond? You know, what's committed? What's left over? What's --

Nate Cruz: Good evening, commissioners. Nate Cruz -- I'm the deputy director of finance and administration. Yes. During February -- both hearing dates actually -- we w -- providing information on spending to date from both the Port harbor fund and the GO bond on the resilience program.

One of the things I did want to mention too -- because procurement falls under finance administration -- is this approach to creating a pool really has created these advantages that you highlighted tonight. And these contracts were envisioned at that time.

We've mentioned the possibility of using the pool for resilience work. So we really benefit from that wide net that we cast at the beginning of this process. And now, we get to take advantage of the speed. So it's a new approach for us. But we're excited about the possibilities.

President Brandon: Thank you. Thank you. Thank you, Steven. Next item, please.

B. Informational presentation regarding the professional services contract with CH2M HILL Engineers, Inc., for planning, engineering, and environmental services for the Waterfront Resilience Program (WRP).

Brad Benson: Thank you, Jenica. Madam President, commissioners, Director Forbes, members of the public and Port staff. Appreciate the opportunity to present on this item. I'm here to talk about the major contract that has supported development of the waterfront resilience program.

It's a contract with CH2M HILL Engineers that was entered in 2017. We're reaching the end of capacity of that contract. Really, the staff report and this presentation is an overview of how we used the approximately \$60 million in that contract. We wanted to present this in anticipation of coming back to the Port Commission in the first quarter of next year to talk about a new competitive solicitation for program management services.

I just wanted to acknowledge the others who are here with me tonight: Carlos Colon, our program administrator; Steven Reel, deputy director of engineering and project delivery. From CH, we've got: Patrick King, who is the

contract executive; Darren Milsom, the program manager; and Ramon Perez, who is the assistant program manager. So I just wanted to introduce those folks.

Just a personal note before I get into the presentation -- it has been a bit of a trip down memory lane tonight with Piers 30-32 in particular. I tried and failed twice at that site. I was happy to hear about the progress on Pier 70. And it's just impressive the work that staff who are working on those efforts now are doing. So I just wanted to step out and say that before I dive in here.

If I can move to the next slide, please -- can I advance? Yeah. I think I can advance on my own. So this is just a brief overview of the presentation. I'll start with program background, dig into some details about the original contract, the amendment, deliverables that we saw over the course of the contract, talk about the contract controls and remaining contract capacity and then end with next steps.

So the reason that I want to start with some background about the resilience program is really that, when we started, we had a set of assumptions about what the program would be. And through the work that we've done with this contract, those assumptions changed pretty significantly.

In 2016, Steven Reel led an effort that was the first study of the Embarcadero seawall. It was a vulnerability study based on existing data. And that really led to sort of a citywide understanding of the need to replace or stabilize the seawall.

The thought that we would start with a \$500 million first phase that would look at potentially, you know, a couple of segments of the seawall, maybe a half mile to two-thirds of a mile and led to the contract that we're talking about tonight as the vehicle to sort of deliver that first phase of work.

In 2018, shortly after we entered the contract, some pretty important things happened for the waterfront resilience program that are foundational. So our congressional delegation helped us get an authorization in the Water Resources Development Act for a general investigation of coastal flood risk, one of two coastal-flood-risk studies nationally awarded that year. So they're pretty difficult to get.

That was followed by entering into a feasibility cost-sharing agreement with the Army Corps of Engineers to execute what we then thought was going to be a three-year, \$3 million study. Voters were very generous in adopting Proposition A, the seawall earthquake safety bond, by an 83 to 17 percent margin.

And in early 2019, Executive Director Forbes established the waterfront resilience program really sort of extending the work on earthquake safety and

flood safety waterfront wide so to a seven-and-a-half mile stretch of our jurisdiction.

So this is the highest level sort of summary of changes in assumptions. We started when we bid this contract looking at three miles of the waterfront. We're now looking at seven-and-a-half miles. Right before the bond, there was the thought that we were more focused on sort of the earthquake piece of things and that we would be potentially developing a stable foundation, which we would then later adapt to address sea-level rise.

Through the work, we've really come to an understanding that the high cost of stabilizing the seawall, the very significant disruption associated with that work, the timing of sea-level rise really argues for stabilizing the seawall and elevating the shoreline at the same times, which led us to move away from that concept of one to two segments of seawall and to the 23 Embarcadero early projects that Steven just presented on.

So now, I'd like to dig in to some of the contract details. This is the original scope, was looking at a focused planning phase, about two-and-a-half years to conduct a risk assessment, do the planning work and get into design of those one to two projects and would extend through final design.

