



# **SAN FRANCISCO PORT COMMISSION**

**April 9, 2024  
MINUTES OF THE MEETING**

**MEMBERS, PORT COMMISSION**

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

**MICHAEL MARTIN, ACTING EXECUTIVE DIRECTOR  
JENICA LIU, COMMISSION AFFAIRS MANAGER**

# CITY & COUNTY OF SAN FRANCISCO

## PORT COMMISSION

### MINUTES OF THE MEETING

APRIL 9, 2024

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

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

The Commission Affairs Manager read the Ramaytush Ohlone Land Acknowledgment.

#### 2. APPROVAL OF MINUTES – March 12, 2024

ACTION: Commissioner Adams moved approval of the minutes. Commissioner Harrington seconded the motion. The minutes were approved unanimously.

#### 3. PLEDGE OF ALLEGIANCE

#### 4. 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.

#### 5. 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.

**6. EXECUTIVE**

**A. Executive Director's Report**

- **Economic Recovery**
- **Equity**
- **Key Project Updates**

Michael Martin: Good afternoon, Vice President Gilman, commissioners, Port staff and members of the public. I am Michael Martin, assistant director of the Port of San Francisco. And I'm happy to present you the executive director's report on behalf of Executive Director Elaine Forbes.

Director Forbes currently is out on leave. But we're excited to report she'll be back in the office later this month, which we're all very much looking forward to. As for today, I'll soldier on and provide the report on her behalf.

First, to economic recovery and equity, we hosted the seventh-annual contract open house at the Pier 27 cruise terminal in March. This annual event is an opportunity created by the Port for small contractors and businesses to network and learn about technical support and other resources from the Office of Small Business, the U.S. Small Business Administration, Merriwether and Williams and other technical service providers in order to partner with the City and County of San Francisco.

The Port of San Francisco is aggressively committed to the principles of the local business enterprise ordinance. Whenever possible, the Port creates opportunities and incentives for local businesses to access and compete for Port contracts.

We do this through awarding micro set-aside contracts, lower new minimum qualification requirements to increase participation and hosting community events like this one where small businesses can network with larger businesses and hopefully form teams that can bid on Port work.

We look forward to making sure our small, local and micro businesses and contractors are our partners in Port projects large and small going forward. Moving ahead, the Port is again partnering with local community-based organizations like Foodwise to continue investing and supporting small businesses through Pop-Ups on the Plaza, a series of events celebrating Bay Area black entrepreneurs including businesses in Foodwise's Building Equity program.

On March 30th, the Port supported the second Pop-Ups on the Plaza of the year, which celebrated black women makers for Women's History Month. The Port tabled at the event, which celebrated Bay Area black women makers with a day of delicious food, crafts and community at the Embarcadero Ferry Terminal Plaza and Ferry Plaza Farmers Market.

Entry was and will continue to be free and open to the public with food and drinks available for purchase. This program is a beacon of pride for the Port as we strive to deliver our equity and economic recovery goals.

Another great event on our waterfront recently was playing host to the USNS Harvey Milk. For this event at Piers 30/32, we welcomed Speaker Emerita Nancy Pelosi, Mayor London Breed, U.S. Navy Rear Admiral Richard W. Meyer, Anne Kronenberg, Stuart Milk and, of course, the crew of the USNS Harvey Milk.

One of the best things about working for the Port is the opportunity we have to see vessels of all kinds come to berth in front of the dazzling backdrop of our city in the Bay. Very few of those have the emotional connection to San Francisco that the USNS Harvey Milk does.

The vessel celebrates the legacy of Harvey Milk. And during the welcome ceremony, we recalled how he worked tirelessly to combat the discrimination and hatred directed at gay men and women during his lifetime. As we welcomed the USNS Harvey Milk to San Francisco in our own port, let us find inspiration in Harvey Milk's life, which he spent dedicated to a vision of equality and authenticity for everyone everywhere.

Turning the Fisherman's Wharf area for recovery, activation and equity updates, with funding from the Port, Fisherman's Wharf CBD is working with muralist Joey Rose to develop a temporary mural that was installed last week on the blank wall next to vacant 490 Jefferson Street.

Rose, whose sea creature murals now adorn the concrete barriers of the Crab Wheel Plaza, created a breathtaking new public artwork celebrating the hard working fishers and crabbers who operate out of Fisherman's Wharf. The larger-than-life, 25-by-eight-foot mural depicts a crabber covered in San Francisco-inspired tattoos paying tribute to those who put their livelihoods at risk to protect the health of our oceans and marine life.

The mural's creation carried challenges of its own with Rose painting the massive piece in sections within a studio throughout the rainy season before installing the panels at Fisherman's Wharf for the first time during final assembly. Every element is meticulously site specific from the crabbers' tattoos to the intentional placement enlivening this legendary waterfront.

The Port is so pleased to partner with the community to celebrate our maritime industry, its people and to activate our historic neighborhoods. Moving

on to commercial Dungeness crab season, unfortunately the commercial Dungeness crab season ended yesterday on April 8th, which cut the season short for the central and southern coast of California.

California Department of Fish and Wildlife officials ordered the early closure of the season due to increased presence of whales off the coast of California. While it is a positive sign to see a thriving whale population, a delayed start to the season followed by an early closure disrupts again the business cycle for commercial fishers and processors.

Port staff will continue to monitor the industry and see if there are ways we can support them as we hopefully move on to the next and more successful season. Reports were that crab were big and plentiful during this short season. Next up is commercial salmon season, which runs May through October. And we look forward to a promising season there.

We have big news for maritime in our southern waterfront too. As previously reported, the cruise ship Grand Princess will arrive at Pier 80 later this month on April 27th. Port staff, Metro Cruise, Pasha Automotive Services have been working around the clock to manage cargo operations at Pier 80 while making berth and shore-side improvements to the facility.

The Grand Princess will be at berth for approximately 10 hours and will disembark and embark approximately 5,000 guests. Port staff have briefed the Port's Southern Advisory Committee on the plans for the call. And formal notifications will be sent to adjacent tenants shortly.

One more item for maritime -- on March 21st, the second request for offering for Dry Dock Number Two closed. Unfortunately, there were no responses. However, subsequent to the closing of the RFO, staff received interest for the purchase of both dry docks, Dry Dock Number Two and Eureka.

Staff is working with the city attorney's office to identify the appropriate action for a sole-source opportunity to sell these surplus dry docks to owners who will refurbish and reuse them. And we will report back on our success.

Also in the southern waterfront and just in time for Earth Month, I'm happy to report that a new Heron's Head Park bird educational component will be up soon. The field guide to the 100 birds of Heron's Head will soon be available to the community and birders at Heron's Head Park via a QR code sticker on the new interpretive signage.

It will be a rich resource for anyone interested in the incredible bird migration that takes place at Heron's Head Park every year. Let me be among the first to wish you all a happy Earth Month.

Now, to resilience and equity with a focus on equitable and youth outreach for the flood study draft plan. The draft plan public comment period closed on March 29th. Over 150 comments were submitted to the U.S. Army Corps of Engineers. And the feedback heard from the public will help us work with the Army Corps to further refine the draft plan and make sure it's right for the future of San Francisco.

Port staff engaged nearly 1,000 people through community events, walking tours, CBO meetings, webinars, in-language Spanish and Chinese workshops and local media promotion. The outreach spanned the full reach of the Port's portfolio from the southern waterfront to the northern waterfront and adjacent neighborhoods.

Port staff also presented the draft plan at 10 board and commission hearings including a successful presentation to the San Francisco Board of Supervisors Land Use and Transportation Committee. And the team is advancing youth outreach through our SF Fellows, who are hard at work conducting in-classroom sessions on career pathways related to climate adaptation.

They recently presented to John O'Connell and Mission High School students. Over the past 10 weeks, our SF Fellows have developed classroom presentations and resources to educate high school students about the growing demand for the types of work needed for climate adaptation.

Their work lays a strong foundation for future outreach efforts aimed at guiding youth towards careers in this important field. That concludes my report. Thank you, commissioners, for your steadfast leadership of our strategic priorities.

Vice President Gilman: Thank you, Mike, for your report. So now, we'll take public comment on the executive director's report. If there's anyone in the room who'd like to make public comment, please make your way to the podium. Okay. I don't see any public comment in this room. So I'm going to turn to Carmel. Do we have any public comment on the line?

#### No Public Comment on the Executive Director's Report.

#### Commissioners' Discussion on the Executive Director's Report:

Commissioner Harrington: Thank you, Madam Vice President. Again, thanks for the report, a lot of interesting, fun things going on here. A couple of things of note -- so -- yeah, the mural -- I have to get down there to see it. I haven't seen it yet.

