

# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING TUESDAY, JUNE 9, 2020

### 1. CALL TO ORDER / ROLL CALL

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

### 2. PLEDGE OF ALLEGIANCE

### 3. APPROVAL OF MINUTES – May 26, 2020

ACTION: Commissioner Adams moved approval; Commissioner Gilman seconded the motion. All of the Commissioners were in favor. The minutes of the May 26, 2020 meeting were adopted.

### 4. ANNOUNCEMENTS – The Port Commission Affairs Manager announced the following:

A. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item. Please note that during the public comment period, the moderator will instruct dial-in participants to use their touch-tone phones to register any desire for public comment. Audio prompts will signal to dial-in participants when their Audio Input has been enabled for commenting. Please dial in only when the item you wish to comment on is announced.

### 5. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

### 6. EXECUTIVE DIRECTOR'S REPORT

Katie Petrucione, Port's chief financial officer and currently serving as the Port's acting executive director - I have several updates for the commission this afternoon.

- Embarcadero Seawall Earthquake Safety Bond Sale

First, I'm pleased to announce that, on June 2nd, the city issued the first series of the 2018 seawall general obligation bonds. On behalf of the Port, the Controller's Office of Public Finance sold \$49.7 million in taxable general obligation bonds with a total interest cost of less than 2 percent and a final maturity date of June 15, 2021. Remarkably, the city will pay less than \$80,000 in interest for this borrowing. Port staff is extremely grateful for the guidance and

the expertise that we received from the Office of Public Finance and the city attorney leading up to and during the bond sale.

- Economic Reopening: Update on Phase 2A and 2B dining, retail, and other activities

Second, on May 26, Mayor Breed announced the launch of the Shared Spaces program, which will support neighborhood businesses by allowing restaurants and retailers to share a portion of outdoor public spaces. This program is anticipated to become effective on June 12th subject to the health officers' approval. Port staff are working closely with staff from the mayor's office, Economic and Workforce Development, Public Works, Planning, the SFMTA, the Mayor's Office on Disability and other departments to understand the citywide program and to tailor it to the unique regulatory and physical aspects of Port property. This includes devising a potential permitting solution in consultation with BCDC and reviewing conceptual proposals that our tenants have already sent in for outdoor seated food service along the Embarcadero Promenade and in other parks and open spaces. Port staff are working incredibly hard and quickly to bring the Shared Spaces program to Port tenants in alignment with the city's June 12th timing. We're excited to help in extending this critical economic lifeline to our many beloved small businesses along the waterfront.

- COVID-19 pandemic's economic impact on our LBE partners

Thirdly, unsurprisingly, the Port is seeing evidence that the COVID-19 pandemic and the resultant public-health orders are having an outsized economic impact on our LBE partners. To begin to address these impacts, staff has started to develop two programs. First, we are working on a grant program to roll out in the near term to support LBEs. Secondly, we are developing a loan program with flexible credit criteria and low interest rates to provide bridge funding for LBEs who are performing on both construction and professional service contracts for the Port. We are hoping to use the Southern Waterfront beautification fund to support both of these efforts and have begun a very productive dialogue with President Brandon about how these two programs might be structured. Staff intends to come to the commission on July 14th with an information item outlining our thinking on both of these proposed programs and hopes to request commission approval of a grant program in August.

- Pier 45 Tour

Fourth, this afternoon, Mayor London Breed, Supervisor Aaron Peskin, Fire Chief Nicholson, President Brandon and Commissioner Gilman joined fishers who have lost equipment and fishing gear in the Pier 45 fire. The delegation toured the site to assess damage and hear from the fire department about their efforts in response to the fire. At the conclusion of the tour, Mayor Breed, President Brandon and Supervisor Peskin announced a financial relief package to assist impacted San Francisco crabbers. Supervisor Peskin is going to lead a

\$500,000 fundraising campaign to provide down-payment assistance for the crabbers. This assistance will ensure that crabbers can place orders immediately and obtain new crab pots in time for the crab season that is scheduled to open in November. Port staff is also working with the Office of Economic Workforce Development and the San Francisco Crab Boat Owners Association to develop a loan program with favorable terms to support purchase of crab pots to keep the fishing community employed. Staff will continue to provide the commission updates on the progress on both of these efforts.

- Commendation for Assistant Deputy Director Mark Lozovoy on his retirement

Finally, this afternoon, I'd like to take some time to recognize and appreciate two long-time members of the Port staff who will be retiring at the end of June: Mark Lozovoy, the assistant deputy director for real estate and development, and Amy Quesada, our commission secretary and executive assistant to the Port's executive director. I would like to say a few words about both Mark and Amy and then invite the commission and staff to weigh in with memories, appreciation and well wishes.

Mark Lozovoy has been an incredible asset and an inspiring manager to staff for the last 27 years. He began his career at the Port as an assistant rental manager in 1993 and rose to his current assistant deputy director position in 2001. Mark provides leadership, guidance and oversight to the leasing group and ensures that the real estate team provides excellent customer service. Under Mark's leadership, the leasing group has been instrumental in maintaining and growing commercial rental revenues and working to keep the Port's vacancy rate low. He has mentored many staff, providing technical expertise, guidance and direction. And he has always been responsive and patient to the many requests he receives in a day. One of Mark's strongest attributes is his flexibility in responding to changing priorities, facing challenges with creativity and always looking for the best solution. During his career, Mark's many accomplishments at the Port includes: completing the transition of the San Francisco Redevelopment Agency properties into the Port's portfolio; planning for the Pier 70 development; working on the leasing and marketing plans for Piers 19 to 23; and supporting improvements for the backlands site to facilitate leasing.

Rebecca Benassini - Mark is my counterpart in the real estate and development division. When I began at the city four years ago absolutely fresh from the private sector, Mark was such a guide and mentor for me. His door was always open. I've seen him have that door open for all staff over the years. I am going to miss his ability to quickly dive into any problem and to begin solving it with such patience and humor and an attention to getting the best solution for the Port and our tenants and our public stakeholders. It is going to be such a huge loss I will make sure that, when we're interviewing folks to replace him, we'll have wonderful questions that will reflect all of Mark's values for the new candidate such as ability to work in a team setting, ability to see others' perspectives and really focused in on having a wonderful work environment and supporting all of the staff that he does a wonderful job managing. Mark, we're going to miss you

so much and can't wait to see you in person one day when all this is over. But for now, we'll have to rely on virtual good will and good wishes. Thank you.

Mark Martin - Tuning in from out of town, this is Mike Martin. I wasn't planning to speak today but things lined up, so I was able to. I'm very glad to lend my voice in saying thank you very much, Mark Lozovoy, for all the years you've devoted to the Port. You've been a great resource for me as I've worked with you in the real estate and development division in sort of reimagining it as I came on board. Your encyclopedic knowledge of deals passed has always kept us in a good spot as we've tried to find new solutions and just a generally calm and reassuring demeanor that has made every day at work a little less challenging. I'm really going to miss you, Mark. I look forward to you having a great time in your next life traveling, seeing your kids, doing all the things that you love to do. All the best to you and all the best to everybody here. I hope you're all well.

Byron Rhett - In the years that I've been with the Port, I was planning and development director for most of the time. And that required a close working relationship with the real estate staff. From the day I started, Mark has been a great partner with me and with that division. You mentioned Pier 70, other things that we were able to accomplish. We wouldn't have been able to do that without our relationship with Mark, closely working with the real estate staff. I know that I will and the Port will miss him when he leaves at the end of this month.

Brad Benson - Mark, I always enjoyed working with you, that calm demeanor. You've got a great sense of humor. You're willing to put up with people's foibles. You've got a great degree of patience. We've been through some pretty stressful, challenging times. I recall, during the 34th America's Cup, we had to relocate probably more than 100 tenants to make way for the races, same thing with Pier 70 tenant relocation efforts. You always gave that confident air that the real estate division would be able to pull it off. It's that calm confidence that has been such a value add to the Port. I wish you the best in retirement, Mark.

Amy Quesada - Congratulations on your retirement. You have been a great asset to the Port. Thank you for your service. I'm glad I'm retiring with you. Congratulations, and all the best to you.

Diane Oshima - I've been in denial trying to ignore the fact that both Mark and Amy are leaving us. Both of them are such institutional anchors for the Port and have helped us get through so much over the last 20-plus years. I am so appreciative and can speak to working directly with both of you over the years both on the real estate and development side, Mark, particularly through all of the improvements in the Southern Waterfront and, Amy, for just being our anchor for the overall organization and our sage, graceful, ageless, timeless person who doesn't look any different than the day that she walked in with Dennis Bouey. For both of you, I wish you the best. It's weird to be leaving now but it's great to be leaving now. It's time to spread your wings and find that next chapter. Thank you so much for everything.

Commissioner Woo Ho - I have to echo all the comments that have been made by your colleagues and peers, Mark. Obviously, I haven't worked that much directly with you but have watched you in the commission meetings and from a distance. All the characteristics that have been mentioned, your very quiet, professional demeanor that has been brought forth and just the fact that we have seen the outcome of your leadership and your activities reflected in how the transactions have been presented to us at the commission I think reflect highly on you. I want to wish you all the best going forward and hope you enjoy your retirement. I think that you have served as a great role model for many others. It sounds like you're really going to be missed. We will miss you too at the commission. So best wishes.

Commissioner Makras - May you have a fun, bright and new chapter ahead of you, one where you will have an unlimited time for relaxation. Thank you for your great service to the Port of San Francisco and to all the residents of San Francisco. Happy retirement. I wish you the best.

Commissioner Gilman - Mark, I wanted to echo what my fellow commissioners said. I want to wish you a great retirement. It's obvious that you made great contributions to the Port in your long career, particularly on the Southern Waterfront. I also want to wish you and your family best. We will miss you dearly.

Vice President Adams - Mark, I just want to thank you for your 20-some-plus years of service to the Port. The class that you have, your demeanor and the body of work that you were able to put together and you were one of those people that didn't need recognition. You were a team player. So much was done that it would probably take us all evening to talk about your accomplishments but you always put the Port first and put your team first. You'll be remembered as a star. I hope you really enjoy the next phase of your life, your kids, your grandkids and want to say thank you. The Port owes you a debt of gratitude.

President Brandon – Mark, I am really sad to see you go. You have always been such a pleasure to work with and such a team player. Throughout all the projects that we have worked on through the years, you have always been so knowledgeable and so helpful and always with grace. It's been such an honor to work with you. We are truly going to miss you. You have big shoes to fill because you have given so much to the Port of San Francisco. You should be really happy about all that you accomplished during your time at the Port. You almost made it 30 years. I hope that, in your retirement, you are really able to enjoy yourself and live life to the fullest in your next life.

Mark Lozovoy - Thank you, everybody, for all the kind words. Congratulations, Amy. I feel honored going out the same time you are too. I remember when you first came from the airport. You've been a bright, shining face ever since. I want to broadly thank all the commissions that I've worked with over the past years. 27 years went by so quickly. When I first came to the Port, I'd walk up and down the waterfront and I might see four or five people. And now, you see hundreds.

It's hard to walk up and down the waterfront without the way it used to be. There's a lot of good work has gone on over the past years. We built a ballpark. We did the Ferry Building, Exploratorium. We established SWAC. I want to thank all the people that I've worked with, just best staff in the world and a real shout out to Mike and Becca. They're my cohorts. When I first heard that Becca was hired, I was ecstatic and the same went true for when Mike became our director. I had a chance to work with Mike with the America's Cup. When I knew he was a candidate for this job, I was ecstatic and just really happy. The Port's in super great hands moving forward, really poised for a lot of new things coming up and just greatness. Lastly, I want to acknowledge Elaine Forbes, who is by far the best director I ever worked for. She's always watched my back and always been there. I'm going to miss her greatly. I'll see you all on the waterfront. Thank you very much.

Commissioner Brandon – Mark, thank you so much for all of your service. I hope you will come back when we're able to meet in person, so we can honor you the way you deserve to be honored.

Mark Lozovoy – Absolutely.

- Commendation for Port Commission Affairs Manager Amy Quesada on her retirement

Amy Quesada has had a long and productive career with the City of County of San Francisco. She started her career at San Francisco International Airport and began working for the Port in 1994. In the last 26 years, she has served with numerous Port Commissioners and supported four different executive directors. Amy is kind, calm, unflappable, deeply organized and unfailingly helpful, all of which has made her indispensable in her role. In the last three years that I've had the pleasure of working with her, she has shared her knowledge and guidance about the commission process, served as a well of institutional knowledge and gently but firmly reminded all of senior staff about our deadlines. In her role as executive assistant, she ably supported Elaine, balancing multiple and constantly changing priorities and deadlines. But she also supported staff, helping to schedule meetings and acting as a conduit to our very busy executive director. I cannot tell you how many times Amy has done me the favor of helping me find five minutes to connect with Elaine during a busy day to take care of a pressing piece of business, for which I am very grateful. All of this she has done with just incredibly deep competence, grace and always, always, always good humor. The Port is going to miss both Mark and Amy tremendously and that we wish them both a peaceful, happy and very healthy retirement.

Rebecca Benassini - Everything that Katie said was exactly what I was planning to say. Katie, you took the words right out of my mouth. The only thing I can add is I cannot wait to see your retirement planner. I'm sure you have such an incredible array of organized activities you're planning or perhaps, you're planning nothing at all. But you're doing it with such intention and class, just as

you've done in all of your work at the Port. Thank you, and have such a wonderful retirement. We are going to miss you so much.

Amy Quesada - Thank you, Rebecca.

Brad Benson - Katie said a lot of it. Your class, your style, your good humor, your unfailing kindness to people -- you are, to me, the model professional, just always so great to interact with. You've got the most stressful deadline that occurs at the Port, which is the commission package each commission meeting. You have staff from all over the organization scrambling to complete their reports, make last-minute changes. You never convey any anxiety or stress about it. It's always a positive interaction. I'm so happy for you that you are heading off into this new phase of your life. I thank you for everything that you've done for the organization. You're irreplaceable. Thank you, Amy.

Amy Quesada - Thank you, Brad.

Dan Hodapp - In describing Amy, I find my challenge to be limiting the number of wonderful adjectives that I could use to describe her: competent, pleasant, caring, responsive, precise, helpful, smiling, accurate, speedy and efficient, joyful -- and did I say competent and helpful? Amy is deserving of whatever or wherever she wants to explore in her next phase of life. It's been so much of a pleasure working with Amy so many times. I've really enjoyed it. Thank you for all your great years at the Port, Amy. We will really miss you. Thank you.

Amy Quesada - Thank you, Dan.

Byron Rhett - When I started at the Port years ago -- I think we were in the Ferry Building then -- Amy was one of the first people I met. She really guided me through my relationship with the director then, Doug Wong, and with the commission. She has continued to do that in all the years that we have worked together. She's just a great person to work with, as others have described, a great partner, very calming but really knowledgeable, always giving me the right information and pointing me in the right direction in terms of how I work with the commission and work with the director. She's become a great friend. I personally will really miss her. But I'm glad to see you moving on into retirement, spend more time with your family, with your grandchildren. Congratulations to you, Amy.