In 2019, we had done a bit of work with the Army Corps of Engineers and had come to an understanding that, with that seven-and-a-half mile look, the complexity of the infrastructure in the near-shore area and the complexity of dealing with both the seismic and the flood risk, that this study was not going to be a three-year effort. It was going to be a seven-year effort and, we thought at the time, a \$20 million cost to complete the study.

We took advantage of that amendment in consultation with the commission to add important scopes focused on LBE support and workforce development. We'll come back to the commission to present some of that work at a later date. We made some other adjustments to the scope. And the commission authorized that 2019 amendment.

So now, I'd like to dig in to some of the key deliverables and some of the achievements over the past close to seven years, really starting with the multi-hazard risk assessment. This is really amazing work. Steven Reel sort of conceived of this. It really looked at the soil conditions, the complexity underground, all of the infrastructure systems.

It modeled earthquake and flood risk to all of the Port's facilities along this stretch and to city infrastructure and has sort of set the foundation for the work that has come later both on the Embarcadero early projects and really in the flood study. And when we come back in February to present the work in the flood study, we'll try and tell the story of how this work on the multi-hazard risk

assessment informed the Army Corps draft recommendation. So it's really been invaluable to the Port.

I'm not going to spend a lot of time on the early projects because Steve just presented on this. But it was quite a bit of planning work that we presented to the Port Commission in late 2021. And then, we spent considerable time over the past six years doing public engagement, planning work.

And I'm impressed with the public outreach. If you go to the Port's website, we've documented what we've heard from the public neighborhood by neighborhood. That allows us, when we go back out to the public, to sort of reiterate what we've heard and how it's informed the development of the program.

The last time we were out was with the draft waterfront adaptation strategies in late 2022, which we then used in the Army Corps process to sort of compare and develop a draft plan based also on that stakeholder engagement. Some highlights from the contract -- we had an initial CMD participation rate for LBE firms of 21 percent. We've achieved a 28 percent participation rate.

Director Forbes talked about the FEMA award for the downtown coastal resilience project. Grant writing took place under this contract. We're just getting some of the deliverables on workforce development and LBE support. And we'll come to the Port Commission on those items and have started to think about how we're infusing this work with an equity perspective consistent with the Port's race equity action plan.

So this slide talks about some of the awards that have been given for communications work, historic preservation work and resilience work. But I think really what this reflects is the quality of the work that we've received under this contract.

We talk a lot about partnerships with development partners at the Port. We enter into those public-private partnerships. And we're a pretty small team in the resilience program. We've got nine staff. And we're really reliant on consultant support to develop the program. So that has required developing a partnership with the consultant team.

And I will say about the people who have worked on the contract that they're really committed to this work and the idea of helping San Francisco be more resilient to these risks.

So I wanted to move in to contract controls. This is a task-order-based contract. It's very similar to the engineering-as-needed contracts that were discussed earlier. So we have a general scope. But then, as the work progresses, we have to request new tasks.

And we go through a scoping effort for those tasks looking at the cost to produce the work. That's reviewed at several levels. Carlos reviews it first, the task lead. It goes to finance and administration and then ultimately to me. And then, when we receive deliverables under the contract, it goes through that same set of reviews.

The other thing that I want to mention here, which is talked about in the staff report, is that one of the sub-consultants on the contract is RDJ Services. Members of the public and maybe commissioners have read, in all likelihood, that the executive for that firm was indicted.

And as part of a contract controls, we consulted with the city attorney, finance and admin and issued a stop-work order on any work from RDJ services so just wanted to highlight that in the presentation here and then move to remaining contract capacity.

We've got funding to continue the Army Corps work. We're going to be out in the public in a very robust way over the course of the spring getting public comment on the draft plan that we've developed with the Army Corps work, continuing work on preliminary design to set up the projects that Steve is putting out to bid now.

And we expect that this will get us through about June of 2024. So we don't see a way to extend this team much beyond that point. So next steps -- got a lot of work ahead of us, mentioned public engagement on the draft plan. That's going to continue beyond June. That's a process where we're going to, you know, eventually enter into design of the first phases of Army Corps work.

We've got to complete this feasibility study with the Corps through the end of 2025 into 2026. There's a need to advance further projects -- early projects under Proposition A and subsequent funding that we may get from the city.

Importantly, as you will see with the cost of the Army Corps proposal, we're going to need to come up with a very detailed funding plan to figure out how we come up with the local and state sources to match that federal funding and then, you know, design of the first one or two phases of the Army Corps project.

And I'll mention one thing is that we've heard in the city engagement a lot of interest amongst the city departments and at the Port in being involved in that design process. It's like we know and we love this waterfront. I think the city wants to be involved in that design effort.

So we'll come back. And as we put together that scope, we'll come back to seek your authorization to advertise for those services. And that concludes my presentation. So I'm here to answer any questions that you have and hear public comment.

No Public Comment on Item 12B.