On the crab season, I thought I had read somewhere that there was a move to try to get federal or state support, an emergency declaration or something. It may have been the salmon season. I thought it was crab season. If

there is something that we could be helpful at in trying to figure out something with that, I'd appreciate hearing about it. I think that would be great.

The Army Corps of Engineers report -- it's great that you're using that as a catalyst to bring the whole discussion about career paths to high school students and all of that. I did see in the paper that there was a -- I guess one of the comments that we received was from the folks from this building.

And I thought it was -- it seemed like it came across as they were complaining as opposed to they're protecting their interests, which I felt no problem with at all. I thought, if I was them, I would do exactly the same thing saying you've got to take into consideration our needs too. And I'm assuming that we are. So I thought that was just part of the way we do things here. I think it's fine. And that's it for me, I think. Thank you.

Vice President Gilman: Okay. Commissioner Lee?

Commissioner Lee: Great report. I just have a few questions. Okay. When the crab season is cut short, got started late, cut short -- now, salmon season doesn't start until May. What does usually the fishermen do? Do they sell more product? They travel further to get crab, and they bring it here? What do they actually do during the time? I was wondering what we could do to help them. Or -- because -  
- go ahead.

Michael Martin: I'm going to invite our assistant deputy director of maritime to share some thoughts based on his awareness of how the industry works from here.

Dominic Moreno: Good afternoon, commissioners, Port staff. So typically, between the seasons, commissioner, they're winding down from crab, getting all the gear set back into storage and then ramping up for salmon so getting the boats outfitted depending on whether they do both. Some fishermen don't do both. Some fishermen just do crab. Some fishers just do salmon. So --

Commissioner Lee: So basically, it's lost income during the time when it's short.

Dominic Moreno: Preparation --

Commissioner Lee: Yeah.

Dominic Moreno: -- preparation for the season.

Commissioner Lee: Okay. What's the -- I'm curious about the Pier 45 proposal that's supposed to be coming forward. Is there any news on that? Maybe that'll drum up some activity. You know, I'm just curious.

Michael Martin: We're definitely going to be bringing that to the Fisherman's Wharf Advisory Committee for an update on their work as they've been refining their plan. I know they've been engaging with the fishers and with other environmental advocacy organizations to see what their project could do to elevate our fishing industry and tie it in with coast-wide efforts to sort of improve the season, etcetera.

I would also note that we're actually planning to do a lot of activation of the Fisherman's Wharf beyond what we did last year. And you should start to see those sort of on-the-ground changes probably in June. We're going to be bringing that to the Fisherman's Wharf Advisory Committee as well.

But we're really focused on the Little Embarcadero area. We might try to reduce traffic in that area and make it a little more inviting for families. So we're hopeful that sort of the long term -- showing that move in the near term can also inform the development project about what kind of public space they should be putting on the waterfront.

So I think, as the commission, you're likely to hear back from the Fisherman's Wharf Revitalized team later in the summer because we're also negotiating the financial deal. And we'll start briefing you on that.

Commissioner Lee: Okay. So a while away. Yeah. I'm just kind of concerned about the fishermen. I feel bad. You know, they always get the short end of the deal, but whatever we could do to help them -- right. Pier 80 -- this is unusual for a cruise ship to port all the way down to Pier 80.

How are the people disembarking going to be coming to, you know, central waterfront or North Beach, Chinatown? Are there going to be shuttles or things? Because 10 days -- people are pr --

Vice President Gilman: Ten hours.

Commissioner Adams: Ten hours.

Commissioner Lee: Ten hours. Okay. Sorry. Hearing -- 10 hours.

Michael Martin: This is what we call a full turn. So unlike transit calls where there's a planned itinerary where people get off the vessel, visit San Francisco, get back on the vessel and go, this will be a vessel coming in, discharging all its passengers, who go home --

Commissioner Lee: So it's just --

Michael Martin: -- and then taking on a full new load. And --

Commissioner Lee: Okay. So it's basically that.

Michael Martin: Yeah. So Pier 80 is actually well suited for that, closer to the airport, a lot of space potentially for parking if we need it although we'll have to balance that against Pasha. And it's kind of a learning experience for us. I mean, this was necessitated just because of the schedule.

But some day, we're interested in understanding: is that a place that we could expand when we see the cruise doing so well? So this will be a good test run. And we'll understand what the community thinks and how it really works with the lines.

Commissioner Lee: I think it makes sense if it's 10 hours. And like you say, it's close to the airport. Freeway is right there. Okay. I was just concerned that, if they were staying for a while, you know, how are they going to get to spend some money in the city.

Michael Martin: I would say we'd welcome them to patronize the businesses near Pier 80 as well. But yes. Absolutely. There's something to be said for how we're going to make that connection and help the city's economy from these passengers too.

Commissioner Lee: Okay. And the great thing -- my closing would be the youth, getting them involved with Port. I mean, right now, it's hard to engage some of the youth to get involved with anything these days. So I'm glad that there's a system for that and an outreach for that. So that's good news. So that's it. Thank you.

Michael Martin: Thank you.

Vice President Gilman: Commissioner Adams?

Commissioner Adams: Yeah. Excellent report, Mike. I'm glad to hear that Director Forbes is on the mend and is coming back. You've done an excellent job and the staff in her place. I just wanted to also say this is great that we're going to have a ship at Pier 27 and a ship at Pier 80. This is good for the city. We need that kind of vibe.

I think that's important. And I think San Francisco has an opportunity to -- I've always felt that there should be a million passengers a year coming through the Port of San Francisco. That's what Seattle, Vancouver and Alaska has. And I know that we're going to continue to up our game.

I wanted to say -- I want to send a special shout out to Tiffany. You guys killed it at the open house. It was awesome. I'm glad I was able to participate in that and got to talk to some of the local people from the community that was out, some good speakers.

But also, I learned a few things. I think this is good. I think that, once again, the Port's leading from the front. So I really enjoyed myself. I'll have a couple more comments when we get to talking about Cal Maritime. Thanks.

Vice President Gilman: Thank you, commissioners. Well, Mike, thank you for a great report. And again, I think we all echo that we are excited that Director Forbes is on the mend and will be joining us for our April 30th meeting hopefully.

Michael Martin: Hopefully.

Vice President Gilman: And thank you for the report. Again, I also wanted to uplift -- I wasn't able to go. But friends of mine did -- to the Juneteenth -- not Juneteenth -- sorry. It's the black makers pop-up. And I just think that's such a great program.

We got great social media coverage of it. So I also wanted to thank the Port's PR team for really bolstering that and the Foodwise as our partner as a way to really highlight folks who traditionally are small makers or local who can't, at this point in their business models, have permanent kiosks or places at the Ferry Building.

So I think it's really something -- it's great that we promote and do. So I wanted to thank the Port staff for that and just echo my fellow commissioners' comments. Everything we're doing from protecting the earth for sea-level rise to engaging our young people is really wonderful. So thank you for your report. Next item, please.

## 7. CONSENT

### **A. Request authorization to advertise for competitive bids for Construction Contract No. 2852, Amador Street Infrastructure Improvements. (Resolution 24-17)**

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

No Public Comment on the Consent Calendar.

All Commissioners were in favor.

Resolution 24-17 passed unanimously.

## 8. FINANCE & ADMINISTRATION

### **A. Request approval to award a sole source grant to California State University Maritime Academy to host interns for a weeklong on campus**

**summer program; and two grants to Enterprise for Youth for employment administration, payroll, and related services for Port internship programs. (Resolutions 24-18, 24-19 and 24-20)**

Alysabeth Alexander-Tut: Good afternoon, Vice President Gilman, commissioners. My name is Alysabeth Alexander-Tut. And I am the contracts and procurement manager for the Port of San Francisco. I'm here today to ask for your authorization related to three grants related to the management of the Rising TIDES internship program.

I'm delighted to be here to discuss this program in light of the input and insights the commission gave in our equity report on the May 12th meeting. The grants we are discussing today bring the necessary infrastructure to build and strengthen pipelines to real Port and maritime jobs.

The grants we will discuss today are services that support in-house internship programs that will be run by Port staff. These grants support the creation of the Rising TIDES program, which is a Port-staff-run program with two focuses: maritime and operations.

We will discuss these programs individually. But in short, the Rising TIDES maritime program is a six-week summer program for high school students focusing on maritime careers. And this includes the one-week stay at Cal Maritime.

The Rising TIDES operations is a year-long youth employee internship opportunity for transitional-age youth 16 to 24. And this is bringing in our in-house, longstanding program that focuses on gardening and labor career pathways with the possibility of expanding in the future.