Amy Quesada - Thank you, Byron.

Rod Iwashita - I've had the pleasure of working with Amy for the past three years. I've appreciated her support and wisdom and generosity. Katie hit it on the head and she basically took my entire speech. I've only been here at the Port for three years. A lot of the engineering staff have been around for much longer. I asked them if they had words of appreciation for Amy. They're all going to miss her calm and her warm professionalism and her attention to detail and the speed at which she responded to every question. No request was too big or

too small for her. She never turned down the opportunity to help others. Amy, on behalf of the entire engineering division, we wish you a wonderful, wonderful retirement. Thank you very much.

Amy Quesada - Thank you, Rod and the engineering staff. I appreciate it.

Diane Oshima - I didn't catch the beginning of Katie's report. I'm sorry I might have rained on Mark's parade a bit. Although, I will miss you so much, Mark. Amy, the only additional thing that I could add to all the accolades is that you're not just a model professional. You're a model public servant. We would all aspire to the standards that you've kept these last 20-however-many years to meet every need that anybody in the public could have for the Port. Thank you so much and enjoy grandma-hood too. Have fun.

Amy Quesada - Thank you, Diane.

Commissioner Woo Ho - Thank you, Amy, for your great service. So many people have already talked about your great personal qualities, your professionalism. I want to mention that being actually the executive assistant to the executive director and also the commission secretary is not an easy role all the time. It is something that you have done an excellent job in balancing the interest and helping us be effective as a commission and united also with the staff. And we take it for granted. But it's not an easy role to play sometimes because you are able to take care of both of your key stakeholders and constituents, which is the executive director and staff and as well as the commission. I think that's a very unique quality. Everybody's talked about what those qualities are. I've appreciated it. I've personally benefitted whenever I've had a problem, I reach out to you. And you are very responsive. You never make me feel like, I've got 10 other things to do. Now, you're calling me to ask me something. You always make me feel like my request is something you're going to take care of. You're very calm about it. You're going to get an answer whether it's having technical difficulty in trying to get something online, to fill out a form or whatever it is, the deadlines. You gently remind us all of all of our obligations, which we have. I think that you are an absolute role model. It's very hard for someone to step into your shoes. The fact that we are a very successful and effective commission in the city is also because you support us so well. Thank you so much for your years of service. I wish you well in your retirement.

You don't look like a grandma. As people have said, you looked probably the same when you first joined. I hope you enjoy your life going forward and that you do come back and visit us sometime and hope we get a chance to see you in person when we can. It looks like it's going to be sometime in August that we're going to actually physically finally be able to get back together again. Don't stray too far away. We'd like to come and see you back at the Port. Thank you.

Amy Quesada - Thank you, Commissioner. I appreciate it.



Commissioner Gilman - Amy, I just really want to thank you. While I've only served on the commission for two years now, you were always so helpful and supportive of any need I had, connecting me with staff, walking me through processes for the Port. You are a consummate professional balancing, as Commissioner Woo Ho said, a very delicate job of staffing to the director of the Port and also being the commission secretary. I really commend you for your years of service, the grace in how you did it. I wish you nothing but happiness in your retirement. I hope that you get to explore and do some things that you were unable to do before because now you'll have more time on your hands, time to reflect. Thank you again for all of your service.

Amy Quesada - Thank you so much, Commissioner.

Commissioner Makras - Amy, may the blessings of family, friends, health and the satisfaction of a job well done fill your life. Thank you for your great service to San Francisco Port and to the residents of San Francisco. I wish you the best. Happy retirement.

Amy Quesada - I appreciate that, Commissioner. Thank you.

Vice President Adams - Amy, I really would like to say that my heart sunk when I found out that you were leaving. I guess, in a way, I didn't see it coming. When I look at what's going on in the world today, especially the United States, you're one of the finest human beings that I have ever met. Your energy and your poise and how you conduct yourself, the world can use a lot more of it. I do know that you're very close to your family, your mother. You're very proud of your Filipino heritage. What you've done and how you feel about people -- I have never heard you say a bad word or a cross word to anybody. Most of us have a lot of shortcomings but you're in a special class. You're a class act. You're calm. I want to thank you for all the years that you and Renee worked together. You guys were a tag team helping me, doing things at the Port. You're one of those unsung heroes, Amy. Thank you. As a person on this commission, we owe you a debt of gratitude. Thank you for all the years of service, the sacrifices you made and putting the Port of San Francisco up front and helping us all shine because you really were the star behind the scenes. I wish you well. If you ever need me, I'm there for you. Thank you.

Amy Quesada - Commissioner, that was so sweet. Thank you so much.

President Brandon - Amy, I have to get through this. I hope I don't cry. I mean, I cannot actually believe you are leaving. Thank you for extending your retirement. I know the day has finally come but I feel that Amy is the heartbeat of the Port. She is so welcome and respected by every department. There's no question she can't get an answer to. She has just been such a wonderful colleague who became a true friend. I am going to sincerely miss you. I hope that our friendship can continue. I know that you will happily spend more time with your family and your grandkids. We're going to miss you. You have the biggest shoes to fill. I am really afraid for you to leave. I respect you. I appreciate

you. It's hard to say goodbye. Thank you. Thank you for all of your service to all of us. Thank you.

Amy Quesada - Thank you, Commissioner. That was really, really sweet. Thank you, everybody. I appreciate it. Thank you for your heartfelt comments. Thank you for the sweet and kind words. They mean a lot to me. I am so touched. But I'm just doing my job. Now that I know how you feel about me, maybe I don't have to leave. As you probably notice, I'm a woman of a few words. But today, I actually prepared a very long speech to make up for those times and missed the opportunity to do so. No, just kidding. I'm not about to start now. However, I would like to thank all of the 24 commissioners, past and present, for the opportunity to serve you all for the past 26 years. It's been a pleasure working with you. To the current commissioners, we've been through a lot throughout the years and have accomplished so many projects. During this unprecedented times, I am confident that we will rise above it all, and the Port will continue to flourish once again. Thank you, President Brandon, for your leadership and friendship, for leading the Port in good times and in bad. History shows that we will always come out on top no matter what. From past directors, Dennis Bouey, Doug Wong, Monique Moyer and Elaine Forbes, thank you for your confidence in me. I have enjoyed working for you all. To my colleagues, I won't name names, but you know who you are. Some, I've developed close, personal friendships. Thank you for your help and encouragement throughout the years. I will continue to cherish our friendships and my time here at the Port.

Hands down, the Port is one of the best places in the city to work at with the best crew ever. I'm happy and blessed to have finished my career here. I wish you all nothing but the best both personally and professionally. I'm sure our paths will cross again. I will be your biggest fan and admirer from afar. If I can lend a hand, I'm only a phone call and an email away. This is me thanking you all for all the beautiful years I've had with you here at the Port. Thank you.

Commissioner Brandon - Thank you, Amy. You have to come back the first time we have an in-person meeting. You have to come back, so we can really show you our appreciation.

Amy Quesada - Thank you, commissioners. Will do.

Commissioner Brandon - We will open the phone lines for public comment on the executive director's report from members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on the executive director's report. You will be entered into the system in the order you dial 1-0. The system will let you know when your line is open. Others will wait on mute until their line is open. Comments will be limited to three minutes per

person. The queue is now open. Please dial 1-0 if you wish to make public comment.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - Yes, we do, President Brandon. It looks like we have three callers on the line.

Commissioner Brandon - Thank you. Can we please open up the line to the first caller?

Roan Kattouw - Good afternoon, commissioners. I originally tried to call in for general public comment earlier but that line was closed really fast, so I missed my opportunity there. By the time I called in, it was already closed. Apologies for slight off topic. I wanted to speak to the fact that, at Pier 50, there is an emergency operation facility or I forget what exactly it's called. It was approved with a FEMA grant that the Port got in 2018. It came to my attention last week that facility was used by the San Francisco Police to process the arrest of protestors that were arrested after protesting the curfew last week back when we still had a curfew, which I know feels like five years ago. That, to me, does not seem like a great use of Port property or, for that matter, a great use of FEMA money to have a shed that is mostly empty with a couple of chairs that the police use to arrest and process people who were exercising their First Amendment right to free speech and protesting an unconstitutional curfew. I hope that the Port will take note of this highly questionable use of Port property and not allow the San Francisco Police to use disaster operations money to harass a few protestors. Thank you.

Commissioner Brandon - Thank you so much. We really appreciate your call. Katie, do you want to respond to that?

Katie Petrucione - The Port does indeed have a lease with the San Francisco Police Department for some space out at Pier 50. As it is an eligible use under the terms of our MOU with the San Francisco Police Department, we learned last week that they had been using the space at Pier 50 as a processing center for people who had been arrested during the protests last week. We have since started to talk to the San Francisco Police Department about rewriting the MOU that governs the use of the space to limit that use. We don't believe that the MOU with the SFPD has been in place since 2011.

While that might have been an appropriate use nine or 10 years ago, we do not believe that it is any longer. We're taking steps to change our agreement with the SFPD so that it will no longer be an eligible use under the MOU. I must say that I did not know that there had been FEMA funding spent on that space. That's something that I'm going to need to look into and can come back to the commission with a fuller answer on that piece.

Tyler - I'm a resident in D6. I also want to apologize for missing the earlier public comment time. I was one of about two dozen people who were arrested last Tuesday for protesting against the curfew. I'd never been arrested before, so I wasn't really sure what to expect. But I did not expect to be taken to this pier warehouse building that was not marked as a police station. In fact, one of the officers that was processing us told me he'd never been there before either. Some people have even described it as a black site. I appreciate what you had just said that the MOU will be rewritten. I also think that, if you can, let us know where to find the current MOU or where we should be looking to follow progress on this, on those conversations that you're having with the police department. We would appreciate it. Because when they told us, "We're taking you to Pier 50," I thought they were joking at first. Then, when we got out of the van, we're at a pier. Thank you for looking into this and looking at rewriting the MOU.

Commissioner Brandon- Tyler, thank you for your comments. We will be updated on what's going on with the MOU.

Joe Burgard - I'm the president at the Red and White Fleets. I also would have probably been better to get on before the director's report but appreciate the opportunity to speak to the commission this afternoon. I'd like to share that we're very pleased to see the mayor come to Pier 45 Shed C this afternoon as well as the Port commissioners and Elaine. We're really supportive of the efforts going forward to support the crab fishing fleet and, overall, really want to see the community at Fisherman's Wharf reopen and come back. We've been working with Port staff on identifying alternative locations for our operation. They have been incredible. We've also reached out to the marine division. They've also been supportive in helping us identify what business class or category we belong to. Unfortunately, today, we've heard from the Office of Economic and Workforce Development that they consider excursion boats as being part of nonessential transportation, which we think is sort of a misunderstanding and misguided that we really ought to fall into a category of outdoor activities. We strongly believe that we can reopen our business and other businesses in the wharf that offer outdoor activities like walking tours and Segway tours. The sport fishing fleet was successful in their self-advocacy to reopen. Today, my message, at this time of transition for Amy and Mark and so many people and a time of renewal -- Red and White Fleet is ready to reopen and to start making revenue to regain the ability to pay rent. I've spent the last 20 years personally in Shed C. I know that we're ready to come back. We're looking for any support that the commission may be able to provide to advocate for the businesses like ourselves, Blue and Gold, Alcatraz Cruises and all the attractions in and around the wharf that can safely open and meet the same standards as the businesses that are being permitted to open today. Indoor retail is not any safer than being able to take a cruise on the outdoors. We've been excited to see the visitors that are in the wharf are all interested in taking cruises or looking for activities to do. Thank you for your ongoing work on behalf of the Port. From Pier 50 to 54, I know that only covers part of your waterfront. I understand that you have many challenges in front of you. But we ask for your support and assistance.

Chanty Quesada - I am Amy's daughter. I just wanted to share with her my congratulations on all of the years and work that she has put in with the City and County of San Francisco especially at the Port as well as the airport. I basically grew up as a San Francisco baby. She is a large reason why I am now an employee in the City and County of San Francisco. She showed me that working for the city, being a public servant is one of the best jobs that you can ever have. We're paving the way for her two grandchildren. I know it's kind of miraculous. Hopefully, they too will become public servants. Thank you, Mom. I love you. We love you. We're here working from home. But I just wanted to say congratulations. We can't wait to celebrate with you once everything is all said and done.

Amy Quesada - Thank you, honey. Love you too.

Commissioner Brandon - Thank you so much for calling in. Thank you so much for sharing her with us all these years.

Chanty Quesada - Can't wait to have her back.

Commissioner Brandon – At this time, I'd like to open it up for Commissioners' discussion. I would also like to take a minute to read a statement that I have prepared regarding what is going on in the world today. First, I will let the commissioners comment on anything they want to.

Commissioner Woo Ho - I think it's been a very, very emotional and disturbing week for all of us in this country. I have a feeling, Kim, you're going to summarize it very well with your comments. I'm not going to say too much. It's a time for us to think about. It's a sad time because we've heard all these great stories of frontline workers in the pandemic being so selfless, working hard to contain and save people's lives from the health crisis. Then, we had the other end of the spectrum. It's very, very sad. It's a terrible thing to see. I think that the issues are complex. But I think we just have to keep up our hope. I don't want to say too much because I think many of you will come out with more. I think that we have a lot of work to do going forward as a country, as a society and as individuals. It really affects all of us going forward. I think San Francisco is a more open society. Hopefully, we can make more progress here than other parts of the country. I think that we are change agents and hope that we will be the change agents going forward.

Commissioner Makras - This is directed to Katie. Thanks for your report. A question on the bond sales you shared with the commission that the sale took place, and it closed at less than a 2 percent interest rate. Would you be kind enough to share what interest rate the bonds were actually sold at?

Katie Petrucione - Absolutely, Commissioner. Can I send that to you?

Commissioner Makras - Absolutely.

Commissioner Makras - With respect to the crab relief fund, I'm very interested in seeing that before the commission sooner rather than later. It's a very time-sensitive issue to get loans to that industry and the lead time for making the crab cages to be ready for the crab season. I recommend that we get the fastest pace we could and that the commission be open to a special meeting if that would assist in moving this thing forward.

Commissioner Gilman - I have a couple of questions for Katie. I just had a reflection I wanted to offer. Katie, I had a question about the LBE loan program. I know you're coming back with an informational for us. We want to support our LBEs. It's critical particularly since so many of them, from my understanding from past work, are very Port related or maritime-construction related in these niche fields of dredging or sub-work that it's very hard to find. We want them to be successful. I would be interested when you bring back the informational to know the crossover if any of these LBEs contract with other city enterprise departments like the airport, PUC or Public Works. If they do, I want to entertain involving those departments as well in creating a deeper loan program or participating in this, particularly the airport which we know is receiving hundreds of millions of dollars of CARES Act funding due to the pandemic.