Commissioners' Discussion on Item 12B:

Commissioner Harrington: Thank you, Madam President. And thank you, Brad, for that report -- walking down memory lane. So this was a \$55 million contract for how many years?

Brad Benson: It was originally for 10 years. It started as just shy of \$40 million contract and then was amended to be just shy of \$60 million with contingency.

Commissioner Harrington: And it'll end up being how long?

Brad Benson: It'll end up being about seven years.

Commissioner Harrington: And when you're looking forward to the next contract, do you have any idea about cost and term of what you're looking at?

Brad Benson: We don't yet. We need many more senior management discussions. We need to figure out the length of that contract. So I don't have those answers today.

Commissioner Harrington: Okay. I was trying to put together page nine and page -- or slide nine and slide 19. If you look at slide nine, it looks like we're saying planning had about \$35 million. There's \$1.8 million left of that. Preliminary design at \$13 million -- there's about \$5 million left of that.

And the final design and construction had 7.6. We're not going to do that. Is that 7.6 kind of the equivalent of the \$28 million that we're looking at for these first projects that we just talked about? Or is that different kind of things?

Brad Benson: So some of that \$7 million will be covered in these contracts. So there was design during construction support. Well, I'll let -- [crosstalk]

Commissioner Harrington: Or maybe not. [laughter]

Steven Reel: Detail design was always meant to be other contracts. So what you are looking at there is program management services during detail design. So this is value engineering, third-party cost estimating, third-party review. This is helping us review the design [they're being] --

Commissioner Harrington: So this part [crosstalk] will have to be in the next contract to manage the people that we just talked about in the last item.

Steven Reel: Right. And in the interim, that's going to fall to staff.

Commissioner Harrington: Okay.

Steven Reel: And we may -- if we need a specific bit of support, we may tap into our engineering-as-needed services to help.

Commissioner Harrington: That's true. And you still have \$600,000 left from this. But yeah. Okay. Thank you.

President Brandon: [That's it]? Commissioner Gilman?

Commissioner Gilman: Brad, thank you so much. I have no technical questions about this report. I have an observation. So I love this idea of telling a story. Right. The public doesn't understand why this would cost close to \$50-60 million because they might be like, I pay my project manager \$20 an hour, and they do a great job for me.

So I think it would be r -- I think this pyramid that you presented to us was so interesting. So I do hope either on the resiliency page of our website or when we go back to the northern and southern advisory councils -- that narrative, to me, is really important -- that narrative how we use these funds is really important.

So I just hope we can lean in from a communications perspective to really break it down for the public because there's always a huge disconnect, right, in everything that we do as a governmental entity. I hear it all the time. I can build a single-family home for \$400,000. Why is it \$1.1 million to build affordable housing per unit?

So I just think this was very striking. And I just wanted to uplift and thank you for that and say I hope we can do some narratives on the website about how we're using these funds.

Brad Benson: Thank you. Thank you for that comment. I just want to remark -- putting this together required thinking back to 2017 and thinking about how the program changed over time. So I think it's really helped us to start to develop that narrative that you're talking about, Commissioner.

President Brandon: Commissioner Lee?

Commissioner Lee: Well, I don't have any real questions. I mean -- same thing like Commissioner Gilman -- \$39 million, \$50 million -- I mean, my house -- I complain when contractors charge me \$100,000. [laughter] So I'm just hoping that we just keep tabs on the expense.

There's a lot of times people drag things out. And I just -- you know, I think, for the public sense, you know, we need to be very transparent how this

money is spent because it's a lot of money. I mean, it's crazy. Right. But that's all the question I have.

President Brandon: Yes. It's a very long-term multi-billion-dollar project.

Commissioner Lee: I know.

President Brandon: And it's incredible all that we've accomplished over the last six, seven years from where we started to where we are now. So I really want to congratulate Brad and the entire team for getting us to where we are because I mean I think we're lightyears ahead of a lot of cities across the nation in terms of our seismic and flood studies and what we're doing to tackle it.

So I just really want to tell you how much I appreciate all the work that has gone into this and where you're leading us. And my question is going to be more around the new solicitation and what we're looking for. And I'm sure you're going to come back with that and tell us where we go from here. Thank you so much for getting us to where we are today.

Brad Benson: Thank you very much.

13. NEW BUSINESS

Director Forbes: Commissioners, I have recorded a request regarding the \$2.2 million grant to seed the community benefits district. What have we done with the funds? And what are those benefits -- to take a look at that? I've also recorded that we will be bringing the detailed performance schedule related to Piers 30-32 in January. Is there other new business?

President Brandon: No other new business. Thank you. Can I have a motion to adjourn?

14. ADJOURNMENT

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

President Brandon: Any opposed? The meeting is adjourned at 5:50 p.m.