The Port's motivation to bring this in house is because we want to create programs that our communities can depend on. We want to create stronger relationships with high school principals, counselors, teachers and community stakeholders because they -- having this infrastructure means they can rely on these amazing internship opportunities year after year.

They can do year-round recruitment. We can do year-round recruitment as well. It's vital that we know at the beginning of the school year if these internships are going to happen. Right. So these grants will allow these programs to become more of us.

So the request today is for three grants of \$300,000 each for a total of \$900,000 in the following way: two for the Rising TIDES maritime program -- one is a sole-source grant to the California State University Maritime Academy, or Cal Maritime, to host the Rising TIDES investment interns for a weeklong summer stay at their campus and, second, for the one grant to Enterprise for Youth basically to allow us to pay the interns for the six-week program.

And then, Rising TIDES operations requires one grant. And that's also to Enterprise for Youth and, again, mostly to allow us to pay the interns. The internship programs are deeply seated in our strategic plan, our racial equity action plan and waterfront plan as we seek to create diverse and equitable paid internship opportunities that create a pipeline to waterfront careers with a vision of shared economic prosperity, this idea that the local communities that are impacted by the waterfront development are the ones that share in our economic prosperity and opportunities.

We recognize that these internships do not address the shared concern that we have about the apprenticeship opportunities in the trades. That is still a goal we have and a conversation we look forward to continuing.

So first, we're going to talk about the two Cal Maritime -- sorry -- the Rising TIDES maritime grants. The Rising TIDES maritime program, again, is a six-week summer program that focuses on maritime internships. All participants are paid through their participation. And the highlight is the weeklong stay at Cal Maritime. So grant number one is a Cal Maritime grant to host and pay for our interns.

And grant number two is Enterprise for Youth to pay Rising TIDES -- to pay our interns -- so grant number one, again, Cal Maritime. So who is Cal Maritime? Cal Maritime is the only degree-granting agency -- public agency -- maritime academy in the West Coast. And they are part of the California state system.

They host a weeklong summer program -- they host many weeklong programs throughout the summer -- and the Port sends our interns to one of these -- in their Vallejo campus to expose high school students to maritime careers and the university.

And what this grant will do will, again, allow us: to institutionalize the program at the Port; to allow for year-round recruitment; to create stronger partnerships with high schools and stakeholder groups; and to -- it, of course, enhances our six-week-long maritime program.

In summary, this slide summarizes the terms and scope of the grant to Cal Maritime. The total value is \$300,000, approximately \$30,000 a year for 10 summers of programming. The total length is 7.5 years with the option to extend to 12-31-2033.

I realize that this term is a little bit unusual. The reason for the odd grant length is that we are now starting kind of in the middle of the internship season, so to speak. And we wanted to make sure that the grant lasted -- didn't expire in the middle -- right before another season of internships.

So we wanted to make sure that that six months -- we were able to get to the other side of the internship program, so it didn't expire in the middle of a summer internship. But we also weren't sure exactly when we're going to be able to get into this grant. So we wanted to make sure that it expired, again, at the end of that 10th summer.

So the unusual length is just for us to make sure that the expiration does not expire in the middle of the summer and that we're able to get through a summer season with the grant. The scope of services is that they will work with us to arrange for our Port interns to attend the summer session. And they will accept for us to pay the tuition for the students.

And we'll cover the expenses associated with housing, with food, with equipment, with pool usage, course and personnel. And that includes instructors and extra life guards, certificates and course delivery for students and chaperones.

Appropriately, the city's administrative code allows departments to enter sole-source grants with other public entities. So we're using that authority to select and award this grant to Cal Maritime, as they are the sole maritime degree-granting entity in the West Coast and are a public agency.

All right. Grant number two for Rising TIDES maritime -- now, we will review the second grant. Again, Enterprise for Youth is really so that they can become the employer of record for these Rising TIDES maritime interns. And again, this is a six-week program that's sponsored internally.

This is how we pay our youth. The program is open to 12 San Francisco Unified School District High School students with priority given to economically disadvantaged students. And it includes the one-week Cal Maritime summer session.

We piloted this in 2023 with great success. And this is our opportunity to institutionalize the program and keep it going. In terms of outreach and recruitment of interns, Port staff will work with San Francisco high school leadership and with community-based organizations to recruit youth.

Our staff attend high school and community-based career fairs to recruit youth. And we do the application process. We do the selection process internally, mostly led by our amazing Tiffany Tatum. And priority is given to economically disadvantaged youth through the selection process.

So this slide summarizes what the Rising TIDES maritime grant to Enterprise for Youth will do. The total value is \$300,000. The total length is two years. These are the limits in the RFP that we're using. And the initial scope is just for intake and payroll services for the interns.

And we're committed to offering paid internships, but the city can't provide this internally, which is why we need this grant. The Enterprise for Youth will handle the employment administration, payroll and related services related to this internship. And in future years, the grant language does allow us to have them offer trainings and assist with recruitment at the Port's request.

Second internship program is the Rising TIDES operations. And we are asking for the authorization for one grant to Enterprise for Youth to pay the interns. The Rising TIDES operation is a revisioning of a program that Port has historically run through contracts: our youth employment gardening and labor program.

After the Port canceled the RDJ Enterprise's contract, we were left with two questions that we felt very deeply responsible for. One is the youth who immediately lost their paid income through no fault of their own and, second, how to continue that work. And could we build stronger pipelines both internally for our own staff and interns that are working on Port property into Port work?

Could we do it to th -- in house? And we determined that we could do both under the new program. So we intend to keep the same or similar selection criteria for at-risk youth and economically disadvantaged transitional-aged youth age 16 to 24.

They will be directly supervised by Port staff, giving gardeners and laborers the opportunity to build leadership, as they will be running the program. So this is a new internal program we're calling Rising TIDES operations.

We will continue to focus on gardeners and laborers. But we will have the flexibility to make connections to other trade pathways. So regarding outreach and recruitment, the Port has been in contact with the youth who lost their positions when we had to cancel the RDJ contract. And they're eager and excited to come back to the Port.

So the first cohort hired under this grant will be those youth. And in future years, the Port will develop a plan that includes partnering with schools and community-based organizations and relevant city departments to further our recruitment.

The grant structure is the exact same as the other Enterprise for Youth grant. It's a total of \$300,000. It's for two years. And it's focused on employment administration, payroll services, related services to the Rising TIDES operations with the option of building in additional services such as training and recruitment in years to come.

The selection process for these two Rising TIDES grants is based on what we sometimes called piggyback language with the Office of Economic and

Workforce Development's RFP. The Port is able to use the evaluation and resulting ranking of nonprofit organizations to award separate agreements.

The Port issued a request for interest and a subsequent request for information to the parties and awarded to the sole interested respondent, Enterprise for Youth.

So in summary, the staff recommendation is award three grants for a total aggregate of \$900,000: one to Cal Maritime for \$300,000 for a length of 7.5 years with the option to extend to December 31, 2033 for their services of arranging and accepting summer session fees for Rising TIDES maritime interns; and two, to Enterprise for Youth for grants, one for \$300,000 for two years to support employment, administration, payroll and related services for the Rising TIDES maritime internship program, and two, \$300,000 for two years to support the employment, administration, payroll and related services for Rising TIDES operations internship program.

So after today's request to award, we intend to enter grants in the coming weeks so that we can, one, reserve our spots with Cal Maritime and, two, allow the Enterprise for Youth to start setting up their systems for the two internship programs.

The Rising TIDES maritime interns will start in June. We're still recruiting. And the Rising TIDES operations interns will come on as soon as the infrastructure is ready for them. So this concludes my presentation. I look forward to your discussion. I am here to answer questions. And also Tiffany Tatum, who is in charge of this program and the internship programs, is also available for questions.

Vice President Gilman: Thank you, Alysabeth, for the report. Commissioners, do we have a motion?

ACTION: Commissioner Adams moved approval of the resolution. Commissioner Lee seconded the motion.

No Public Comment on Item 8A.

Commissioners' Discussion on Item 8A:

Commissioner Harrington: Thank you very much. So I think this is great. I like these three grants. I'm happy to support them. A couple of questions -- on the operating interns, I don't think I heard how many people are involved in that program.

Tiffany Tatum: There's nine in that program.

Commissioner Harrington: Nine. Okay. Thanks. On the Cal Maritime, I think it's a great organization. We used to have a fundraiser for the same program at the Southeast Wastewater Treatment Plant every year that I used to go to. And they were all very interesting, wonderful people.