We just heard from Red and White that they can't do their excursions because the health officer in DPH don't view them as outdoor activities even though we have sports fisherman going out. I saw them when I walked the waterfront yesterday from the Hyde Street Pier to Bay and the Embarcadero. The fishermen were bringing guests in who had gone fishing with them at 5:00 a.m. I do think there's a lot of things happening here on our waterfront including the issue with the crab fisherman. I want to strongly support Commissioner Makras that there's many things happening with us here at the waterfront during this pandemic and during this time in our nation's history when we're facing so many challenges. I want to encourage the commission that we may need to have a special meeting or even consider meeting twice a month over the summer so that we can expedite and act quickly to help alleviate many of the very challenging situations that are facing the whole City and County of San Francisco but are facing the Port and our tenants and the folks who make their livelihood on it. I did want to strongly suggest that we consider meeting more frequently, so we can expedite our work.

At this time right now, this country is at a tipping point. I know that equity is one of the values of the Port. I hope that we work diligently every day to ensure that equity framework. I'm sure President Brandon's words are going to be profound. I hope that we work every day to ensure that equity is a key component of every decision we're making and that we do everything we can to push against and fight against systemic racism.

Commissioner Adams - I also agree that we need to do whatever we can to support our crab fisherman. We need to be there for them. We need to act to help them. There's a lot of pain. I wanted to say before you spoke, President Brandon, that right now this country had to deal with COVID-19 for the last

couple months. Now, we're having to deal with the murder of George Floyd. To me, the country was like an open powder keg. George Floyd's death set it off. His death sparked the whole world. It's sad when things like that happen. Now is the time for those kind of painful conversations about racism, discrimination, those things that have to happen. For me, it's to see the young people all over the world rise up of every race. They are rising up. They're in the streets day in and day out. I'm against the looting and the burning. But I'm about making your point and getting justice. When you see Mitt Romney, a senator from Utah, marching with the youngsters and organizers in D.C., it goes across both sides of the aisle. I think our mayor, London Breed, has handled herself very well. We had this COVID-19. Now, having to deal with what happened with George Floyd, Ahmaud Arbery, Breonna, and others, I think that now we're going to have an opportunity in our country.

I know a lot of times, President Brandon, that's why you've been banging about more equality, more contracts for people of color. It's time. I think the Port can be a catalyst. But these conversations have to take place. It's important. As African Americans, it's been over 400 years. The time for change is now. Unfortunately, in our country, we don't have any leadership. It's like a ship without a captain and that is not good. There was no leadership in the COVID-19. There's no leadership about what's happening with the demonstrations in the streets. We need someone to step up to show firm leadership in our country to steer the country back to where it needs to be. A lot of these businesses may be going out of business. People need to have hope. They need to have faith. They need to have calm. There was a time that people criticized Colin Kaepernick for taking a knee. Today, I see people all over the world taking a knee. Even the NFL said he was right. They might not ever apologize to him. But he did the right thing. He took a knee. The price of freedom and justice, sometimes, people will take your livelihood away from you. I agree with Commissioner Gilman. If we've got to have two meetings a month to take care of the work, let's get our work done. That's why we're on this commission.

Commissioner Brandon - Thank you, Vice President Adams. Thank you so much for the letter that your organization sent to the Minneapolis officials regarding what was going on and your support in that effort.

Black lives matter. They always have and always will. The events of the last two weeks have shaken me to my core. The senseless and tragic death of George Floyd at the hands of Minneapolis police on May 25, 2020 have deeply and profoundly wounded the consciousness of people all across the country. Indeed, all over the world, we see people taking to the streets to demand change not only here in San Francisco but around the world. Mr. Floyd, like so many other black Americans was brutalized and killed by police officers. He represents the worst of a deeply racist, white supremacist and anti-black culture that is rooted in slavery and the unfulfilled promise of America to be a land of freedom and justice for all. I can't tell you how many times I or my family or close friends have felt the sting of malicious racism and anti-blackness. I hate that black families need to have the talk with their young children about what to do when you get

pulled over the police. Last week, our own mayor, London Breed, took to the steps of city hall to share her personal experience of losing her cousin at the hands of a San Francisco police officer. Watching the eight-minute-and-48-second video of Mr. Floyd dying was horrifying. I was enraged, terrified and grief stricken. Although we've seen this kind of violence perpetrated time and again, it hurts every single time.

Breonna Taylor, Ahmaud Arbery, Eric Garner, Mario Woods -- watching the first protest and demonstrations against police brutality and white supremacy made me scared and hopeful -- scared for a violent reaction from an establishment unwilling to change and hopeful for the unyielding crowds who demand change and refuse to accept the status quo. The time for change is long overdue. I am hopeful that today's peaceful, boisterous and determined demonstrators will set the nation and communities across the country on the long march towards justice, equity and opportunity. To quote my niece, Lateefah Simon, who has been appointed by Governor Newsome to co-lead the state's justice reform task force, "There is really no going back. This moment requires sweeping transformation." This much-needed transformation has been a priority for me over the past 22 years serving on this commission. We have made significant steps forward. But we still have a long way to go to end the systemic racism and social, environmental and economic injustices. I challenge my fellow commissioners, Director Forbes and all staff to be present in this moment and help the Port of San Francisco bring forward policy recommendations to eradicate institutional racism in hiring, contracting and leasing to the black community.

I want to echo the message sent to Port staff and clearly state that this commission stands in solidarity with those that feel unsafe, unheard and unseen. We share the collective sense of shock, disbelief and outrage that has gripped our country. We stand ready to work through this painful time to begin building a just society that values racial equity, diversity and inclusion. We will lend our voice and effort to developing transformational work that the murder of George Floyd has sparked.

I look forward to working and hearing from the Port staff's racial equity team. The racial equity team is at the helm of the creation of the Port's racial equity action plan and will seek to offer guidance on how to confront racism, white supremacy and anti-blackness. I am enthusiastic about the outcome of their work to build a community that is just, fair and equitable. Black lives matter.

Commissioner Adams - I would like to close today's meeting in memory of George Floyd, Ahmaud Arbery, Breonna Taylor and all those that have died senselessly at the hands of police violence.

## **7. FINANCE & ADMINISTRATION**

- A. Request approval of the Port's Revised Fiscal Year (FY) 2020-21 and FY 2021-22 Biennial Operating and Capital Budgets. (Resolution Nos. 20-28 and 20-29)



Nathan Cruz, Finance and Administration Division - It's a difficult contrast from the discussion we were just having to move to this. It feels a little awkward. I'm here to request your approval of the biennial operating and capital budgets for fiscal years 2021 and '21-'22. You actually already approved a budget covering these two years in February. But the revenue assumptions that were underlying that February budget clearly are now irrelevant due to COVID-19. I'm here today to present you with the substantial revisions to that budget.

Starting with revenue, back in April, our group presented to you a preliminary revenue estimate. It was based on a couple of assumptions from the controller's citywide forecast particularly sales and hotel tax forecasts. The controller painted two scenarios, a low-revenue scenario and a high-revenue scenario. Subsequent to that April presentation to the commission, the controller adjusted their forecast basically eliminating the high-revenue scenario and worsening the low-revenue scenario.

We, in turn, made some more adjustments to our forecast. What you're seeing in this chart today is worse than the low-case scenario we presented in April. The way we came up with this was to categorize the tenants by sensitivity to the COVID pandemic with office, storage, industrial uses being sensitive to general economic trends but able to still enjoy economic activity.

The next level of sensitivity up from there was our restaurant and tourism-driven tenants that need to be within six feet of their customers to have economic activity. The most sensitive level was cruise ships and special events. Not only do they need physical proximity, we feel like there's likely to be some public reluctance to reengage in some of those activities like getting back on a cruise ship or congregating in large groups in enclosed spaces. We think that the rents associated with those revenue lines will lag those from restaurants. Where that lands us ultimately is that we expect to be in a place where our revenues are 50 percent less than we'd originally forecasted in the first year and, in the second year, about 25 percent less. And that's really hard to kind of fathom.

To put that into context, the blue line in the chart not only shows our historical revenues and then also what we'd had projected back in February going forward. The orange line shows the numbers I'm presenting here today. One way to think of this is we're basically erasing 15 years of growth. We're going to be back in a 2005 revenue scenario. Another way to look at it is to compare it to the last big economic event at the Port, which was the great recession in 2008 to 2010.

You can see from this chart that was mostly just a flattening. Finally, we're talking about a 50 percent revenue loss. The general fund, the citywide forecast is looking at about 15 percent loss and we're at 50. We're in a worse position than the city as a whole. We're much more like the airport. But we're also not getting a targeted federal bailout. This is a tough picture but it gives you some context.

The way that we propose to get through this historic revenue loss is with this four-prong strategy. Basically, we proposed to reduce operating expenses and reduce capital expenses. We're going to use our substantial fund balance to our advantage. We're also going to go through an exercise of looking at prior capital appropriations that are currently unspent and defunding some of those projects. The table you're looking at shows the impact of fund balance over the current fiscal year and the biennial budget years we're talking about. We're going to end that two-year period with about \$14 million left in fund balance.

To go into the individual components of the strategy, the first prong I want to talk about is operating reductions. The way we approached this was that finance identified within each division of the Port what we consider to be essential expenses. Those would be salaries and fringe benefits for existing employees, things like rent at Pier 1, utilities, security, janitorial, things like that. Then, we asked each division to cut half of the other, the nonessential expenses. To their great credit, each division did a wonderful job of identifying savings quickly and achieving the cut targets that we gave them.

We ended up with \$12.7 million in savings in the first year and \$10 million in the second year. The biggest bucket of savings is from salaries and fringe benefits and that's basically the result of a hiring freeze. That's not eliminating any staffed positions. What we'll be doing is not filling vacant positions. We're also not going to be implementing some of the new positions we'd originally included in the February budget. The biggest group of that was the swing shift from maintenance that was going to improve cleaning on the Embarcadero. That was a tough cut to make but we also think that the foot traffic along the Embarcadero is likely to be decreased. Hopefully, the need for cleaning will be decreased as well.

We also made cuts to contractual services, materials and supplies, made a very large cut to equipment, virtually eliminating new equipment purchases. We tailored our work orders for some savings to match our reduced need of services. We also made some large cuts to our programmatic projects, which are projects that are not exactly capital in nature. The biggest cut there was to our IT strategic plan. We'll be delaying an assets-management-system purchase that we'd previously hoped to buy.

The next component of our strategy is reducing future capital appropriations. Basically, we reduced all of the appropriations that we'd previously proposed in February to the really critical projects, life-safety types. Everything else will have to be deferred. The biggest single impact is a deferral to the Mission Bay Ferry Landing project. We had originally, in February, intended to loan Port funds to the project. That would be reimbursed when Regional Measure 3 funds became available. Originally, RM3, Regional Measure 3, was an initiative approved by Bay Area voters and was going to fund this project but it's being held up by litigation. Because of the drastic revenue scenario we're

now facing, we don't really have the luxury of loaning those funds to the project at this point.

The project will advance once the RM3 litigation is resolved. We also deferred projects at Pier 80 to improve fenders and grading. There's some water-pooling problems there. We also are deferring some of the projects that we'd identified through the FIRPA process, which is the Facility Inspection Repair Program Assessment. That's where we hired an independent engineering firm to identify the deferred maintenance select facilities that the Port owns. We had originally hoped to make some of those improvements. But now, we can't afford it anymore. We're also eliminating future FIRPA analysis on other facilities. We're eliminating funding for a pile repair crew. We're also reducing the dedication to the Southern Waterfront beautification fund.

At the end of the day, this means that our very substantial capital backlog will get bigger. We're not going to have the same kind of visibility into the pier structures that we own. Likely, there will be a delay to the Mission Bay Ferry Landing project.

The third part of our strategy is to use fund balance. Thanks to some conservative budgeting practices and policies approved by the commission, we're very fortunate to have a health fund balance of \$67 million.

The guidelines of the GFOA, which is the Government Finance Officers Association and Port policy requires that we keep a rainy-day fund of at least two months of essential expenses or roughly 15 percent. We calculated that out to be about \$14 million. The proposed biennial budget that we're asking for your approval on would spend down our entire balance to that \$14 million figure.

The last component of our strategy is to defund prior appropriations to capital projects that are currently unspent. As we presented to you in February, the Port currently has roughly \$80 million in unspent capital appropriations. Staff will go through a future exercise to go through those projects with unspent funds and weigh them against our current priorities and our financial reality. We'll need to identify roughly \$15 million in savings and re-appropriate those funds. We'll come back to you with details of that exercise and for approval of that capital defunding this winter.

Those are the four tools that we need to use to survive the pandemic. But there's one big investment that is important to note. And that's about not just getting through the pandemic but really bouncing back. The Port has made a very large investment in a new Port project called the Economic Recovery Project. That's a \$10 million flexible project to help us pivot to what the new normal might look like.

Right now, we're not sure how real estate will be used in the future with the pandemic and shelter in place opening up slowly but we're pretty sure we're

going to need to do things differently. We're going to need to be able to invest and pivot quickly to new ways of occupying and managing real estate. With this project, it's a flexible fund that will help Port and tenants pivot to this new normal. Right now, we're going to set it up with a commission reserve such that, once we've identified what these new revenue-generating ideas might be, we'll come back to you for approval to spend the money.

The photos show some creative ideas that are being used. In Amsterdam, people are building these private dining greenhouses. People are also helping tenants put up Plexiglas between restaurant booths.

Locally in Dolores Park, there's some painting to encourage social distancing. Maybe we paint portions of the Embarcadero to encourage people to stay six feet apart. Again, we don't really know what the right ideas are yet. But when we do, we'll come back to you for approval to spend these dollars.

This is obviously an unusual budget. It does not observe some of our usual policies and practices. The first of which is typically we have an obligation to spend at least 25 percent of our revenues on capital or designate those for future capital spending. Technically, we meet that requirement in the first year, but that's only because revenues are so low. We're not going to make it in the second year. We just don't have the revenue to meet this typical requirement. The second practice that we won't be observing is to create a reserve equal to 15 percent of expenses. We typically do that every year. That's usually a cushion in case revenues don't materialize. Frankly, this year, we don't really have the revenues to create that kind of cushion. It's not included in the budget that's in front of you.

Finally, as I mentioned before, the proposed budget does not appropriate the full amount due to the Southern Waterfront beautification fund. We're appropriating roughly half of what's due, about \$4 million. The remainder of what is due will have to be deferred until we're able to pay it. The amount that is due is not forgotten or forgiven. It is still due but it's going to need to wait until revenues allow.

As far as next steps, we're here today to ask for your approval of the two-year operating capital budget. Normally, this is a closed biennial budget where we approve it. It goes to the mayor and the Board of Supervisors. Then, we don't really revisit it for two years. This year, due to COVID-19, the city is doing an open two-year budget. We will be back to you this winter to revisit the assumptions in the second year of the two-year budget. So that's fiscal year 2021-'22. At that same time, we'll come back to you with the results of that capital defunding exercise where we're going to identify \$15 million of savings. We'll seek your input and approval of those items as well.