Seven-and-a-half years seems odd that we would do a grant right now for that period of time. I get the half-year part. But why the seven? Why that long? Or why not 10? Or why not five? Or --

Tiffany Tatum: I don't see the program changing. So if we want to do this and not have interruptions, then we -- we were trying to go for the maximum length of time. When you start a program like this and young people in schools start to expect it. And then, we have an interruption because we have to go through a separate contracting process, it's -- you know, everybody is sad.

Commissioner Harrington: So basically convenience --

Tiffany Tatum: Yeah.

Commissioner Harrington: -- and planning. The other thing -- there was an article in the Chronicle that talked about the toxic culture specifically for queer and female people going to the Cal Maritime Academy. Can you talk about that a bit and make sure that our folks are feeling safe and supported there?

Tiffany Tatum: Well, I think that, in order to change culture, sometimes you have to interrogate those spaces. So the way that we make them feel safe is by making sure that we have chaperones who are strong. I chaperoned last year. And I would never let anything happen to those students.

Also, during the summer, there are no students there. It's really just the young people and the instructors. So I don't expect for there to be any feelings of unsafeness. But I think -- and I was thinking about this earlier -- if you were to go to a construction job site and ask a woman if she feels safe, we may get the same response.

So that can't stop us from doing this work. We just have to make sure that we set up safeguards so that we can do it safely.

Commissioner Harrington: That's good to hear. Thank you.

Alysabeth Alexander-Tut: I'd like to add that we read the article as well and discussed it. And our intention is that, after this grant is in place, to reach out to the leadership of Cal Maritime. I think we have shared goals in diversifying the workforce and also solving the employment-pipeline question. And we'll be able to report back on that.

Commissioner Harrington: Thanks.

Vice President Gilman: Commissioner Lee?

Commissioner Lee: Yeah. I'm supporting anything that involves youth. I'm just curious. Twelve positions -- with all the schools we have in San Francisco, how many applicants do you actually get to apply for this? I'm curious.

Tiffany Tatum: Last year, it was like pulling teeth to get seven. The young people are like, "What is maritime? I don't want to do that. I want to go do tech. I want to go do something else that sounds more familiar and comfortable." So it's not easy even to get the 12.

I would be pleased to get the same number that we got last year. But I think that the more familiar that the students and the schools become with promoting it, then we will look to expand. The reason we only have 12 is because, for every three students, you have to have an adult chaperone, a volunteer chaperone.

Commissioner Lee: So do you plan to do a little PR movement to try to get them more -- say Port's fun. Port's a great place to work.

Tiffany Tatum: Well, that's why we have to do school year because you have to get into the classrooms. You have to go into their spaces. It's not enough to like go on Instagram or put out a flyer.

Commissioner Lee: Right.

Tiffany Tatum: Like you have to be with them. They have to get familiar with you and feel comfortable with you. Young people are very suspicious people. You know, they don't trust anybody. I have a 16-year-old. It's just like who they are. Right.

They want to stay in their little bubble. So until you start building relationships with them, they're not going to want to do anything with you. And they have so many other opportunities that allow them to stay in their safe space. You know, they can have an internship to go to summer school.

So like why would you leave your school grounds if you could get paid to go there? Right. So it really does become about building relationships. And that has to start at the beginning of the school year because you've got to get the teachers to let you in the classroom too.

So it's not just building relationships with the students but with the teachers and the administration as well.

Commissioner Lee: I think maybe part of the new business of the communications director to maybe start, you know, think of-of a point person to

visit these schools I think -- you know, to get them more involved with Port -- like you say, they don't know what it is. They'd rather go to tech.

Tiffany Tatum: Yeah.

Commissioner Lee: And that's why, in general, labor out there, restaurants and stuff -- nobody wants to be a restaurant worker anymore. So this kind of outreach is very good. So that's -- I commend this, and I support it. Thank you.

Vice President Gilman: Thank you, Commissioner Lee. Commissioner Adams, please.

Commissioner Adams: Yeah. For me, I was at the open house at the cruise terminal. And I was very vocal about how I felt about an issue. And it had to do with the bar pilots. And a couple people were defending nepotism and discrimination and making excuses.

And so one of the things that I will say about this is that Cal Maritime -- and I'm glad Ed brought up what he did because it's been predominantly all white. And a lot of times -- and I always hear Jack always talk about it from the j - - a lot of times, these young kids -- they haven't had the exposure.

And me and Mike Martin had a head-up conversation about that. And of course, it's accredited. But the only place that they really have had for young people of color and women and poor people to go was Tongue Point up in Astoria, Oregon, which was founded in the 1960s by Lyndon Johnson through Job Corps.

And it's from 18 to 24. And you go to Astoria. But then again, you go up to Astoria, Oregon. It's predominantly almost all white. And you go there. And they get all these kids there from the different trades. And the U.S. government puts you up in like a dormitory for 18 months.

They give you a stipend. They train you for all the skills. And then, they place you into the workforce when you get out and tries to give you an equal playing field. And I think this is a start. And unfortunately, even here in this city -- and I know once, when I was president, I kind of wish the Port sometime would have our meetings out in the community.

I really do. We're always here in the ivory tower. And I think we need to get out in the community where the people are because I hear a lot of people in this city sometimes feel like people have lost touch to where the real people are at because we come here.

And there's a lot of people in the city that don't even know that it's a Port of San Francisco there. They just don't know. They haven't had the exposure. Just

like -- you take a guy like Jack Bair. Jack -- he travels all over the road, has this exposure, bas -- knows all about that.

A lot of kids -- they haven't had that exposure. And they could be possibly just as good as Jack or have an advantage. But they don't have it. And I think that, because we've been kind of isolating ourselves here, I'm even happy that -- just that we're having a cruise ship over at Pier 80.

So maybe people from the southern waterfront can go, really? There's a cruise ship over here in our neighborhood. So anyway, I think this is a good thing. But it needs exposure. And I'm going to support this. But I'm going to be watching because I still think that there are organizations here like the bar pilots that have allowed nepotism, discrimination -- and it's more like a family.

And I will say this myself. You know, being the president of ILWU -- at one time -- I come from that culture. It used to be all family. And they had to open it up to everybody. And when we talk about things like that, if we're saying that we're really true San Franciscans, then we will open up everything to everybody and give these young people that exposure.

And they should feel comfortable coming down to this Port, going out on the police boat, traveling around. So they can see this Port. I mean, this is a beautiful Port here. And there's nothing like seeing it from the waterside in. You don't see it when you walk up and down here.

It doesn't do the Port justice. And then, the magnificent project that the Giants and everything that's happening over there -- I'm in that area. It's mindbo -  
- I bet a lot of people in this city don't even know that's over there because they haven't had the exposure.

So I think, you know, we're doing a good job. I'm going to support it. But I think it's more. And I think we can do a better job, maybe even have some commission meetings in the city and get back to ground zero and get more of a bottom-up kind of way we should do things. Thank you.

Vice President Gilman: Thank you for your comments. Alysabeth, Tiffany, thank you so much. I don't have much more to add. I only have two suggestions on outreach. You said seven individuals participated last year.

Tiffany Tatum: Yeah.

Vice President Gilman: Are you going to ask them to sort of be ambassadors and elevators and have them come with you to the classroom to talk to their peers?

Tiffany Tatum: They are without me asking. I get a lot of text messages from young students that I don't know. And I'm like, "How did you get my phone number?" And they're like, "Some --"

Vice President Gilman: Okay.

Tiffany Tatum: "-- you know, so-and-so gave it to me." I visited them a couple of weeks ago and brought them lunch. And I told them to bring a friend. And so, you know, we're doing it in small ways. They're doing it on their own. They were all very skeptical coming into the program.

But by the end of it, they had such a good time. And they learned so much. And I think the presentation that they gave to Port leadership about creative uses for the Pier 68 shipyard was just excellent. And they were very proud of it.

Vice President Gilman: Okay. Thank you. I think that would be a great idea. And maybe there's a way -- I don't know. We can maybe talk about it as a new business item. But if there's any way that -- if you could possibly arrange for folks who are interested to do that waterside tour, I'm doing it again.

I've been on commission -- I'm in my sixth year now -- going back out. It is such a phenomenal way, as someone who's done it before, to see what is really, really going on. That might be a way to motivate folks to join the program and maybe even have it peer led by the folks who already went through it.

And then, I also hope that you'll bring our equity and inclusion plan with you when you meet with the administration of the maritime academy to make it clear that --

Tiffany Tatum: Absolutely.

Vice President Gilman: -- while they might think they are the only game in town, I'm sure we could find -- I don't know enough about it. But if they can't adhere to our sense of equity and inclusion and make sure that our staff and young people feel safe, that we'll have a concern with it.

Tiffany Tatum: Absolutely.

Vice President Gilman: But thank you again.

Tiffany Tatum: Thank you.

Vice President Gilman: So we concluded our comments, commissioners. We have a motion and a second. And we have resolutions on the table. Can we call for a vote, please? All in favor?

Commissioner Harrington: Aye.

Commissioner Adams: Aye.

Commissioner Lee: Aye.

Resolutions 24-18, 24-19 and 24-20 passed unanimously.

## 9. REAL ESTATE & DEVELOPMENT

### **A. Informational Presentation regarding the Leasing Status at Mission Rock Parcel A and Staff Acceptance of a Revised Phase 1 Submittal; and Possible Action to Approve a Resolution Authorizing Amendments to the Parcel F VDDA, Lease, and other Ancillary Documents to Conform with Revised Phase 1 Submittal for the Mission Rock Project at Seawall Lot 337, bounded by China Basin Channel, Third Street, Mission Rock Street and San Francisco Bay. (Resolution 24-21)**

Josh Keene: Great. Thank you, Jenica. Good afternoon, commissioners, Vice President Gilman. Josh Keene, assistant deputy director of development, here again to talk about the magnificent Mission Rock. So we kind of gave a preview at the end of last year that there was going to be a series of Mission Rock events this year at the Port Commission.

We were here last month to give you an update on the status of where we're moving towards on the phase-one acceptance and all the land rights associated with it. This one is a long time in the making at a request from Vice President Gilman last year which was to first get an update on the status of leasing at The Canyon, which is otherwise known as Building A.

So that is going to be the driver for this. But it's also going to lead into a staff recommendation associated with going forward on Parcel F, which is the next building coming online very soon.

So quick agenda on this one -- I'm going to do a very brief background because there's not much from a status to update on. We do want to hit on some new highlights. Something is new happening every week here. But some of the overall deep-level ones about LBEs and budget we're going to keep pretty brief this time.

But we did make a commitment to let you know the status of those every time we came forward. Again, as I mentioned, item number two will be the first informational item here, which is just to let you know what the status of leasing has gone on this -- the very successful Canyon over the last year and then, as I was mentioning, how it ties into staff-recommended phase-one modifications as it pertains to Parcel F.

So a very quick overview of phase-one construction completion, which is moving fully along to the point we expect all the horizontal improvements to be accepted later this year. All four buildings will have their TCO. The first three already have them.

We are shooting for the Verde, which is Building F, to have it as soon as this May. So we're talking a month from now, which is pretty impressive. I've got the information up there, happy to go over anything about the 537 rental units, the sizeable amount of office and retail and including the district energy system and blackwater treatment plants and, as I mentioned there, for the horizontal improvements.

I do want to give a quick update that the Visa building, which is Building G, before we're back in here next time, that should be occupied by Visa. So this is weeks ahead, which is a super exciting moment. And as I mentioned, the Building F, the Verde rental, that'll be hopefully next month also.

And I'm not sure if it's on here. But it's actually not quite yet. But before I move into that, I just want to also -- you may have seen the press on this in support of the Giants opening day here. On Friday, we actually opened China Basin Park for the first time.

So that will be operating under the master lease. So there will be a series of events and public activities which is super exciting, great press this weekend for the Chronicle and others. That'll be moving continuing throughout. And then, once the acceptance happens, the parks lease will kick in there too -- super excited about that.

So the quick project updates -- no changes in the LBE. We continue to increase tracking towards our goal of 20 percent. And that information is detailed in the staff report. Phase-one budget, as approved in November, was still on -- or in October -- is still on track with the appropriate amount of contingency to get us there this year and same thing with the city cost, which we're continuing to monitor -- so the city cost, which is Port cost, city cost and our consultant costs are still tracking appropriately.

Before we get into Parcel A info, which we're really here for, I just want to also touch on where we are with some of the other leasing of the property. Obviously, the retail -- we've seen a lot of press, huge success with five food-and-beverage leases executed.

Those leases, including the design and negotiations on the buildout for those, are happening in earnest. There's also a fitness lease that was executed. And in addition to the five that are actively under negotiation, tons of others are always -- for all the spaces are really in play here.

As I mentioned, Visa will be moving in imminently, which is a huge success. And Parcel B, which is -- there's a lot of interest in the building. But it is still currently predominantly vacant but starting to see some upticks overall in the overall market so keeping positive there.

Before we kick into a little bit about this today, I just want to kind of -- high-level discussion on what some of these relevant documents -- so when I start throwing these acronyms out there, you know what I'm referring to.

The first one, which is called a DDA, which is a disposition and development agreement -- this also has a housing plan on it. This is what governs the overall project itself including the phases, phase one through four plus the overall project. These are commitments from the developer on phase basis and on a project basis.

And then, within there, there's also individual parcel leases for each of the buildings so that, once they come out of the master lease, they're actually going to be able to be leased directly from the Port to the vertical developers. Each of those are going to have their own vertical disposition development agreements that are parcel specific. But those are fed and informed by the overall DDA itself.

I'm putting all those names out there, these very meticulously negotiated documents that had huge sets of approvals. None of those -- no one is opening up or amending those in a material way at this point here. I just wanted you to know these are the governing documents we work from.

As a footnote on that, the exhibit that's mentioned above under the DDA is the housing plan, which specifies the overall commitments by the developer with respect -- across the project and by phase with respect to minimum affordability levels. And it also will prescribe -- the exhibit to that document will also prescribe what the AMI levels are.

And that's another acronym you'll hear, which you've heard probably before, which is area median income. And that's really our affordability levels when we talk about that.

I want to kind of just give -- from a definitional perspective, we u -- I'm going to use the word BMR pretty regular, which means below-market-rate units. The difference between -- you'll also hear the word sometimes inclusionary. And you hear the word affordable. What's the difference?

Generally speaking, what we're talking about here -- BMR units is either/or. In the case here, inclusionary is when it's part of a market-rate development. So I'm going to refer to BMR units. But for the purpose of Building A and F, it's actually -- those are inclusionary units. So you can use those interchangeably.

So the first above is just a profile of the actual -- what was in Building A. And that's The Canyon that we're talking about which the TCO and the pricing letter and the occupancy started in June of last year, continues in earnest. There's a lot of numbers here and on the staff report. I'm going to try and highlight where things are.

So the first table really is an overview of the units. And on the right-hand side, you'll see that there is a total of 36 percent BMR and a total of 64 percent market-rate units. So that's about a two-thirds to one-third split there, leaning heavily towards the BMR side.

So that's kind of what -- that's the building we're talking about here that are split. And to be clear, the market-rate unit -- the lease-up process is -- it's related to the BMR lease-up process because it helps inform the pricing. But it's a very distinct track on its own. And the application process is very different. So we do present the information differently here.

There is a footnote at the bottom. And we're not doing a total detail on this. But it says that the success of the market-rate-unit-leasing pace is 70 percent, which is pretty great considering the quality of the building, the challenges in the overall rental market. It's a real success, I think, from that side.

So we're kind of going to go into this detail on this BMR units here at The Canyon. Some numbers jump out really quickly, one which is -- you know, we only had 10 units that are in the 90 percent area-median-income level. But those went immediately. So those are 100 percent leased out, which is a very basic indicator of demand just to see how quickly the pacing is.

You start to see it's not really a linear relationship. But you do continue to see that there's more challenges with the higher area-median-income units there to the point where, while we're at almost 28 percent for the 120 percent AMI levels, we are only at just under 8 percent currently for the 150 percent AMI levels.

And Commissioner Harrington, I'm going to get to a question I think you raised to Mike earlier about, "What does that mean? What does 120 and 150 percent mean when we're talking about dollars out of pockets to someone?" in just a moment.

So I'm going to pivot this. And this is going to be a little bit of an interconnected discussion about what we learned from A and what is informing our staff recommendation for F. I will also say -- and afterwards, I do -- this is all done in coordination and prescribed by the documents requested by the developer, through Port staff approval in direct consultation with the Mayor's Office of Housing and Community Development.

So they are an advocate of the same process that we've been going through to get here today from some of these same lessons. So as a summary note, I've put on there it's -- after 10 months of leasing in Parcel A, all the 90 percent AMI units -- [they're] 28 and then 8. That's kind of the footnote going into Parcel F.

So before I -- and then, the profile below is what is currently proposed or currently exists at Parcel F. But before I move to this slide, on the recommendation of how we plan to change this while staying in conformance with the housing plan, I just want to talk about where some of the challenges come into play with these higher AMI units.