That's on the commission next step. Also, there's some new things that the Port staff is going to have to do internally as next steps. In finance, we're going to have to be incredibly vigilant about watching revenues and expenses. The

uncertainty about these revenue forecasts is huge. A second wave, a second shelter in place could really put us in an even worse revenue scenario. Finance staff will be watching the numbers more closely than ever.

We'll also be working very closely with real estate to track leading indicators like terminations, renewals and also to work hand in hand with them on the deferral program and understand the financial ramifications of that.

That concludes my presentation. I hope to any questions you might have. My budget analyst Margaret Doyle is available too to help answer questions.

**ACTION:** Commissioner Adams moved approval; Commissioner Gilman seconded the motion.

Commissioner Brandon - We will open the phone lines to take public comment on item 7A from members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - President Brandon, at this time, there are no members of the public on the phone wishing to make public comment on this item.

Commissioner Brandon - Thank you. Seeing no callers on the phone, public comment is closed.

Commissioner Gilman - Thank you so much, Nate, for the overview and for the briefing earlier in the week. I have two clarification questions. What is the approximately \$10 million of the COVID-19 resiliency fund? I believe that's what you were calling it. Can you just outline purely for illustrative purposes some of the ideas that the staff have thought about how the fund would be used? I'm trying to figure out how much of this is more of a prepare our tenants, our community, our visitors for the waterfront so making investments like Plexiglas, private dining rooms or painting the sidewalk or I saw very little signage when I walked the waterfront yesterday versus if any of it would go to internal infrastructure for the Port. Could you clarify that for me?

Nathan Cruz - At this point really, all ideas are on the table like your examples of a revolving loan fund to help our restaurant tenants provide Plexiglas or dining greenhouses. We really don't know what these ideas might be especially for these tenants that are percentage rent tenants. We're economically linked to their success.

Nathan Cruz - We want to work hand in hand with our constituents and our tenants to understand what the right move is to help them but frankly also help us as well. But once we have a better sense of what these ideas might be and they might also be internal looking about how we manage or lease up our space or if there's new information, technology, solutions that we should be

considering. All things are on the table just because it's such a new world we'll be facing.

Commissioner Gilman - Thank you. I support the item. The other question was about the Southern Waterfront beautification fund. I remember when we first approved the budget the \$8 million that if I'm remembering correctly that we were going to put into the fund had to do with previous years in the past where we had deferred payment. These were catch-up payments for other amounts that we had deferred. Do you know what the fund balance is now? Would this \$4 million be the last tranche of funds that we owed due to deferment? Or what would the total amount be due to the fund due to past years' deferment?

Katie Petrucione - Right now, there's in the neighborhood of three-quarters-of-a-million dollars in the fund. What we owe for prior years is about \$4 million. What we owe on an annual basis is about \$1.2. That escalates going forward. From fiscal year 2007 through 2018, we owe \$4 million. We owe \$1.1 million for fiscal year 2018-'19, \$1.2 million for fiscal year 2019-'20.?

Commissioner Gilman - By deferring the \$4 million, in essence you could argue we're not paying the prior bill from 2007 to '19.

Katie Petrucione - That's correct. That is one way to look at it.

Commissioner Gilman - Thank you. That answers my questions. I know this must have been a very hard internal process for all of you. None of us thought we would see this. I know there many things folks were excited about. Director Carter and the maintenance staff having to cut non-personnel expenses I know is hard to do. It's hard to function in the beginning of a downturn of a recession. I want to commend the staff for your thoughtfulness, for the way you involved the commission and for your presentation.

Commissioner Woo Ho - Thank you, Nate and Katie, and also for the briefing earlier in this week and a couple things just to point out and then a couple of comments. As you mentioned, you are using probably the assumption on some of what the pattern of rent roll collection and some of the other assumptions that the city is using so far to come up with your revenue projections. They are pretty drastic and we hope that our actual scenario may end up being better. But obviously, that is to be proven. There are a couple things that were very important. You did point it out that, if these projections should play out and we actually reduce our fund balance, we would be down to two months or practically down to our reserve level of operating expense and that is relative to actual cash.

This is very serious consequences in terms of going forward if this forecast comes up because where we have to support ourselves here because we are independent of the general fund. We have other consequences to worry about in terms of being able to service our debt, our credit rating, etc. This is just

preliminary for us to understand where the future is. But right now, it's quite intimidating if this forecast should pan out. As you have explained to me, this is not tied to putting in any specific assumptions related to our rent deferral or rent forgiveness plan. These are just based on some assumptions based on what we have collected so far and, in a month, or so, if these trends were to continue and based off some of the other assumptions that the city has been making in their own budget office.

There's a lot more to dig down and to peel the onion even though you'll be filing this budget because you have a deadline. But I think that this is just the beginning of our understanding what is the financial situation that the Port is going to find itself in. It isn't just, every time we find some expenses here and there. We change the capital budget here and there. There is a much bigger issue to address in terms of what happens when our reserves are depleted. We have to know just what we can afford and what we cannot afford to do. At this point, we're not doing any layoffs, which I support. We're not actually hiring any new people. You're cutting back on some of the personnel decisions. I think that they are making the right decisions for now. I want to point out that this trend line is actually very ominous. We have to be aware of that going forward in terms of where we're headed.

There's a nuance question on the recovery plan. Commissioner Gilman mentioned that it's a COVID resilience plan. I view it as a recovery plan because one of the things that I would request this \$10 million, and you're still trying to figure out how you would spend it, that there should be some mission statement and some criteria set of what you would expect to put into this plan because, if it's protection against COVID, that's one thing. But when you call it an economic recovery plan, that seems to me that we're looking at that this is eventually going to provide some economic benefit to the tenants and to the Port for the long run.

If it's going to be just we're going to draw circles so that it's social distancing, that's very different because that doesn't generate any direct economic benefit to us. It helps the public. It has a public health benefit. That's very different than if we're trying to actually stimulate the Port and its economic recovery. I probably will err on the side of saying I believe that this should be an economic recovery plan to help tenants to get back on their feet and that we will eventually see some economic benefit out of it that should translate eventually through our revenue projections.

I would ask that you actually put down a mission statement for this economic recovery plan and come up with criteria so that you can then throw some of the ideas against the wall and say, does it meet these criteria? I'm not here to define what those criteria should be? I'll leave it back to you guys on the staff to think about it. Right now, the elephant's in the middle of the room. Everybody's touching it, and it means something different.

We need better definition around it so that we know that it is meeting the purpose. Let's not just say it's to help Port tenants to pivot to a new normal. I think it has to have a stronger, clearer mission statement of what we want this to be and to say what are the criteria of these projects that we would support for the Port or for the tenants. It has to have an economic benefit as a result of doing this investment.

Katie Petrucione - Absolutely. We really appreciate that feedback, Commissioner.

Commissioner Makras - Thank you, Madam President. I wholeheartedly support Commissioner Woo Ho's comments. We should have more of a global picture of the \$10 million and how it's going to be spent versus bringing us one idea and drawing down on it and then not hearing a thing. There may be some priorities that could be shared with the commission on choices on how to spend them with respect to the results we may want to define and reap from the assistance under that fund. Other than that comment, I support the item. I'm very happy to see that it's an open budget versus a closed budget. We will review it within a 12-month period.

Commissioner Adams - Good presentation. I always worry about the Southern Waterfront beautification. It always seems like it's being put off, kicked down the road. Commissioner Woo Ho was dead on. These are some very, very troubling times. I want to know if a lot of these small businesses applied for loans when the government was giving out this \$2 trillion under the CARES Act. Did any of these businesses apply for loans under the CARES Act? Right now, the Democrats and Republicans are going, what are they going to do about the HEROES Act. The Port of San Francisco is in Speaker Pelosi district.

We need some help. Are they out trying to get some of this money? Is the state giving out any money? The Port is not a bank. We have to help our tenants. I support that. We need to know that these tenants are also out doing whatever they can do to have gotten money from these small business loans or through the CARES Act or the HEROES Act or to through the state act, or they just can't be solely dependent, in my opinion, on the Port.

Katie Petrucione - Commissioner, in the item that is on the agenda this afternoon for rent relief, Crezia is going to talk about the fact that the opt-in program that we're going to present on rent relief is going to require tenants who are requesting that relief to tell us whether or not they have applied for federal assistance under the PPP. We are going to be able to gather some actual data about what our tenants are doing and what resources they're tapping. If they haven't applied, we are asking why not. We are in alliance with the commission on wanting to understand how our tenants are using the resources that are available to them because that obviously has a pretty significant impact on their ability to pay rent and then on the Port's budget.



Commissioner Adams - Right. You hit it on the head right there, Katie. I was worried about the budget. Commissioner Woo Ho framed it perfectly. We've got to really navigate. We're not a bank or a lending institution. It's going to be a little different because nobody can predict what had happened. I was just wanting to make sure that those that we're going to help, that they've helped themselves first before they've come to the Port seeking help. That's all.

Commissioner Brandon - Thank you, Nate, for the presentation. Thank you, Katie and Nate and the finance staff for meeting with and briefing all the commissioners prior to this meeting since this has to be submitted to the mayor's office by the end of the week. My fellow commissioners have asked some really great questions. I'm really happy about the loan and grant programs that we're coming up with for our LBEs and for our fishermen because both of those groups really need help during this time especially the fisherman after all their equipment was destroyed from the unexpected fire that we toured today. I also wanted to say that OEWD is also making funds available to the fishermen. They are able to order their equipment now with proceeds from OEWD. Our funding will come later on. We have a little time to put our programs together.

I want to tell the staff how much I appreciate you guys coming together and figuring out how to set up these lines of credit and the loan funds or grant funds for these groups. I know that you're going to come back in July with more information about that. Or if we're able to put it together sooner, we will have a special meeting to get those funds to those groups as soon as possible. The reserve that we are approving today, are you going to come back to us and let us know what the programming is for that at some later date?

Katie Petrucione - Yes, 100 percent. Port staff has always intended to do a pretty robust planning exercise and brainstorming exercise around what this program might look like that we use these funds to support. I think that that's something that's going to take us a few months to do that work. We absolutely expect to articulate goals and outcomes that we're hoping to achieve with this funding and then use that framework to think about how best we might spend the money, to put the Port and its tenants on the path to economic recovery. I fully anticipate that we would bring a framework and a set of proposals to the commission for this funding for your review.

Commissioner Brandon - I know this is a very conservative budget. I hope and pray that it's not as bad as it looks like it's going to be. I'm hoping that we don't have to draw down our operating reserve so low because it's one of the wonderful things that we've had in our toolkit to be able to weather through this part of the storm. I'm glad that you'll be coming back in the winter months to go over the next year's budget, 2021-'22. We'll have a better picture of what our revenues are looking like and if we have to make any further cuts. I really appreciate all the work that has gone into this. Thank you so much.

Amy Quesada - Roll-call vote

President Brandon - Yes.  
Vice President Adams - Yes  
Commissioner Gilman - Yes.

Commissioner Makras - Yes.  
Commissioner Woo Ho - Yes.

Commissioner Brandon - Motion passes unanimously. Resolution number 20-28 and 20-29 are adopted.

## 8. **PLANNING & ENVIRONMENT**

### A. Informational presentation on the San Francisco Municipal Transportation Agency Vision Zero Quick-Build bicycle and safety projects on The Embarcadero.

Dan Hodapp with the planning and environment division - I am here with Casey Hildreth of the San Francisco Municipal Transportation Agency. We are going to update you on the Vision Zero quick-build pedestrian and bicycle safety projects on the Embarcadero.

If you recall, we visited you on February 11th of this year to talk to you about the larger plan for the Embarcadero enhancement project and some of the safety projects that MTA could do quite quickly. They are looking to take advantage of the reduced traffic condition on the Embarcadero at this time and have prioritized three Embarcadero safety projects known as quick builds that will take place very shortly. I'm very happy to tell you we worked with our tenants, the metro at Pier 35, to work out the details of the project up there that Casey Hildreth will describe. We also worked with our tenant of the two Rincon Park restaurants, Pete Sittnick, who helped us come up with how we could rearrange the loading zone and the different travel lanes.

I believe we have a solution that it's not only supported by him, but it'll function better than it does today in many ways. I believe you have a letter of support from the San Francisco Bicycle Coalition for this. We look forward to your comments. With that, I'm going to turn it over to Casey Hildreth, who is going to do a quick presentation on the safety improvements.

Casey Hildreth, principal planner with the SFMTA's sustainable streets division - I'm excited to hopefully bring some good news today as we present an overview of our plans to move forward with the quick-build safety improvements at several locations this summer that help address immediate safety needs while helping build towards the longer-term investments along the waterfront that we are envisioning. As Dan mentioned, these improvements directly respond to the commission's past comments to move quickly in response to public demand. I'll discuss, a small but significant step back toward the normal or the new normal

as it were of city activities as we emerge from shelter in place. From the MTA's perspective, this is one of the projects that's first emerging out of shelter in place that isn't tied to the pandemic.

As I introduced to you in February, the MTA's quick-build program is a direct response to the mandate of Vision Zero, the goal to eliminate serious traffic injuries and fatalities. It's focused on implementing light-touch, relatively low-cost measures that can be adjusted, reversed if necessary to provide immediate safe options for all modes of travel. Part and parcel with that quick-build program is our safe streets evaluation handbook and program, which provides both a data library to measure how these treatments are improving safety and meeting intended outcomes as well as a public engagement mechanism, usually via a public-perception survey.

A recent example, as I mentioned back in February, include car-free Market, which was part of the much larger better Market Street project, as well as a number of active projects in the SoMa neighborhood. As well as a lot of projects in the SoMa neighborhood where we are expanding protected bikeways and making other safety changes that are coming right up to the front door of the waterfront.

Specifically, for the Embarcadero, our goals are safety for everyone, connectivity both regionally and at the neighborhood level and ensuring that the waterfront can be a valued destination while continuing to serve maritime and light industrial uses. Obviously, we are now in a different situation since the last time we presented to you. There's a lot of ongoing uncertainty and challenges posed by COVID-19. Certainly, the intensity of use along the Promenade and traffic congestion are much less than they were before the pandemic.

But as we've had to address the safety of our transit operators and customers and respond very differently to the new mobility needs during this time, what we've learned is that these quick-build safety measures and related efforts such as our slow streets program are just as necessary for allowing greater personal distancing and thus personal safety. It's more critical than ever that we offer affordable, safe, sustainable transportation choices as we are reimagining and redeploying our transportation services to respond to the pandemic and recover from this.

Let's quickly walk through the three locations where safety improvements will be implemented. The Ferry Terminal quick-build extends from Mission Street to Folsom and includes the most visible change and sizeable investment for safety, a two-way protected waterside bikeway. This is made possible by removing metered parking for one block in front of Rincon Park and one of the three northbound travel lanes between Howard and Mission. I shared a lot of these details with the commission in February. I won't walk through them now, although I'm happy to come back if necessary. I do want to point out that there is some additional work to southbound Embarcadero including some repaving as well as restriping of the roadway that will allow for five new metered parking

spaces to at least help offset the parking loss and revenue loss across the street.