So as an example, the rates at which the project's AMI units are set are based upon the area median income. So working with the Mayor's Office of Housing, they determined, hey, what's an apartment in the Mission Rock area supposed to be?

So you do adjust for geography as far as it goes. And then, there's a prescriptive formula that applies. This is the maximum amount of rent you can charge for this BMR-restricted unit. So once the market units are kind of -- the rate is set, that doesn't mean that they're going to lease at that market rate.

They could go higher than that. It's just the determination. There is a formula for what is the most that the developer could charge for any of these units. So when we do the exercise, a 90 percent AMI, which I said went off, you know, really quickly, a studio is about \$2100 is the maximum up to -- for a studio apartment up to \$2700 for a two-bedroom.

So you can see why that's a pretty appealing leasing scenario even in a challenging leasing market right now. By comparison point, at 120 percent, the range is about \$2800 for a studio up to \$3600. And then, when you get to the 150 percent AMIs, the studios are \$3500 to \$4500.

Now, what's even more disparaging here is that those scales actually aren't that different between a studio and a two-bedroom. But where it really starts to change is when you compare a studio that's a 90 percent AMI versus a studio that's a 150 percent AMI.

So in that scenario, you're talking about -- you know, while a 90 percent studio is \$2100 and a 90 percent two-bedroom is \$2700, a 90 percent studio is \$2100. And a 150 percent AMI studio is \$3500. So that's where you really get the jump.

And it's not that these units aren't great and that -- what it is it's in a cha -- the time process it takes to occupy a unit when the rents are so high from that level -- when you have a little bit of a challenging market, people have options. And it's just very difficult to land those.

So those are kind of some order of magnitude for what we're talking about rents here. Surprisingly, the higher AMI levels don't -- because I was kind of saying it doesn't jump that much from a studio to a one-bedroom to a two-bedroom to actually a three-bedroom.

Actually, the AMI levels are a little bit more favorable comparatively once you get to a higher unit. But for something that's like a studio or one-bedroom, it's just super challenging. Happy to talk more about that later too. But I want to lead this into -- so while we previously were working towards a 61 -- basically about a 62 percent market-rate unit in Building F, 30 percent -- or 38 percent BMR, we are proposing the following.

And the number-one reason for this is, while staying in compliance with the housing plan, we need to get these units leased up. And we need to get residents into these homes. And this is through the support of the Mayor's Office of Housing.

What we're doing is we're proposing to decrease -- or to increase the number of the 90 percent AMI units from 13 to 35, correspondingly decreasing the number of 120 percent units from 55 to 24 and just outright eliminating the 150 percent AMI units. They're not working really right now at this time.

But there are still going to be those available units for those income brackets still at Parcel A. And this is still a community. So we feel that this is kind of the right supply and demand to have there.

So while it drops -- as you'll see the note there -- the total BMR for the building drops to 23.2 percent. I want to show how this wraps up and rolls up into an entire phase here. So the column on the far right is Parcel A, which is what exists today.

That still stays at 36 percent. Parcel F would go down to 23 percent. And the total phase still stays at 30 percent. And why that's important is each phase, which in this case there is two residential buildings in phase one, which is Parcel A and Parcel F -- each -- while the overall project requires 40 percent, the phase itself needs to have at least 30 percent.

So we're still staying within compliance of the housing plan. So what we want to also show here -- because this is the key. We're not amending any documents. We're amending -- we are amending some technical documents. But we're not amending the DDA in that way or changing the affordability commitment for the project.

I want to just show an example of -- you know, looking at the area highlighted in gray, this is how, through a multi-phase project, we can still get to our 40 percent. And this is a current plan that's very viable that we're thinking of here, which is -- so A and F account for 30 percent of the units.

And on a cumulative basis in phase two, the current plan -- likely plan, but it's going to be in coordination with the Mayor's Office of Housing -- is to likely do a 100 percent affordable development there from financial sides and to get the appropriate unit counts.

That would push the entire project level way up over the 40 percent amount. And then, it would leave, in that scenario, for the remaining phases -- we'd need about 33.7 percent. Through a mixture of Parcel D1 and Parcel K, that could get us to the 40 percent.

So there is a very prescriptive pathway. I do want to caveat this as a possible way to get there because there are some parcels in the future phases that could be residential. So the unit count could go up. So there may be more opportunities or different opportunities.

We fully expect that, in phase two approvals and future phase submittals, these will all be pre-negotiated before we come back to you on those.

So associated with this -- while we're not amending the DDA, which would require board action, there are some associated actions to basically correct the Parcel F designation because we entered into the -- we executed the VDDA for Parcel F. And we executed the parcel lease for that.

It does require an amendment to the parcel lease to basically re-explain those unit counts. It also requires coordination with the Mayor's Office of Housing to re-restrict the parcel lease to ensure that compliance is -- you need to have the right number of these units of -- of BMR units.

And then, that's tied into number three, which is it's updating a table in the Parcel F VDDA. So these are all specific to the actions of Parcel F. And that's why I wanted to kind of distinguish between the VDDA versus the actual DDA as far as that goes. That's the technical aspect of what the resolution itself is.

And we are asking for an info with an approval today -- main reason being time is of the essence in the sense that TCO is imminent. And we need to issue a pricing letter. And there's a circular kind of relationship that happens. And we'd like to get people into F starting as soon as the TCO happens.

And I'm going to be here obviously for questions. We do have the development team as necessary. But Jenica, do we have Dan Adams on the line?

Jenica Liu: Yes. He's on the line. Yes.

Josh Keene: Okay. Great. Yeah. So I just wanted to introduce Dan Adams, the director of the Mayor's Office of Housing and Community Development, just

wanted to make sure everyone knew he's -- we've been working together, all parties here involved here. And he just wanted to say a few things.

Dan Adams: Thanks, Josh. Great to be with you, commissioners. Appreciate your accommodating my remote participation. We've been working with Port staff as well as the developers on this proposed revision that would modify Parcel F. We support it for the reasons that Josh went into.

Coming out of the pandemic, you know, we're still in a very soft market. So the higher AMI units are quite close to market, difficult to lease up. As an affordable housing practitioner and advocate, it gives me no satisfaction to produce affordable units and then have them sit empty.

So the idea of having more units at a deeper affordability even if we have fewer overall affordable units makes total sense to me. I think this is exactly the kind of the flexibility that was probably contemplated in the [DA] when they provided for these kinds of ability to modify.

And as such, we are here in support of the proposed modification. Happy to address any questions that you may have. And again, thanks for your consideration.

Josh Keene: Thanks, Dan.

Vice President Gilman: Thank you, Josh and Dan. Sorry. I guess you're ready for us --

Josh Keene: [I'm good].

Vice President Gilman: -- to move forward.

Josh Keene: Go for it.

Vice President Gilman: Okay. Commissioners, for discussion, do we have a motion?

ACTION: Commissioner Adams moved approval of the resolution. Commissioner Lee seconded the motion.

No Public Comment on Item 9A.

Commissioners' Discussion on Item 9A:

Commissioner Harrington: Thank you. I can understand why we're doing this. And it makes a whole lot of sense. And I also totally get we'd like to do -- we'd

like to rent the spaces. And we want to go ahead with Parcel F to do this so no question about that at all.

Let me ask about the larger picture though. So at what point does Parcel A just not work? I mean, at what point do we say we're not renting anybody at 150 percent? So we have to come back and adjust that. And also, you know, Parcel D1A, you're talking about a 45, 55 percent AMIs, which seems hard to pencil out.

I'm trying to figure out -- is this all going to fall together at the end when all is said and done? Because this one part makes perfect sense. But all of it seems like it's going to be difficult. And that's the first question.

I'll ask the second one just so you can maybe talk to both. We've been hearing a lot about the need for market rate for people that are teachers and firefighters and police officers. So we've been hearing this middle-income kind of fight. We need not just low -- deeply discounted but that middle-income group.

And it sounds like that's not working. Now, I get it that -- with the pandemic and with the market changing, that's probably true. But is this whole discussion of the need for that middle-income group maybe not what we're talking about anymore?

Is that kind of an old-fashioned idea at this point? Or do we think, five years from now, it's all going to be back to where it was, and we're going to need to do something to let teachers live in the city? So big questions -- I realize. But that's more of a concern than the specifics of this one.

Vice President Gilman: Yeah. Good question.

Josh Keene: So let me hit the first part to that. And then, I probably will turn over to Dan to talk about the future as far as -- or the future outlook going because I think it's a real question. Are we really just -- is it just everything is market rate or extremely below -- you know, very low levels of AMI? That's a good question.

The first I want to say is, while the penciling of a 45 percent or a 50 percent AMI building is typically because of the 100 percent affordable nature of the building. And it's presuming that that becomes an eligible tax credit -- [long-term] tax credit.

So you can literally -- it's actually probably penciled better than a 90 percent AMI building because of the tax-credit offset. Now, there is some risk to that because it's based upon the availability of tax credits. And it's a super competitive market especially in the last five years.

But that's the underlying assumption is actually -- it's better financially or at least neutral on that regard. And then, the question you had about Building A -- I

would say, right now, we are not looking to modify the mix associated with that. I think that, if it struggles -- continues to, I would imagine that that could be a discussion that's happened. We have not had that with the developer at this time.

I think the way we're looking at it is, by putting another mix of more -- infusion of 90 percent AMI units, we're going to get a series of more applicants and existing applicants from Building A. I think there's a scenario under which we've now reset the demand that maybe there's -- you know, we're leasing up the other properties.

I don't want to close the door on that option that we could look at that. The biggest issue we really have at least at this stage is we are limited with the -- without going to the Board of Supervisors with dropping below 30 percent for the phase. So without that being in play, which we're not proposing at this time, that would be a more material amendment.

So we're kind of at the lowest for the phase. So I don't see a configuration at this point without that. I would say, yes, we are -- I hope that hits the first kind of portion of that. And then, if Dan's available, I'd probably want to turn over to him to speak about -- you know, what is the right AMI level for, let's call it, workforce housing or teaching housing as far as it goes. Dan?

Dan Adams: Yeah. That's a great question. First, I would say I think we should continue to build moderate-income housing. We need to get, I think, a couple things. One is we need to recognize that the markets are dynamic. And they're actually more dynamic than our AMI pricing.

So what's happened over the last 10 years or so -- AMIs have increased quite significantly. So when you calculate rent based on AMI certainly at the 150 percent level, you're over market. So we call them below-market-rate units, but they're actually, in this case, in this moment, above market.

And part of our policy currently is you need to price the units at 20 percent below market. But for developers to be underwriting 150 percent AMI units and pricing 20 percent below the current market, that really impacts their underwriting and the returns. And it makes it really difficult to actually undertake.

So I guess I would distinguish a little bit between 120 percent AMI and 150 percent AMI. And I try not to say anything controversial during commission hearings. [laughter] But I will say this: 150 percent AMI units are too high. We shouldn't -- it's just priced too high in a rental.

So certainly the development agreements that I am participating in, moving forward we wouldn't include that as kind of part of a below-market-rate strategy just because it's going to be too tough to make pencil.

At the 120 percent AMI, I think there will continue to be ongoing need for that. And some of the issues with lease up we can address through procedural improvements. We are making some of those improvements now. As you get closer to market, you need to make it easier for people to get into units because they have choice at that stage.

They could go to a class B or C product. Or they could go to Oakland. Or they could go some other jurisdiction. So I think there continues to be a real need for those units in San Francisco.

And we need to make some adjustments -- and we're already doing this -- to our lease-up protocols and our marketing procedures in order to attend to that need in an efficient way as well as, you know, work with our developers to make sure that, in soft markets, they are really comfortable pricing those units 20 percent below a market rent, which will encourage and spur lease up.

So still very much a worthwhile endeavor -- we're making procedural and process improvements to address the need. But right now, in this case, I think this adjustment down to 90 percent makes a ton of sense.

Commissioner Harrington: Thanks very much. One last question -- when do we think phase two might happen?

Josh Keene: We're counting on it. What we've currently been planning on -- there is a lot of pre-work that has to happen. Obviously, we're monitoring the larger macroeconomic issues. We're also thinking, well, what else needs to happen, what modifications [in the deal] to make it work?

But these are all kind of happening at the same time. We've been planning that construction would start by 2026 is how we're looking at it from a future-bond-capacity side. There is a lot that has to happen there. But what the first real step would be is we need to go forward to this body for a phase-one submittal that may or may not include other requests.

So as an example, it could include a DDA amendment, as far as it goes. We're not currently planning that. But I would expect we probably are not going to be in a position before the end of this year to come back for that. But we are monitoring actively and starting to look at all the levers that can be pulled.

As we're all aware, there's been a lot of exemptions and renegotiations made in the code for in-fill projects. They're starting to change a little bit for the [DA] projects. It's not currently in place. But I think all options are going to be on the table. But I would say we're hoping for construction in 2026.

Commissioner Harrington: Thanks very much. And thanks for all the work to accommodate and make this work out. I'd like to see people in apartments. Yeah. Thanks.

Vice President Gilman: Thank you. Commissioner Lee?

Commissioner Lee: Well, it makes sense to lower the requirement. I mean, as a landlord myself, I mean, if you're not selling, you've got to rearrange it. And you have to still be within the requirement. So that's okay with me. My question is what's the total occupancy including this? I mean, what's the building -- is it pretty -- still a ways to go to fill it up?

Josh Keene: I could do very quick math to even -- to let you know on that, which would be -- do you know off the top of your head? So we're at 70 percent with 36 percent of the BMR units. And we're -- so we are at -- 126 units have been leased up there. And then, the BMR units -- we have got -- 28 have been leased up. So we're at 156 out of 283. So you're about 60 percent.

Commissioner Lee: Okay. I would think --

Josh Keene: Rough math.

Commissioner Lee: -- I would think you'd want to sell out that building before the next one. Also, does a renter have to pay for their own water and garbage? Or is it all included in the rent?

Josh Keene: There is a certain portion -- and I could turn to the developer for the specifics. A lot of it is all-inclusive. But there are some add-ons. I don't know if we're passing through any utilities. It's mostly fully serviced [in a lot of levels] from a direct side.

Jeremy Bachrach: Jeremy Bachrach with Tishman Speyer. BMR residents pay for their own electric. All of their utilities are included in the rent. And market-rate units -- the market-rate residents pay their own electric. They're individually metered and then our pass-through common area of services through our Mission Rock utilities, which is our district energy system and our blackwater treatment plant for nonpotable and potable water and sewer charges.

And then, residents across the board are responsible for providing their own Internet service and telecommunications if they so elect to.

Commissioner Lee: So the affordable or the BMR is -- how much do you think -- a couple hundred dollars a month they're spending for utilities?

Jeremy Bachrach: No. Significantly less. The residents are just paying for their unit electric. And there's a utility allowance calculated per the MOHCD guidelines.

Commissioner Lee: Okay. Okay. I mean, it makes sense to fill it up, \$2100 to \$2700 at this time and age, it seems to be -- it's going to be a sellout -- will be a lot better. And I would think the developer, with the interest rate so high, you

know, they need the cash flow. So I think -- I mean, it's all good. But I think you should sell this out before -- you're going to have more square footage on your hands pretty soon.

Josh Keene: Yeah. While the timing -- I mean, they're not stacked directly on top of each other. The way we're looking at this, you're going to have a whole host of 120 -- or 90 percent BMR units that that's sold out on part one. You have a good statement about the market-rate units, no question.

Commissioner Lee: Yeah.

Josh Keene: But there's a lot of people -- those are ongoing lease negotiations that are happening now. So the thought is, by the time that happens, this 70 percent number hopefully is 80 percent. By the time you're fully under -- these applications continue to get processed, should be close to it.

I think the thought is a lot of the people are going to have a choice between there. But Parcel A should be pretty well leased up by the time it comes online.

Commissioner Lee: I mean, it's best just to rent and get a fair deal and get it rented because there's still a lot of options out there. I mean, we're remodeling units just to compete. Right. And remodeling a unit -- you know, a private unit is \$50,000 -- flooring, kitchen, everything. So obviously, you have a turnkey situation. If you have a good rent, you should be able to sell out faster. So I'm supportive of this.

Josh Keene: Great. Thank you.

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

Commissioner Adams: I appreciate you coming. I think Commissioner Ed said some of the things I wanted to say. But by you coming to the commission, you're telling the commissioners to get ready. And I appreciate that. Right. And clearly, this wasn't a decision to be taken lightly. And as I always say, this is a decision that's made in real time.

Things are really fluid out there. And I clearly understand that. And I know, when Ed asked you about next year, it's hard to predict. It really is. And you'll be back again. That's what happens in these kind of projects. You've got to be fluid. It's like a basketball team or a baseball -- you've got to adjust constantly. You've got to adjust to what's happening. You do.