The next two locations we identified back in February. We identified the locations but not the details. In response to a request from the Port to address the loading and bikeway conflicts at the Rincon Park restaurants, staff at the MTA and Port collaborated on a new design that swaps the existing bikeway and loading zone to help really minimize conflict between those activities.

This project also basically doubles the amount of loading space in front of the restaurants to accommodate the variety of demands. The tradeoff is that we had to narrow the travel lanes and the loading lane and the bikeway such that we had to reduce some parking along the block to facilitate safe travel for all modes. But one piece that we did add back in consultation with Pete Sittnick and the restaurants and Port staff is that we are bringing out some motorcycle parking to help protect the bikeway and that's in response to some demand that currently is met on the Promenade so trying to take some motorcycles off the Promenade and put them in the roadway.

At Pier 35, this segment is also looking to add a protected one-way northbound bikeway by swapping the loading and bike lane. In this block between Bay and North Point, we just had an extra space where we can make this change without much tradeoff. Where we spent a lot of time and energy with Port staff, particularly the maritime division as well as tenants, Metro, is in making sure that we're providing the operational flexibility for Pier 35 when there is a return of large events and cruise ships. The main feature is that the flexible posts that we are using to protect the bikeway are fully removable. During those events, a couple times a year, they can be removed. The Port can retain its operational flexibility to meet the heavy loading demand and do that on the curbside.

We've come up with an operational plan for how the police officers and other staff that are helping out here can transition the bikers back into basically the facility that exists today out adjacent to the travel lane. We think this is a really good example of collaboration between our agencies and responding to the specific requests and needs of the tenants.

We're here today to say that we're announcing construction of these measures. We expect that to take place over the next several months. We're currently in June in a launch period presenting to you today. We've also had some social media and revised website content to help inform our stakeholders. The first visible sign of change will be the repaving to southbound Embarcadero later this month. Then, you'll start to see flyers out on meters and poles in the area as we begin the heaviest parts of the construction constructing concrete islands and railings for the two-way bikeway, making the changes to both the Rincon restaurant zone as well as Pier 35.

As I had mentioned earlier, our quick-build program is committed to evaluation. After these improvements are installed, we'll have a short waiting period. Then,

we'll be collecting observational data as well as conducting a public survey and are hoping to tie that evaluation and that outreach point to our larger Embarcadero enhancement project activities.

We are very actively working on the larger enhancement project, phasing plan and a lot of the important details to come back out to the public with later this year. We're meeting weekly with Port staff and Public Works staff and our consultant team to advance. But we did have to make some choices to focus on getting through the quick-build details. We are shifting somewhat to dive further into this project and aren't quite ready to share with the commission sort of a full-on action plan but certainly are committed to doing so later this summer again as we kind of come back out with some important details.

I'll just lastly end with, we realized during some of our analysis around enforcement and 311 calls that the 311 system in the city wasn't being utilized a lot for general safety concerns or comments along the Embarcadero. We have created a new easy email, [Embarcadero@SFMTA.com](mailto:Embarcadero@SFMTA.com), that we're hoping to spread around. If folks have comments on the quick-builds or the Embarcadero enhancement or just have a comment, they can easily get that to the project team and we can hopefully respond very quickly.

Commissioner Brandon - Thank you, Dan and Casey. That was a great presentation. Now, let's open it up for public comment. We will open the phone lines to take public comment on item 8A from members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on item 8A.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - Yes, we do, President Brandon. It looks like we have one caller so far.

Roan Kattouw - I would like to thank MTA and the Port staff for the changes in particular near the Rincon Park restaurants. It's really great to see parking spots, loading, and protected bike lane there. That will solve some very long-standing problems with the bike lane being abused for valet and various ways that we've seen over the past year or so. I would also urge MTA and Port staff to reconsider what's being planned for Pier 35 and the block between Bay and North Point. It is really great to see even just one block of protected bike lane there. Although, obviously, we need this along the entire Embarcadero and not just a block over there. But the compromise as it is does prioritize automobile access to cruise ships over bicyclist safety. I don't think that's the right choice or the right message to send that cyclists can be provided with safety as long as we don't need the space for trucks or cars that need access to the ships. I don't think that human lives are less important than cars being able to access cruise

ships. Finally, I would like to ask that the slides that Mr. Hildreth has presented be published. They were not part of the supporting documents in the agenda. They're not published anywhere online as far as I can tell. I would love to see those, especially given they contain some materials that were not in the staff report or the other supporting documents.

Commissioner Brandon – Dan or Casey, would either one of you want to respond to the comment?

Casey Hildreth - I can respond, Dan, if you want to follow up. Specifically to the materials presented, we can post the Power Point. But everything that is in there should be available on the quick-build website, at MTA.com Embarcadero QB. With regard to Pier 35, we're still working together with the Port on what a longer-term solution might be. Right now, we just want to get something in the ground. Particularly as there won't be cruise calls for the time being, this will be a day-in-day-out facility that folks can use.

Certainly, it should be a much safer facility than what's out there today. We expect to come back with perhaps a two-way bikeway or something different as part of the larger enhancement project. We will certainly be on top of that location and expect to make changes in the near future.

Dan Hodapp - Just a little more on the Pier 35 location, between cruise calls and events that are held at Pier 35, that's about 25 days a year. So that means that we have about 340 days where it would operate as you saw on the sketch and about 25 of those, it switches back. In examining it, we think that, on those 25 days, it's safer for cyclists to switch back because we don't end up with this conflict of all the movement at the curb where there are lots of people crossing. There's luggage crossing and there's other conflicts. With a lot of, I think, thought and analysis that went into it, we hopefully are providing the safest possible solution for these 25 days and the rest of the days.

Commissioner Brandon - Seeing no more callers on the phone, public comment is closed.

Commissioner Makras - Just for the sake of it being stated, there's no economics in this report at all. Is that because this is an MTA-funded project?

Casey Hildreth - Correct. The MTA is funding the capital improvements. The cost estimate is somewhere in the range of \$650,000 worth of investment along the corridor.

Commissioner Makras - Thank you for that. I'm happy to see that the work will start in late June. I do call that quick and hope that a larger project comes to us sooner rather than later, so we can keep this on the fast track. Just for the sake of our responsibility in the revenue impact, I'm very comfortable with foregoing the 13 parking meters and the lost revenue for the enhancement that we will get on the full corridor of the Embarcadero

Commissioner Gilman - Thank you for the report. I'm really excited to see that you're moving forward and that you're taking full advantage of the opportunity of less traffic to speed up this project and make it go forward. When you brought it to us before as action items, I was fully supportive. I'm glad to see that you're making progress for it. Anything that we can do to make the Embarcadero, particularly in this time, more walkable, more user friendly, and we know the value for people to get outdoors, I strongly support.

Commissioner Woo Ho - Thank you very much for the report. You referenced obviously the pandemic has impacts on both pedestrian, cycling and as well as auto patterns. Would there be any adjustments to what you're planning to do as a result of that? Or are you just planning to go ahead with the original plan of how to make the Embarcadero safer for everybody?

Casey Hildreth - There was no adjustments that were specifically made or being contemplated due to COVID. Although, again, these are measures that can be easily adjusted if the rationale or need does arise.

Commissioner Adams - I have no questions. Good presentation.

Commissioner Brandon - Dan and Casey, thank you so much for this presentation. Thank you for bringing this back to us so quickly. I appreciate the fact that you guys worked in collaboration with our tenants to make it work for everyone. It looks like at this point it's a win-win for everyone. There's work still to be done. Thank you for where we are today. We look forward to this happening.

## **9. REAL ESTATE AND DEVELOPMENT**

### **A. Request approval of an Opt-In Rent Deferral Program through December 31, 2020 and discussion of further tenant relief. (Resolution No. 20-30)**

Rebecca Benassini, director of waterfront development at the Port and standing in for Mike Martin as acting deputy director of real estate and development - I wanted to provide a moment of introduction before Crezia takes you through this really important item that is just fitting hand in glove with the items that you have already heard today. I wanted to begin by saying that we are working feverishly to bring the outdoor seating to a reality, to completely try to help our tenants who are hurting so badly during this time period. We are fielding many phone calls from tenants. We hear you all. We know you want us to move faster. I just ask that you all continue to be patient. This opt-in program that Crezia will describe is focused on deferral. We are having our third discussion on further tenant relief.

I know all of our tenants are listening. All of our property managers are fielding quite a number of phone calls from them on these topics. I ask that you all

continue to work with us. Please provide more information, as Crezia will describe, that we are requesting if you do opt into the deferral program.

As Katie referenced earlier in response to Commissioner Adams question, that information, understanding whether or not you've received assistance through federal, state or other programs is really helpful in us understanding the financial position of our tenants and will position us to make continued sort of tenant-relief programs in the future.

That's my little public-service announcement to our tenants. We're listening. We are going to continue working with you. We'll be at the commission, as Crezia said, pretty much every month working on these issues. So, keep the comments coming and keep reaching out to us. With that, I'd like to hand it over to Crezia Tano-Lee, who has been working on this item for months now in a really concerted effort. I will let her take you through the opt-in program.?

Crezia Tano-Lee - I'm a manager on the real estate and development team. I have been challenged by Rebecca to not read from a script. I'm going to do my best to cover the presentation in a more concise way. The presentation I will be providing will give an overview of the program and its key terms, our submittal process as we have it proposed currently and our financial exposure due to the program and an analysis of the program overall. I'd like to end the presentation in a robust conversation on further tenant relief that we have already been continuing in the past several commission meetings.

As you know, the opt-in rent-deferral program will be replacing our current broad-based program that is set to expire on July 31st. On March 27th, Executive Director Elaine Forbes passed an executive directive which deferred rent from March 1st through April 30th. Since then, the commission has ratified that directive and passed subsequent extensions of the broad-based deferral program, which is now set to expire on July 31, 2020. What is proposed in that opt-in program will allow tenants to defer that rent through the end of this calendar year.

I'd like to note that tenants who elected to pay during his broad-based rent-deferral program would be eligible to opt in and defer their August through December rent. It is proposed that we have a 30-day information submittal period from June 15th through July 15th. I shared previously staff proposed an extended rent-deferral program for port tenants to provide relief beyond the expiration of the current broad-based program.

For your consideration, this extended program will waive late fees and default interest through the end of the calendar year. It will cover nearly all of our tenants with a handful of exceptions. It will not modify any lease provisions.

We will be forbearing any pursuance of eviction proceedings for unpaid rent. And tenants must continue to comply with all lease obligations during the deferral period. I'd like to reaffirm that the program would not apply to city



MOUs, terminal agreements, lay berthing agreements and berthing agreements for small vessels, particularly at South Beach Harbor.

In any scenario where the Port has subleased some or all of its space including master tenants, that relief will only be provided to them to the extent that they provided it to their subtenants. The program would also not apply to any agreements executed on or after April 1st and any tenant claiming the benefit of force majeure during this period of time.

In terms of proposed submittal requirements, much of what you see here has been presented to you already. We will be putting this process online. We will be requesting information from the tenants, which will describe an impact and need for relief, describing a business plan to operate safely in light of new health guidance from the health officer.

We will be asking the tenants to provide revenue projections from July to December and anticipating that cash flow in that same period of time. To the comment that the commission has already shared on previous items, we will be requesting information on applications to relief programs that range from the federal programs to local programs, if no applications were filed, a statement explaining why the tenant did not pursue that.

What is new to the set of requirements is that we propose to collect a mid-term report in October with updated financial projections from the tenant. What was attached to your staff report were two items. One was the proposed rent-deferral form and the financial projection template. Both documents were created with the intent to minimize the number of questions but maximize the collection of key data points.

The online form is about 18 questions. And it allows for uploading of key documents such as proof of submittal to federal programs and the uploading of the financial projection template. The submittal process will be supported by staff from several divisions. I'd like to highlight that the maritime staff will be allocating three members of their team. The engineering division has committed one of their staff members. And this will also include all of our property managers and myself.

We will be available to answer questions during this 30-day period. I will serve as air traffic controller as the applications come in. I will triage those to appropriate staff members. We will be reviewing for completeness. All tenants who submit a complete application will be accepted into the program so a fairly low threshold to participate moving forward in this program.

In terms of key dates, we very much wanted to address the fact that emails to our tenants may not be the only opportunity to engage with them. When we launch the program on June 15th, we will have outreach to all the tenants that are eligible for this program. On the week of the 29th, we will determine who

hasn't yet applied and reach out to those tenants who still haven't submitted anything or contacted us.

On July 15th, that deadline would close. On August 1st, the opt-in deferral period would begin. In October, again as I stated, we would be collecting a mid-term reporting form from the tenants. On December 31st, the period would end. I'd like to note that the 15th is a hard deadline. If tenants do not submit information by COB on July 15th, they would not be able to participate.

Now, we're shifting into the exposure analysis that we conducted. As of May 31st, the Port had received roughly \$9.9 million in rent payments. If every tenant who could opt in does so and also decides to defer all that rent through December 31st, the Port's exposure from the program for the remainder of the calendar year would be about \$36.6 million.

In looking back at March, April and May payments, March had a 91 percent payment rate. April had a 54 percent payment rate. May had a 40 percent payment rate. March's payment rate is substantially higher than April and May due to the fact that we announced the deferral program after rent was already due to the Port. Many of our tenants had paid that rent very early on in March. So therefore, looking only at April and May payments where April, May was essentially the most severe impacts due to shelter in place, we utilized that to calculate an average payment rate. And that came out to be 47 percent.

I was able to participate in a call with a global commercial real estate company that has substantial holdings here in the Bay Area. They too noted that they are experiencing, oddly enough, a 47 percent payment rate as well. It feels like that may be an appropriate number to use in our forward projections.

With the best data available to us, we applied that 47 percent payment rate to the remaining monthly amounts due for the rest of the calendar year. We estimate that approximately \$15.2 million will be paid normally to us. The remaining \$21.3 million would be deferred and paid on December 31st. This represents our likely financial exposure due to the deferral program.

In looking at that number separated into fiscal years, in fiscal 2019-2020, the total exposure is about \$8.8 million. The likely exposure utilizing the payment -- 47 percent payment rate is about \$6.6 million.

In terms of fiscal year 2020-2021, our total exposure is about \$27.8 million and a likely exposure of \$14.7 million. If we had to use the data that we have in hand, it is our assessment that the likely exposure moving forward is about \$21.4 million.

I want to highlight that the numbers that were previously presented don't factor into the fact that we have commission resolution 09-04 which allows tenants to pursue a mutual termination under the terms listed here. In a quick analysis of our rent-roll exposure under this policy is approximately \$1.1 million a month so roughly an \$11 million exposure through the end of the calendar year.

As you know, the city administrator issued a memo authorizing departments to defer rents through the end of the calendar year. Our opt-in program as presented would align with the city's overall deferral period. At this time, it is our recommendation that we approve the opt-in rent-deferral program. But I want to acknowledge the fact that this program is no easy feat by any means.