And you're adjusting. And I just heard Chairman Jerome Powell, the Federal Reserve, the other day at Stanford. And he was talking about the interest rate. It's a lot happening. It's a lot of uneasiness there. So I really appreciate that

and that you're making the adjustment. The mayor's office is in. And I think Steve said it.

We are not in the same economy as we were pro-COVID. Things have changed. The city has changed. And you made the adjustment. And when you came, I remember being on this commission 12 years -- where we were at then and where we're at now. And you're making the proper changes that have to be done. You're not just putting your head in [the sand]. I really appreciate that.

And there will be some more changes. And just coming to the commission and letting us know where you're at so we can get ready -- and there will be more changes. And maybe it might not be till next year you can answer Ed's question or later this year. But we really don't know.

But what's in front of us, I support that because this is real time. This is important. The mayor's office, everybody is on board. And we seem all to be rolling in the same direction. We've got a big presidential election. There's just so much up in the air right now that we don't have control ov -- you're only doing what you can control and then, the confidence of the city and the economy and everything.

So I'm totally on board. I really appreciate this. And this was well thought out. Thanks for bringing it to the commission.

Josh Keene: Great. Thank you.

Vice President Gilman: Thank you, Commiss -- well, I first want to say I'm supportive of the item. I think mostly it's because the 30 percent for the space is still being met. I will be more bold to say that I -- and I want to say it also for future phasing -- 150 percent is too close to market.

Like whether we're in the Bay Area or anywhere else, we're seeing other parts -- with the depression in the market in Oakland, you're seeing even 90 percent sometimes being too close to it. And for all of the rigmarole you need to go through to apply for BMR units and to be in that process and the ongoing morass that the bureaucracy puts you through, if I was a renter that close to the market, there would be very little reason for me to take advantage of this.

So I really want to say I support the item. And I support us going deeper. And I guess I just wanted to put a plug in for the next phase. So if it's appropriate or if Dan can answer, I had a couple of questions. I really support the next phase being 100 percent building. You had 45 and 50 percent of AMI.

So I'm just wondering if there's -- I know the AMI levels -- and please correct me if I'm wrong. This was part of the ballot measure that was passed, right, when we put it on the ballot? Weren't the AMI lev -- they weren't built in then? The overall was a 40 but not -- the AMIs were not prescribed?

[Jeremy Bachrach]: It wasn't on the ballot measure itself.

Vice President Gilman: Okay. So there's still negotiation. So I guess I'm going to be an advocate to say that I think, if we're going to do 100 percent standalone building and you're going to use LIHTC or public financing for it, I really would like to see a project that has 30 percent AMI units.

Two seniors leaving in San Francisco today, one on Social Security, one on a light pension, cannot afford a 45 percent AMI unit. So I just really want to encourage us to be creative in the next round. I don't know what the unit mix is. But if we're having studios and one bedrooms, those will most likely be seniors or a single human being or maybe a single human being with a child.

And I'm concerned that, if we don't have deeper affordability in that unit and if we're going to use LIHTC as a product, we can go deeper. We're really not going to get the diversity of an up-and-coming community that I would hope we'd get.

So I just wanted to put that plug in for the next phase. And being a futurist, I probably won't be on this dais. But for the final phase two, you know, you're still showing all at 120 and 150. So again, really want to encourage us to have that fluidity as things change.

I think that's so important. That's probably 15 years out. I don't know how far out that last phase is -- to really look that -- the reason this affordability was so important for this project was to create a mixed-income diverse community and a neighborhood that, 15 years ago, was parking lots and, even before the stadium was there, was industrial and parking lots and -- light industrial.

So I just really hope that we'll look at that when we do it. I really admire the commitment to 40 percent. I said it before. I'd like to see every deal that's coming to us have that affordability in the future if it can. And my only other question is -- maybe it's too early.

But I know Tishman particularly back east has a whole nonprofit affordable housing component to your business line. Are you considering being the developer? Are you considering bringing in a nonprofit partner?

Josh Keene: They would -- at least my understanding is they were going -- the original intent when we moved forward with the phase [will be vetted]. But the discussions we've been having have been -- it would likely be towards a nonprofit operator as far as that goes.

Vice President Gilman: Okay. I just think, when you come back with that, I'd love to understand because -- and please correct me if I'm wrong. But I thought it's either New York or Boston. I thought you're doing a pretty large-scale redevelopment project -- doing that product yourself. So I would just want to

understand the thinking of why they're bringing in a partner when you have your own capital you could put forward for it.

Jeremy Bachrach: Yeah. So Tishman Speyer has a robust affordable housing platform, which we call Tishman Speyer Communities. And we're active -- we have active projects both in New York, and we have -- here in California, we partner with other nonprofits to execute on those developments.

In San Francisco currently, Tishman Speyer is partnering with MidPen to develop two state lands projects, which were under Gavin Newsom surplus land sites that were former EDD parking lots that are located within the Western Addition neighborhood.

So we are working on those in collaboration with them. And we'd anticipate partnering with another affordable nonprofit here to executive on that vision. And really, the way in which we approach those partnerships is that we bring our deep sort of real estate-construction and design-development expertise. And they bring the real local, affordable-housing and nonprofit community-based-outreach perspective.

Vice President Gilman: Okay. Well, I look forward to learning more when you come back to us of how you'll make that selection and how you'll move that forward. So thank you.

Josh Keene: Great. I did want to put in one note when you're talking about the diversity of the development. This is the location where the TAY units would be -- also would be in that building too so not forgotten as part of the phase two as far as that. So it'd be a -- obviously, none of it's been designed or programmed as far as it goes. But that would be a portion of it. So --

Vice President Gilman: Okay. Thank you for that reminder. So thank you, Josh. And thank you, Dan. Do we have any other further questions, commissioners? So I think we have a motion on the table. All in favor?

Commissioner Harrington: Aye.

Commissioner Adams: Aye.

Commissioner Lee: Aye.

Resolution 24-21 passed unanimously.

## 10. NEW BUSINESS

Michael Martin: Commissioners, the only new business I have recorded is Commissioner Harrington's note about looking for federal and state support on addressing the challenges of the crab and salmon season issues we've been

seeing. And can we do anything? So we're going to look into that. And we'll report back on any efforts we can make with other partners because that is so important to our fishing industry. But I have not recorded anything else. Do you have any other new business?

Vice President Gilman: Any other new business, commissioners?

Commissioner Adams: Commissioner --

Vice President Gilman: Yes. Commissioner Harrington?

Commissioner Harrington: Just following up on Commissioner Adams's discussion, you know, at the PUC, we used to have periodic meetings at the Southeast Community Center. And it's now a brand-new building. And it's a fantastic building out there.

I'm assuming that they set it up, so it could have all the telecommunication requirements for a commission meeting. And just -- if you could look into whether that or some other facility might make sense as some other place to meet periodically besides this building.

Michael Martin: Definitely look into that. Thank you.

Vice President Gilman: I actually had one other spur-of-the-moment idea based off Commissioner Adams -- what he said. I was just wondering maybe if we could start having the conversations to maybe see if this could materialize. You know, I had the luxury to tour a Princess vessel on their recycling program and their green initiatives.

If we're going to have folks use Pier 80 more, maybe there's some way we could negotiate with our cruising partners to have a tour for youth or for individuals who have never imagined themselves on a cruise vessel. I have never cruised. It was one of the most fascinating experiences particularly the behind-the-scenes aspect of it, of how big the boat is, the international workers, the multiple languages that folks speak, sort of how it's categorized actually that certain nationalities sort of fit certain job classifications.

It might be a very interesting way to get young people and people in the southeast more familiar with cruising and what we do as a port. So I thought maybe I could just put that out in the ethos to see if maybe, a year from now, you can come back with us with some magic to make that happen.

Michael Martin: I'm glad you mentioned it because I, myself, am going to tour the Pier 80 cruise call to learn more about what it will take to make Pier 80 a regular cruise berth. So I'll be looking at it with an eye towards can we expand that when we hopefully bring other cruise vessels back.

Commissioner Adams: Yeah. And I just wanted to say to you, Deputy Director Mike Martin, I appreciate the way you've handled yourself filling in for Director Forbes. You've been very professional. And to the staff, thank you. We haven't missed a beat. And I just want to thank you, your leadership. You've been there. And you've been out there. And I just wanted to say we appreciate it and that you've been holding it down. Thank you.

Vice President Gilman: Yeah. Absolutely.

Michael Martin: Thank you, Commissioner. And it's really all the staff. I appreciate that.

## **11. ADJOURNMENT**

**ACTION:** Commissioner Harrington moved to adjourn the meeting. Commissioner Adams seconded the motion. All commissioners were in favor.

Meeting adjourned at 4:45 p.m.