There have been staff from finance, accounting and IT to get all the backend operations ready to mobilize for this program to run as seamlessly as possible. They've been instrumental in several meetings talking about how we get PeopleSoft and PROPworks and this online system ready to go so that we can provide this much-needed relief to our tenants.

In terms of further tenant relief, the three items that I'll be covering are the repayment plan, our proposed sector-based rent forgiveness and shared spaces. I would like to note that where our opt-in program currently differs from the guidance issued by the city administrator is that the memo identifies two repayment periods. The first repayment period is from January 1st through June 30th with no fees and interest applied. The second repayment period would be from July 1st through December 31st with fees and interest applied at that time. As currently contemplated, our program does not identify repayment opportunities. But it has been consistently presented to us by multiple stakeholders and tenants that this is very much a desirable relief measure for our tenants.

In moving to the discussion on forgiveness, staff have been presenting a conceptual, sector-based rent-forgiveness program. I know that the commission has very much wanted data on percentage rent. But due to our reporting and payment structures, the information for April and May is not currently available. We intend to come back to the commission on July 14th with a complete picture of that percentage rent to help better guide our discussion on sector-based rent forgiveness. I have been having several conversations with the director of maritime, Andre Coleman, about what categories of the maritime sector exist and begin to identify which of those categories could benefit from forgiveness.

In moving to the shared-spaces conversation, as Katie shared before the mayor announced this program on May 26th. We have been hustling like no other to get a program up and running. We have been having several conversations with BCDC because, as you know, BCDC jurisdiction affects a lot of our tenants on the water side of our jurisdiction.

We anticipate a successful outcome from those conversations and being able to launch a website and an online forum by some point tomorrow with the goal and intent of allowing our tenants to provide outdoor dining on the mayor's new accelerated date of Friday, June 12th versus the original date of June 15th.

As you know, there are other legislative matters that affect both our deferral and our rent forgiveness, thinking the Board of Supervisors and the city administrator

are entertaining a temporary delegation of amending leases that are typically subject to the board's authority. At this point in time, it's my understanding that that has not yet been introduced. It's not likely to be introduced until the next week or even the following week. We will be keeping you posted on the board ordinance.

As for an update on Senate Bill 939, which is a bill that was introduced by Scott Weiner and Lena Gonzalez that encourages tenants and landlords to discuss and negotiate new terms in light of COVID-19, that item was heard at the Senate Appropriations Committee this morning. We know that several organizations and some of our tenants attended that meeting and spoke against the measure. Senator Weiner is making many amendments to that legislation as we speak. It will be back at the Senate appropriations committee on June 18th so more to come on those items.

Then, in following up with the commission moving forward, we intend to continue the discussion on further tenant relief on the 14th, possible action on that relief on August 11th. In October, once we get the mid-term reports back, we would come back to the commission and update on progress that has already occurred and what it looks like moving forward, which is good timing for preparing for the overall budget conversation in December and then, later in the fall, potential action on additional tenant relief that's not forgiveness.

As economic recovery conversation continues, we will continue to see very innovative and new adaptive programming to respond to what's ahead for us and our tenants.

**ACTION:** Commissioner Makras moved approval; Commissioner Gilman seconded the motion.

Commissioner Brandon - Now, let's open it up for public comment. We will open the phone lines to take public comment on item 9A from members of the public who are joining us on the phone. Jenica will be our operator and will provide instructions now for anyone on the phone who would like to provide public comment.

Jenica Liu - Thank you, President Brandon. At this time, we will open the queue for anyone on the phone who would like to make public comment on item 9A.

Commissioner Brandon - Thank you, Jenica. Do we have anyone on the phone?

Jenica Liu - Yes, President Brandon. We do have a handful of callers on the line.

David O'Malley - I'm calling from Coqueta San Francisco. I'm calling in support of hopefully looking at the rent-forgiveness portion of what's going on in the future. I've been listening to the last obviously three hours and understanding the complexity of everything that's going on. As we all know, it's a challenging time. For the restaurant industry, you all know as we are some of your major

tenants, even though we are under a separate master lease with Pacific Waterfront Partners, we are standing with our brothers and sisters that have direct leases with the Port of San Francisco. We hope that, as you go through this first part of it and ask everyone to opt in, that as you get some of the details, you look at them closely, understand that we are all trying every means possible to stay alive and to reopen. Knowing the diminished capacity, we are very much looking forward to the shared spaced that hopefully we can recapture some of the occupancy that we'll be losing. And we understand that BCDC sometimes can have some challenges with that. I was on their meeting last week. I understand they have a lot else going on. This is critically important to all restaurants on the waterfront. I hope that we all work together on this opt-in program. Then, hopefully, we can look further into the rent-forgiveness section of this.

Drew Harper – I'm calling from Spinnaker Sailing and Rendezvous Charters down in South Beach. I hope these troubling times find you and yours healthy and safe. I do want to start off by saying that all of the tenants thank the commission and the staff for working so very hard during these tough times. Thank you for the opportunity to speak. After that dismal budget presentation, I hate to be the bearer of further bad news. But honestly, I feel the budget was wildly optimistic. There seems to be significant income reductions that are possible through business failures that can't possibly be forecast. I applaud the Port Commission's willingness to look at aggressive methods to support their tenants. There is no way that the budget office is aware of the very deep trouble that many Port tenants are in. Of the two dozen tenants that I've spoken to, the majority have applied for PPP funds. And quite a few have been the recipient of these. However, the fact is that a maximum of 60 percent can be applied to rent. In my company's case, that means I can pay 52 percent of one single month's rent with my PPP loan in order to not break the rules of the program. We've been closed for three months. I assure you Washington never counted on the very high cost of rent in San Francisco. Since the last Port Commission meeting, I've taken it on myself to talk to many, many Port tenants including maritime, retail and restaurants. Universally, we are all hurting. Some of us are on the precipice of business failure. Many of us aren't getting paychecks, something that thankfully the Port staff has yet to experience. It's scary when you're trying to figure out how to pay your house rent, feed your family and pay your health insurance.

We're all accruing huge amounts of debt after our landlord, the City and County of San Francisco, told us we are not allowed to operate our business yet requires full rents to be paid through the current deferral system. This does put the Port in a unique position of being the regulator and landlord. But such is the problem with being an enterprise agency of the city and county. I urge you to consider swift and very supportive measures on rent relief for the sectors that have been so widely damaged by the SIP.

The past three months is a time when many of us including myself could be putting more than 30 percent of our revenue in the bank, so we can continue paying rent during the winter months when we have zero opportunity to generate

any income due to the rainy season and difficult weather. We have had no income to save for the past 90 days during all of this lovely weather. Many businesses are likely to shutter as a result of paying top-dollar rent. And that's something that we just can't allow to happen. Additionally, I'd suggest you to take a hard look at further relief in the form of rent reduction for the remainder of 2020 and reduction of percentage rents to those companies who typically pay them. We are all facing uncertain futures, tenants of the Port, employees of the Port, contractors of the Port. So far however, the tenants are the only ones bearing 100 percent of the brunt of this pandemic. You may agree that there is a lot of fat at the Port that could possibly be trimmed to bring the budgets closer to reality for the remainder of 2020. The worst possible outcome is for mass bankruptcies to wash through a tenant list. The projected 2020 50 percent revenue loss could slide to 75 percent. Thank you for your consideration. Stay safe. Pray for no second wave. And please keep your tenants at the very top of your thoughts. Without us, the Port certainly no longer exists.

Kevin Wesley - I worked with Lou's Fish Shack at Fisherman's Wharf. We've been with the Port for over 20 years. We first of all want to say we truly appreciate the deferral opportunity. But we really want to talk about how dire our situation really is and that we need base-rent abatement for at least 2020 if not part of 2021. If we look at how we're set up, we're a seasonal business. We have an opportunity for financial success from middle May through early October. After Fleet Week, basically we take our savings from the summer to pay our bills for the winter. The unfortunate part of when COVID hit is we've had no opportunity to set money aside at this point to pay for the next off season. Coincidentally, if you look at restaurant revenues at Fisherman's Wharf from 2017, 2018 and 2019, overall, we're down 20 percent in revenue over that three-year period of time.

I don't think we need to say that costs, utilities, wages, benefits, all good things continue to escalate. We're in a very, very difficult situation that we don't have any recovery time. If rent is only deferred, we can't open today. There's no business to open to. We've been closed for business now for two to three months. We have the base-rent issue. But we also have to maintain our buildings, to pay our utilities, to manage our [pests], to pay our insurance, worker's comp, healthcare, many things. It's not as though we're neutral at this point while we're closed. I'd also like to address the PPP. We did apply for it. We were granted. But we'd have to use it by September. We hope to be able to open in July or August. But we'd have to bring back 100 percent of our staff and then hold them through the entire off season to meet the terms of the loan. That makes us very concerned that we might actually go bankrupt and have to go for the mutual termination clause after more than 20 years of operating. We know that budgets are difficult. We've laid off all of our executives. We've laid off all of our staff at Lou's. We're looking forward to working as partners with the Port to see if we can come up with an abatement program that would allow us to survive. Thank you very much.

Michael Chiarello - I'm partners with David O'Malley, who spoke earlier. I was hoping that you could give some guidance and some alacrity and some understanding to help us push our way forward in through this incredible time to be able to open June 15th for outdoors only for Coqueta, our restaurant in Pier 5. We have eight seats. We've sent two different plans to the Port in hopes for some understanding to have some outdoor dining, so we can gain a month of revenue that's right in the middle of the height of the season on the bay and have had a very hard time wallowing through in terms of the Port in understanding, to doing a walkthrough with BCDC and all that goes with it.

My partner and I sat on the phone for three-and-a-half hours last week in hopes of having one message, just to beg BCDC to come give us a walkthrough to help us understand how they can help us be the best success that we can. Having lived and worked in the Napa Valley my entire life, it's my first restaurant in San Francisco. We have a phenomenal time. We love being on Pier 5. It's been a great success. But we have 90 employees that are not working. We want to put them to work as quick as we can. With eight seats outside, we beg your help in helping us find a way to use an adjacent portion of the outside of Pier 7 for most of our guests to create some activity, some livelihood on the Embarcadero as we always have. Thank you so much for listening today. I hope to hear from you very soon.

Commissioner Brandon - Seeing no more callers on the phone, public comment is closed.

Commissioner Makras - Thank you for the report. I am in favor of the resolution going forward. A few comments and not in any particular order. First, I think it's very important for us to focus in not only on the short-term program but any long-term solution we're going to give and focus quickly. I would encourage us to be ready at the next board meeting to have direction. I do not feel waiting till November or December to share our plan is the right decision timeframe. I think we should move quickly, decide what our objectives are, what concessions we are going to give so the tenants can properly plan for their business. Uncertainty is difficult in any business. I would encourage us to help provide certainty.

With respect to the proposed submittal requirements, I have a couple of things that I believe would be helpful if we knew when it comes time for us to make a global decision on how we want to treat each tenant sector group. The proposal focuses on from July forward, taking into account basically zero for the path. I think knowing where tenants are will be helpful. I would suggest a couple of inquiries further than what staff has outlaid in their proposal. This would be effective from the date of citywide shutdown through their submittal. I think that tenants should provide us with any capital contributions that they have made into their business. I think that any tenant should provide us with any loan, whether it's a PPP loan, a different Small Business Administration loan or a bank loan.

We should know not only their capital contributions but whatever loans went into their business. I think it would be very helpful to see cash flow and have bank

statements, so we understand what their position is when it comes to cash. The cash accounts would be broad. It would be their general account. It would be their reserve account if they have one. If they have a capital reserve account, we should see that. If they have a payroll account, we should see that and obviously any savings account.

I thinking knowing where people are financially and what's in front of them will help us make decisions at a minimum for that tenant differently if a tenant has several million dollars in reserves and has chosen not to pay rent to the city, I'm sure that will be viewed by many differently than if a person did not have anything but maybe a 15-day reserve among all their accounts.

I think a fair question among the questions that are being asked of our tenants would be not only if they applied for a PPP loan. Under the guidelines of the PPP loan, they allow 60 percent for payroll and 40 percent for rent and other hard costs like insurance and utilities. The list is not a wide list. I think we should ask our tenant if they're willing to pay the 40 percent of their loan as rent to the city since they've received it from the government. If they honor the PP loan when it comes to 60 particularly payable to salaries and they paid 40 percent of their PP loan to the city as rent, then they would be in a perfect position for that loan to be forgiven.

I think that we should ask those types of questions, so we can understand our tenants' plight better. Moving forward beyond today's deferment program that will extend relief to tenants through December 31, 2020, I would like staff to seriously consider an amendment or an offer for all tenants by sector. I'm going to call two of them out by sector, being the restaurant sector and the parking lot sector, that, for a period of one year, we eliminate their minimum base rent and only collect rent from those tenants under the percentage rent per their lease agreement.

They're busy. They pay more rent. They're slow. They pay less rent. For the duration of closure from the beginning of the citywide shutdown, for anyone that closed and they have no revenue, they would pay us no rent. In principle, everyone would be given a waiver of rent for the first eight weeks of the shutdown. Whoever opened would pay. Whoever chose to open later will pay rent later. I'd like staff to look at that carefully and see if it's a recommendation that they will bring forward to the commission.

I'd like my fellow colleagues to think about that as an equitable way and a balanced way to treat all tenants fairly. It would give them all relief for a 12-month period. Obviously, we can relook at programs if we want to go further than that.

Commissioner Woo Ho - Thank you, Crezia. I know you've come before us. I am trying to relate a little bit of the revenue forecast that we heard from the budget. Obviously, there are certain assumptions which we don't know which will pan out to what you have also forecasted in terms of what think the financial implications



of rent deferral. In the budget forecast, I guess maybe not for this year but eventually it includes rent forgiveness. But I don't think it's been dimensioned. That is something that needs to be dimensioned because we need to understand how these two are tied. They cannot be two ships that passed in the night. They have to be connected between the two. We're in the early innings of this. But we need to continue to work to see how the two are connected so that we have a better understanding of the financial implications of the rent-deferral program as well as how it's affecting our budget.

I do agree with Commissioner Makras in terms of the PPP loan even though we just heard one of the speakers on the phone mention that it does not necessarily cover over a period of time. The way the opt-in program has been presented and maybe it's not my understanding. Number one it's either you opt in completely to have all rent deferred from July through December, or you don't. It seems to me you may want to have the ability where somebody says I may want to pay a portion of my rent because I do think I have the ability to get a PPP loan, or I have certain reserves. There's no flexibility. It's either you're in or out.

I think we need to consider that and we also don't know that, as the easing continues, outdoor dining on June 12th and, as the easing continues throughout the year, there is the possibility that people can start to generate more revenue and that they may be able to apply more rent.

I think we have to have some flexibility rather than say you don't have to pay anything until the end of the year. Now, some people may not be able to pay anything till the end of the year. We need to look at the numbers. I agree with Commissioner Makras in terms of getting a more complete picture of their financial picture to understand what the possibilities are rather than just 100 percent opt in and no payment at all.

I also think that we should be looking at the second phase of this which is, what is the repayment plan? You've deferred everything till the end of the year. We should talk about and they should be aware of what the repayment options would be. And for how long could they then have to repay? And thirdly, I'm sure the market itself will reset this anyway. When we go back to look at rental rates, there will be major adjustments going on in the market.

Next year, we'll be looking at different rental rates in the market. I think we can start anticipating some of that. If we want to help people to stay in business and generate some money, it's better than zero than to try to insist upon having the last year's market rent. I think those factors are not yet in this discussion. We need to factor those in and to complete this program. At the moment, we've taken the first steps. But I think there's a lot more fleshing out. Have you applied for federal program? Do you have criteria that says we will not accept your rent-deferral request? What is the criteria for saying we will not accept your request to opt in? I haven't heard what the criteria would be to reject a request. Or is it just you raise your hand, and you're in automatically based on you answered the questions?

If they say they didn't apply for a PPP loan and they just said, "Well, we just didn't apply," what are we going to do? Are we going to reject it? I don't understand the gray area of how we're going to decide which tenants are eligible versus those that we will not accept. Do we accept if you are able to even pay 10 percent of your rent or whatever because you feel that you have the resources and that you think that, once you get into the fall, that maybe more easing will happen? And there may be some more possibilities of rent possibilities down the road.

Now, of course, the restaurants are in the worst situation because, as they said, their best season is right now. This is when all of the restrictions have hurt them the most. But there are other tenants that are requesting the same thing. We have to factor all of that into the discussion. There's more detail in terms of how this program is going to work. And whether we dictate it or they volunteer it, it's not an all-in-or-out discussion in terms of 100 percent of deferral. Or what is the repayment schedule, so people can decide later on? And then, of course, we did hear requests on what will be the criteria for forgiveness. We need to come up with decisions on what will be the criteria for forgiveness because, if somebody has made some efforts and, in good faith, has tried to keep their business going, then maybe there is some criteria for forgiveness.

But right now, it can't be, well, we don't have the money, so forgive the loan because, if somebody ultimately is not going to make it, it's better for us to cut the cord sooner than to drag it out later because then we've lost the opportunity also to restructure the lease and offer it to somebody else. I still have lots of questions about this. I support the concept. But I'm just not sure that we have all the pieces together yet.

Crezia Tano-Lee - Commissioner Woo Ho, I just want to provide some clarity on two of the points that you made. On the lack of clarity on the opt-in and the opt-out -- so right now, we have a broad-based deferral program, which applied to many of our tenants. In this period of time, they had the ability to pay. Many of them elected to continue paying rent in a normal way. In review of the rent roll yesterday evening, some tenants were either making 100 percent of their monthly rent. Some tenants were paying some percentage of that.

We can make that clearer in this opt-in program that tenants can opt in and can still pay their rent if they choose to do that. I apologize if that was not clear in the staff reports that have been presented to the commission. With the point you made about criteria for non-acceptance, we did not want this to be a program of winners and losers essentially because it is a deferral program. As we contemplated now, the rent will be paid in December 31st.

If we so choose to integrate a repayment plan, that money still at some point in time in the future will come back to us. There is some risk in doing that. But we did not want to condition someone's ability to participate in the program on things like not submitting an application to a loan program because there might

be some of our tenants that were not tech savvy, couldn't get an application in on time.

We wanted to come at it from an equity lens because of the fact that it's just a deferral and not forgiveness, we didn't want to eliminate people at this point in time. I do think that this process is going to really challenge a lot of our tenants to look at, can I make this work? Do I want to make this work? If those numbers don't pan out for them, many of them are going to come back to us and say I can't do this. To your point, we should cut ties now if the marriage isn't working, for lack of a better term. We can definitely provide clarity on the ability to pay even if you're opting in. I will say on the criteria for like creating thresholds to participate, that is not currently a part of this program.

Commissioner Woo Ho - On the repayment side, because we obviously are waiting see an interest. In the meantime, we're cutting into our reserves, which normally we also earn some operating interest on some of that, which is invested in our behalf. We are losing interest on that. We'd also be losing interest in terms of these are basically interest-free loans on the rent deferral. We just need to know that what we're doing here and I'm trying to be balanced in terms of what we need to do.

It's just more information to be clear on how to achieve the right balance because at the moment, just to say you're going to defer till December but then, after that nobody is going to have six months of rent available to pay you on December 31st. It's not reasonable to assume that. They're not going to have the cash flow. They don't have the cash flow to pay anything now. Why would we expect them to have the cash flow in the end of the year to pay it in a lump sum? They're not. They're going to have to have a repayment. Or most cases, they're going to ask us for forgiveness. We have to be prepared for that fact. We need to lay it out. What is the next step after you go through this deferral program?

Rebecca Benassini - Commissioner, if I could help provide a little more clarity We absolutely agree. There was perhaps some confusion on Commissioner Makras' question or comment about us coming back to you. Maybe that stemmed from Crezia's slide that showed us coming back in October. We're also coming back in July and we're going to be before you every month with these sorts of updates, I would anticipate, or maybe even more frequently.

We are looking really deeply at what is the type of forgiveness and further tenant relief. There are a couple of gaiting things. First, we want to get this program off of Crezia's mind and onto the Web and get information from our tenants, so we have a little bit better understanding of what the future holds. That's the first thing is, who has applied? Who do we think has the ability to kind of continue on and to weather this storm? The second thing is we're working really closely on the board ordinance that would allow us to implement these forgiveness programs.

We, at this point, would have to go to the board to amend leases that were approved by the board. We have been working closely with the board and the drafters of the ordinance to allow this forgiveness to come before you in a month or so. There are a couple of gating things that are just holding us back from putting that more clear proposal on the table. I hope that you'll continue to have check-ins with us when you're available. We can provide more of that detailed information.

We are absolutely in sync with you that this is not the end at all. This is going to be this kind of continued iterative conversation. First, we're having this opt-in program. We say all the rent is due December 31st. We're going to be evaluating what is the right type of repayment plan. And what would work for the Port? And what would work for our tenants? And we clearly have to put more numbers on the table. With only March and April available and with limited information on percentage rent, we're churning out numbers just as fast as we can. It's an always-evolving process. I hope, on July 13th, we'll have more information.

Commissioner Woo Ho - But you can in July because everybody who wants to opt in has a deadline of July 15th.

Rebecca Benassini - Right.

Commissioner Woo Ho - So you will know which tenants have asked to defer. You can tally up the total amount that will now be deferred between July and December. I would like to know that number in the middle of July and compare it to the financial forecast that we just received to see whether they're in sync. On the one hand, we thought this forecast might be conservative. We also heard that it might not be conservative enough. I don't know. The worst-case basis would be that all of these people cannot pay anything on December 31st. That's the worst-case scenario.

Rebecca Benassini - That's right. That's what the staff report summarized.

Commissioner Woo Ho - As we realize that, over a two-year period, that puts the Port in a possible negative cash-flow position, which is not sustainable for the Port. We have to understand what we can afford at the end of this period too. It's a very difficult situation that we're facing. It's not just a pure iterative process to get more numbers. It is a very difficult situation that we're facing. It is a financial crisis for us as well as for our tenants.

Crezia Tano-Lee - In the same way that Commissioner Makras provided feedback around the data we want to collect through the program, it sounds like you have other questions that you could add or feedback to that that could help cull that information out. When we come back on July 14th, and while we have one more day after the fact that tenants could still apply, we'd have a fairly good picture through this process to know, we're asking tenants to say what lease that they're requesting deferral off of.

We'd be able to true that up against our rent roll and have a very specific number of who wants to opt in and who does not. We can have a clearer financial picture with exposure through the deferral. We will be sure to come back at the next meeting with a proposed payment plan structure and more information on a sector-based forgiveness program.

Commissioner Woo Ho - It will be critical to hear that on July 15th. Let's make sure, Katie, that even though we've submitted the budget, I understand that process goes on but we just should know ourselves how it impacts that budget.

Katie Petrucione - Absolutely, Commissioner. The finance staff is talking to the real estate staff on a weekly if not a daily basis at this point about what we're seeing in terms of revenue that's actually being collected. We are working very closely with them so that we can understand, as you have so clearly stated, what the impacts of deferral and then ultimately forgiveness are going to be on our budget. The organization is not siloed on this issue. We're really communicating with one another. We both understand how important it is to be intentional and to the greatest extent possible, data-driven decisions here.

Commissioner Brandon - I need to make an exception here because we have a caller that was dropped and wants to comment. If we could go back to public comment very quickly, Jenica can you open the phone line?

Commissioner Makras - That's very good of us to do that. Great call, Madam President.

Pete Sittnick – I'm the managing partner at Waterbar and EPIC Steak, two restaurants at Rincon Park. We've been open since 2008, made a major investment into the Southern Waterfront in order to get these places up and going right at the same time when the economy crashed, hung on for dear life for a few years. Now, we've got something completely different to deal with. I've been running restaurants in San Francisco for 40 years. This is something that I've never seen before. I've been through a lot of stuff. I appreciate and respect the Port's position of working with its tenants. But I will say this, this is going to be a very dire situation. It's going to last for a couple of years. I saw some projections on the Port's budget of a 50 percent return to revenue.

If Waterbar and EPIC can come back to 50 percent within the course of this year, I will be very surprised and very happy and very grateful. I'm urging you to continue the discussion. Continue to look at different ways where a deferral program could actually be made into a relief program with some forgiveness especially during the months of mid-March, April, May, mid-June where we were absolutely closed and no revenue whatsoever coming in.

Again, also thank you for your work in trying to get the opportunity to use some additional outdoor seating. It's going to be very, very beneficial, as you know, once we put six feet in between our tables. We lose about half of the seating

capacity. Anything else that we can get on the outside, especially in this first month, is going to be greatly appreciated. Thank you so much. I look forward to hearing more from you.

Commissioner Gilman - Thank you, staff, for the report. I support the item. But I have one clarifying question. I have a series of data points I'd like us to consider when we're crafting our overall policy. Crezia, I just want to make sure I'm understanding correctly that, in the opt-in program, no one will be rejected or denied.

Crezia Tano-Lee - That's correct. If they submit a complete information package, they will be allowed to continue to defer their rent.

Commissioner Gilman - Great. I concur with many of the comments by my fellow commissioners. Because of the hour, I don't feel the need to repeat them. A couple of data points though I would be interested when you come back to us particularly when we're looking at payment-plan options and also if we're looking at some point of rent forgiveness. This is based by sector again when we look at the sector approach, which I think is critical. Since we're asking for financial projections, I'd like to know from operators what the estimate of increased operational cost is due to COVID-19. I don't think we can underestimate that it will not be business as usual, that overhead expenses particularly due to personal protective gear and physical and capital improvements that people will need to make to their spaces will add cost to businesses that have been generating no revenue.

I'd like to see what those projections are, so we can really understand the full picture of what it costs for them to operate their businesses again by sector because we need to recognize that the restaurant and bar industry is going to be more impacted. We also might see a great impact on office space. It's important to look at that by sector. I also would hope at our next in July, I'd like to ask for a presentation from OEWD around what opportunities from a city and state perspective there are for small businesses.

The payroll protection loan was not a magic bullet that solved small businesses' problems. We know from the California Small Enterprise Taskforce that's been established that's trying to raise \$1 billion privately statewide that was featured in the L.A. Times that many small businesses have had no access to loan products or any relief during this pandemic. And I'd like to see a report from OEWD on that.

Third, when you do your data analysis, Crezia, I'd also like to know by sector what folks are small businesses. I'd like to know if there's a city definition for that. It's very different for a mom-and-pop entrepreneur on our waterfront who is running a business versus possibly a business group. We all saw in the headlines that Shake Shack, as an example, received a huge PPP loan. I'd like us to consider what operators on the waterfront -- for any of our businesses --

are held by large groups or conglomerates versus folks that are small business when we look at our relief program.

Those are more of my comments. I support this item moving forward. I do suggest, if at all possible, that this be a standing agenda item at every meeting until we craft a program that's beneficial to both the Port and to our tenants. If we have folks who are opting out who are looking to either close their businesses or renegotiate their lease, I would appreciate as part of the analysis the Port's best estimate of, if that business closes, what we would project for revenue loss between closure and being able to find a new tenant to replace the existing tenant and then what concessions, if any, we would need to make for capital improvements. I think we should be weighing that so that, if possible, we can save as many existing tenants as possible.

Crezia Tano-Lee - We'll make sure to include that.

Commissioner Adams - I appreciate your presentation. We're navigating through some tough waters. Instead of being pushed by a tailwind, we're facing a headwind. I think my fellow commissioners, Commissioner Woo Ho, Commissioner Makras, laid out some very, very good points. This is a work in progress. Unfortunately, this is a place we've never been before. We heard from the owner, managing partner of the Waterbar and a steakhouse. This is going to take a lot of effort, a lot of work. I look forward to you coming back because I like to have the confidence as we work through this. We have to do our due diligence. I really appreciate all the work that you're doing but we're all in this together.

We're going to have to take our time. There's not one answer that fits all the questions that we need or one solution. I will vote in support of it today. But there's still a lot of questions. As we slow walk this, we've got to be very deliberate about this. This is the place in history. Maybe President Brandon has seen it the 20-some years that she's been on the Port Commission. I've only been on eight, and I've never seen us in this kind of a situation before. I'll defer to her wisdom and judgment. But you have my support today. Thank you.

Commissioner Brandon - One more exception because this is a new system to us. We have had challenges with our public-comment system. This is such an important issue. We do want to hear from everyone.

Jenica Liu - President Brandon. Let me open that up now. I see the call coming in. I will open that line now.

Michael Chiarello from Coqueta on Pier 5 - The previous commissioner asked what the cost may be for protective measures to be done in a restaurant. And having just done it and opened in Napa, it's 6.5 percent. We can't charge the guests for that. We can't punish them for what's going on on the other side. But 6.5 cents of every dollar that comes in to any restaurant that is blessed to be open if we can open goes to putting protective measures in place for our guests

and for our team and can measur] each and every person along the way. As you're going through this, please understand that it's not just the Port. These are people's lives one by one. Understand that it took a tremendous loss for each and every restaurant once we were closed. If you did \$300,000 last month, you have \$270,000 worth of bills. You didn't have that much money in the bank. That's the money you're out. We need your help.

Peter Osborne - Thank you, commissioners, for reopening the phone lines for an unprecedented second or third time. This is Peter Osborne, owner and operator of Mission Rock Resort Southern Waterfront. Yes. These are unprecedented times. This is a very sticky issue. There are multiple levels of vulnerability that exist with rent, rent relief, rent deferral. How does it all get repaid? Where do revenues come from? When do they return to levels that translate into solvent businesses, etc.? The dialogue is difficult over the phone. We will continue to use staff as our prayer wall until we have an opportunity to meet before the commission face to face. But in the meantime, a deferral, as has been pointed out by everyone, is not an answer.

It is just a deferral of what I would call the imminent result of closing your doors because you do not have the money to pay the back rents. Commissioner Makras had highlighted what I thought to be a very good starting point. That is basically forgiveness and then implementing a percentage of rent for those of us who are able to get back open and start to generate sales. We're happy to pay a percentage of rent to the Port rather than base rent plus percentage which is currently how the lease reads. I'm not looking for a handout. I'm looking for a hand up. I need help getting out of this jam. The Port needs help getting out of this jam. Unless we all work together, we are really going to end up exactly where we are today, which is continuing to be stressed out by the business climate. There is an inevitability of a second wave of the pandemic. Read the paper today.

Everyone is questioning, are we opening too soon? The public has pent-up anxiety. The world is crazier than it's ever been in my 60 years on this planet. Mr. Sittnick has worked in this town for 40 years. I've worked in this town for 40 years, seen it all, never seen anything like this. This requires a whole new set of eyes and a whole new criteria for living and working going forward. I appreciate the commission's support. I appreciate the commission's accessibility and precedence in reopening the phone lines.

Thank you to the staff for responding to our short-term 911 calls to get heard in this commission hearing. We intend to be heard and available to help find an equitable solution to all parties involved. Thank you very much for your time. Be safe. And stay well. Thank you.

Commissioner Brandon - I did that because we have no other public comment. I just wanted to make sure everyone was heard. I really appreciate everyone's patience.



Commissioner Woo Ho - In terms of the proposal that Commissioner Makras put forward, whether we are going to actually have staff consider that or not because if there's zero revenue, then there's zero rent. On the other hand, as I mentioned earlier, something is better than nothing.

Commissioner Gilman - Exactly.

Commissioner Woo Ho - So we are tied together with the tenants here. I think we need to really rethink this whole situation in terms of not just the deferral, whatever. I mean, that has its own issues in terms of what happens at the end of this. I will tell you that I think that you're going to have a lot of people saying we cannot repay, or they can only repay a little bit. There's going to have to be also some repayment plan possibilities, not one plan but different. Others are simply going to say you're going to have to give us some relief for another six months before we can get our feet on the ground. Or you know, the stock market thinks it's a V-shaped recovery. I don't think anybody on the ground feels it's a V-shaped recovery. But the stock market certainly does. We've got all these other trends going on in the economy that we need to take into consideration.

I do think there's got to be a way to think, if the tenants are able to move forward, are we part of it? That's one idea that Commissioner Makras put forward versus saying, we won't hear from you for six months. You'll let us know what happens. At that time, you know, it could be worse. It could be better. We don't know. We need to figure out a plan. That's one way to think about it. Hand in hand, we're in this together. As I said, we want to tie it back to just how much we can afford because I am very nervous at some point that this second wave, whatever, it gets worse and worse. If we are two years into this, then, what happens when the Port runs out of cash? Where do we go? How do we pay for our expenses? That's what this forecast is telling us in this proposed budget. If we are in this situation for two years, we are going to run out of money ourselves. I don't know what the answer is to that yet.

Crezia Tano-Lee - Yes. Just to be clear, we won't be waiting very long to bring back proposed repayment plan structures and proposed forgiveness structures. We've been having conversations with our sister agencies on how they're structuring that. The examples we've seen from SFO and from RPD has waived the base rent, moved to what was the percentage rent in their existing lease structure. When we come back, we will be providing all the examples of how those two programs could be implemented here at the Port.

Commissioner Woo Ho - I appreciate that. We want to have obviously some consistency between different city agencies. I can't imagine that the airport, given how they generate revenue, that they are in the same situation with fund balance that we are because they have traditionally, over the years, have hundreds of millions of dollars. Their surplus has been much healthier than ours. We are not facing the same strategic dilemma. They may have federal government bailout, which we at this point don't have any inkling except for what

Commissioner Adams says that there should be a conversation maybe with Speaker Pelosi about that.

Commissioner Makras – I have one question I think may be helpful in all of this for staff, the commission and the public in its entirety. The program the way it's presented clearly is an opt-in. At the end of the day, if you don't opt in, you're opting out. It may appear that those are the two options. I would like to call this out particularly to our city attorney to see if I'm capturing it right. San Francisco today, the Board of Supervisors passed a new law that basically says you can't evict for nonpayment of rent based on COVID-19 facts for the duration of the shutdown and an additional two months.

The question is, let's assume that the shutdown is a four-month period for simplicity plus two is six months' worth of rent. Isn't it not all of our tenants' option not to exercise their right to that law? If they choose not to pay rent for six months, the Port would have to honor no payment plan for that money and a no-eviction policy for that. Really, the net result of that is the tenant has to pay that to us when they vacate. I'm asking that question because an opt-in and an opt-out really suggests that there's two options. Is this truly a third option by law that each tenant of the Port is entitled to?

Crezia Tano-Lee - I don't know if Rona is on the line that could speak to the larger implications of the orders. I do want to clarify that the flow chart that was presented back on slide four, it's not quite an opt-in, opt-out. Maybe that's a failure of this language where you would opt-in, continue to be able to defer your rent. You would have to pay rent as normal. The third option would be mutual termination opportunity. At this point in time, there are three paths that tenants can travel moving forward. We can make that more explicit.

Commissioner Makras - I appreciate the right to discuss and do a termination. I guess my question is directed to the city attorney. Am I capturing the city ordinance on non-eviction, nonpayment and not being able to use the nonpayment of rent ever? That's the way I understand it. Each tenant would have that flexibility to incorporate that as an option. If they do, I think it's helpful for us to know that's an option.

Michelle Sexton, Port general counsel - I have not been following that legislation at the board. I know that the board has taken past legislation that applies to residential tenancies only. I don't know if Rona Sandler, deputy city attorney, is on the line, if she's aware if that's expanded to commercial tenants as well.

Rona Sandler, Deputy City Attorney - I have not had a chance to study that legislation. I will. We can come back and address those answers. I think that the Port is not looking at an enforcement mechanism as of yet. We haven't really turned to that. But we can.

Commissioner Makras - I'm calling it out as a relief measure, not an enforcement measure. It's a relief measure that I want to clarify if our tenants will be entitled to that.

Rona Sandler - Let's take a look at that. There's also rules of the judicial council about, even if you could evict someone, when you can file unlawful detainer action. We'd want to be able to look at all of those things before we could give you an answer.

Commissioner Makras - I think the city attorney wants to determine if it's a residential-only ordinance or it's all rental ordinance which would include retail and office buildings and all other leases. I'll await their direction.

Commissioner Gilman - Thank you, President Brandon, for letting me ask a couple of other questions. This is to the real estate team and also to Katie because I really am trying not to add to your work or to your analysis. In earlier presentations, you also showed that the individuals paying rent that there were certain sectors that were paying rent more fully or making full payments than other sectors. When we come back to this, I'd like to see that analysis again. If possible, layered on that, which we know folks have been hit incredibly hard, our participation rent portfolio, parking and restaurants/bars. I'm wondering if we could see an analysis of if we were to forgive, this is just for analysis purposes, all rent from April 1 through and indoor dining can reopen, which they say is mid-July. Let's just say to July 30<sup>th</sup>, what that dollar amount would be. I think it might be interesting to have a survey of our tenants to see, if there was a level of rent forgiveness, when they think they could go back to full rent payment because, again, just deferring rent for 12 months and then doing a complete payment plan, I'm not sure how much if there is an eviction moratorium, as what I heard Commissioner Makras believed was passed by the Board of Supervisors, I'm not sure how much relief that really gives our tenants.

I think it would be an interesting analysis to weigh a level of rent forgiveness and then implementing what Commissioner Makras talked about of having folks pay percentage rent. I think that could be helpful in our decision making because my understanding of what the Board of Supervisors just passed is it was for residential and commercial tenants that they basically have the ability to pay no rent if it's COVID related up to two months after the shelter-in-place is lifted. They still owe that rent but the landlords have to negotiate payment plans. If the city is already doing that work for us, we should be looking at more creative ways to ensure our businesses don't go under. Maybe we give a little bit during this closure period to make up funds and make up revenue when things start to revamp and come forward. Does that make sense to staff?

Crezia Tano-Lee - Yes, it does. We have been looking at the payments by sector. The restaurant and parking was hinging on percentage-rent reporting and payments. That was what was holding up being able to present a backward-looking picture of who's been able to, for the most part, sustain themselves during the shelter in place.

Anecdotally, we've seen the Southern Waterfront be able to sustain themselves more so. It's primarily because the bulk of the tenants in the Southern Waterfront are industrial tenants. Construction has very much still been active. But we will have that data when we return on July 14th and then also follow up on understanding what the city board ordinance if it pertains to just residential and commercial and how it applies here to us at the Port.

Commissioner Gilman - Maybe while we're doing this opt-in process, we could add a question to the survey. I don't know how to frame it, so folks don't get their hopes up. That said, if your rent for this period was just absolutely forgiven, when do you think you could go back to full rent payment? I think that should be part of the analysis. I don't want to try to get blood from a stone just so we can say we didn't forgive any rent during this crisis. I'd rather see us be as flexible as possible.

Crezia Tano-Lee - We can add that definitely as a question in the opt-in program. We kind of ask it in other ways but not in a very direct way. We can be very specific as to, do you see yourselves being able to pay by December 31st? And if not, when do you see yourselves being able to pay normal rent under your lease?

Commissioner Gilman - When you ask that question, make it clear it's not their normal rent payments and all of the back rent they owe. I think it's important to know when folks think it's a tradeoff. As a business owner, am I willing in September, even if my business is down 50 percent, make my full rent payment if I know in that exchange I was forgiven rent during the pandemic. I think that's the question I'm trying to get to so that the Port can return as fast as possible to a fuller picture of revenue.

Crezia Tano-Lee - We will add that.

Commissioner Woo Ho - It's a late hour. I appreciate that. I would prefer somewhat to word the question that Commissioner Gilman raised in the terminology that Crezia put versus saying you asked for rent forgiveness. They're going to say, of course, I want my rent forgiven. I mean, that's normal human nature to say, if you're going to give me a hand out, I will take it. You can distinguish between base rent and back rent and what kind of a payment schedule you would and you can ask them what they think would be possible. A lot of it's going to be uncertain. They don't know what's going to happen if there's a second wave or what other shelter-in-place regulations are going to come down, which they are not responsible for predicting or controlling. It's a bit of a hypothetical question at this point. I wouldn't want to be that specific at this time to ask that question. You can ask it. But they're going to say, well, it depends on a lot of things which they don't control. It's very hard to know. This is not normal business. If they were in control of the variables, then it would be a lot easier for them to answer that question. I would be careful. I would be very careful.

Commissioner Gilman - That's fine, Commissioner Woo Ho. How we word it, as long as it's clear to folks, is fine with me. We can be careful and please make no promises either. I just think it would be interesting data for us to know.

Rebecca Benassini - Just want to note that we're asking for a financial projection from them. They are going to have to make a really difficult and uncertain projection. That's part of the reason Crezia mentioned we are asking this to a certain extent. It would be nice to have tabulatable survey responses relative to when they think they can get back to the various levels.

Commissioner Brandon - Rebecca and Crezia, thank you so much for this presentation. I know you've been before us every month since March. I know you will be back every month at least until the end of the year. I don't think there's any questions left to ask. y fellow commissioners have done a great job in making their comments and looking forward to a lot more information. This is just so difficult with so many unknowns to understand which way to go.

I really appreciate all the work that you guys have done and put into this presentation and thought into the structure that, again, there is no one-size-fits-all. We're going to have to be extremely creative here and equitable. Thank you very much.

Commissioner Woo Ho - Can we phrase this vote that this is phase one and that we need to know more about phase two, which is repayment, whatever, which we just spent a lot of time discussing the future because that has not been worked out? I wanted to be very clear because what has not been worked out we are not leaving open. This is just a phase one of the step. I really feel that the resolution has to be very clear.

Commissioner Brandon - So how would you like to change the resolution?

Commissioner Woo Ho - Well, I don't know how it's worded. I don't have it right in front of me. Otherwise, I would say my vote is subject to all the other steps that we need and other policies that need to be developed. As far as I'm concerned, this is just a phase one of what we are requesting here. We have our attorneys on the line if they wish to come up with the right wording.

Rona Sandler - I have one suggestion. I'm not exactly sure, Commissioner, what you're thinking. But this staff report is intended to summarize all the key elements of the program. But there will be some other document that specifies what the program is that the tenant can look at and be able to, you know, check the boxes. Staff could be directed to include that in the program. Is that the kind of thing you're after?

Crezia Tano-Lee - Maybe we can include a clause that says whereas Port staff will collect data from the opt-in program and utilize that data in addition to other data points that the Port staff may have and shall return to the commission to develop further relief measures just so that we are tying it into the actual opt-in

program that the resolution is approving. That's me taking a very wild stab at that. We could add a whereas clause. Port staff will collect data through the opt-in program and shall utilize that data and additional data available to the Port to further guide and form future phases of economic tenant relief.

Commissioner Woo Ho - That's better. I mean, further policies on tenant relief.

Katie Petrucione - Commissioner, just for clarity so you are aware, the resolved clause is that the Port Commission approves the opt-in rent deferral program through December 31, 2020 and it doesn't do anything further than that. So Crezia's suggestion that we add a whereas clause requiring staff to do further analysis and come back with further proposals makes sense.

Commissioner Woo Ho – Yes, something to that extent. I understand what the resolution says. We want to tie it to actually that we are going to do further work and analysis and data, etc. because we haven't solved the problem yet.

Katie Petrucione - And staff is crystal clear on that. We know we haven't. We have a lot more work to do.

Commissioner Brandon - Commissioner Woo Ho, do you want to amend the resolution?

Commissioner Woo Ho - Yes. I think they read some language which I think is acceptable.

Crezia Tano-Lee - I should have typed it out as I was saying it. My recommendation is whereas Port staff will collect data through the opt-in rent-deferral program and utilize that data and additional data to further refine economic policies with respect to economic relief due to COVID-19.

Commissioner Woo Ho - Fine.

ACTION: Commissioner amended the motion to include that language in the resolution. Commissioner Gilman seconded the motion.

Amy Quesada – Roll call vote

President Brandon – Yes

Vice President Adams – (stepped out of the room)

Commissioner Gilman - Yes

Commissioner Makras – Yes

Commissioner Brandon - The motion passes. Resolution 20-30 is adopted.

## 10. NEW BUSINESS

Commissioner Woo Ho - There's some follow up obviously, which I think has already been captured by staff.

## 11. ADJOURNMENT

Commissioner Brandon - Can I have a motion to close the meeting in memory of George Floyd, Breonna Taylor, Freddie Gray, Trayvon Martin, Ahmaud Arbery, Eric Garner, Mario Woods and many others?

ACTION: Commissioner Makras moved approval to adjourn the meeting in memory of all the individuals that Commissioner Brandon mentioned. Commissioner Gilman seconded the motion. All of the Commissioners were in favor.

Commissioner Makras - Thank you, everyone. Congrats again, Amy. All the best to you.

Commissioner Gilman - Congratulations, Amy.

Amy Quesada - Thank you, Commissioners. So long.

Port Commission President Commissioner Brandon adjourned the meeting at 7:05 p.m.