

**PORT OF SAN FRANCISCO
NORTHEAST WATERFRONT ADVISORY GROUP**

FINAL Minutes – May 6, 2015 Meeting

NEWAG Members in Attendance:

Alec Bash
Leah Baumbach
Arthur Chang
Michael Franklin
Jon Golinger
Michael Gougherty
Stephanie Greenburg
Bob Harrer
Bob Iwerson
Bruno Kanter
Flicka McGurrin
Stewart Morton
Carol Parlette

NEWAG Members Not in Attendance:

Jane Connors
Cathy Merrill
Wai Ching Kwan
Marina Secchitano

Audience in Attendance:

Faith Kirkpatrick, MOHCD
Elena Schmid, SF Civil Grand Jury
Larry Bush, SF Civil Grand Jury
Lee Radner, FOGG
Karen Liao, resident
Paul Liao, resident
Diane Kretschmer, 101 Lombard
Kanishka Burns, Board of Supervisors
Chuck Finnie, BMW & Partners
Walid Mando, Forma
Dave Burnett, GGW
Jay Wallace, Kenwood Investments/
Teatro Zinzanni
Bill Hannan, GGTA
Stan Hayes, THD
Brad Byers
Tom Harris, Jamestown/Waterfront Plaza
Scott Landsittel, Jamestown/Waterfront
Lee Robbins, FOGG
Joe Jasin
Diana Taylor, BCNA/NEWAG Alternate

Port Staff in Attendance:

Ricky Tijani
Tani Elliott
Diane Oshima
Brad Benson

1. NEWAG Membership Changes and Introductions

Diane Oshima thanked Cathy Merrill for serving in her role as chair for 10 years. Cathy will remain on the NEWAG and Alec Bash will assume the role of Chair with Jane Connors as Co-Chair. Diane also thanked Joe Wyman for his service on the NEWAG who will be vacating his position. The NEWAG welcomes:

- Leah Baumbach, Community Relations Manager for The Exploratorium
- Stephanie Greenburg, Co-founder and President of Southern Telegraph Hill (SoTel) and Board President for Top of Broadway Community Benefit District
- Bob Iwerson, Resident of Golden Gateway Apartments and architect
- Bruno Kanter, Board of Directors Northbeach Neighbors and architect

Bob Harrer will now represent the Barbary Coast Neighborhood Assoc (BCNA) and Diana Taylor will serve as alternate.

Diane reviewed the updated protocol for Port Advisory bodies.
For link to Port Advisory Group Protocols and Responsibilities:
<http://www.sfport.com/modules/showdocument.aspx?documentid=10218>

2. Call to Order, Roll Call

3. Approval of draft Minutes

- March 4, 2015 minutes postponed to next meeting
- NEWAG requested that minutes be emailed with the agenda for each upcoming meeting
- Walid Mondo requested edit to his comment on page 4 to read "...where middle income housing would be more appropriate..." [Note: this change was incorporated into the 3/4/15 meeting minutes]

4. Waterfront Land Use Plan Update and Public Process

Diane Oshima, Assistant Deputy Director, Planning

Presentation: <http://www.sfport.com/modules/showdocument.aspx?documentid=9881>

The Waterfront Land Use Plan (WLUP) is the Port's master plan. In August 2014, the Port issued a Review of the WLUP and the Port collected public comments on the review. Summary of public comments received:

- Portwide issues include land use, development, sea level rise, seismic resiliency, finance and capital needs, historic rehabilitation, open space and transportation.
- Comments specific to the Northeast Waterfront include support for the staff-recommended subarea planning focused on the Northeast Waterfront, support for the community-sponsored Asian Neighborhood Design plan, questions around trust vs. non-trust uses, recognition of the successful transformation of Ferry Building area, and comments around 8 Washington/SWL 351 project.

On April 14, 2014, Port staff presented to the Port Commission a proposed process for updating the Waterfront Land Use Plan. The process would include the formation of a Waterfront Plan Working Group representative of diverse interests and geographies. The Port Commission recommended expanding the Working Group to ensure even broader participation. Port staff will be going back to the Port Commission on May 26 with a revised proposal for broader participation. The schedule will also be revised to allow time to expand participation. During the process, projects underway will continue.

Pier Management Strategies handout (see SLIDE 15 in presentation) illustrates a few possible approaches that will be discussed in the planning process.

Paul Liao: From the "Community Perspectives" slide, it seems that housing is missing. Looking at the minutes from last meeting, a lot of time was spent on housing. It seems the Port might spearhead new approaches for housing development.

Port: We have not yet identified housing as a specific focus area, but we can consider it. Housing is a non-trust use, so housing projects proposed for Port land must get State legislation. The Working Group would likely discuss housing as a potential land use for some Port sites, so we'll take your comment into consideration.

Flicka: I'm delighted to see the water taxi off and running, would like to see more. It seems like a great alternative given all the traffic issues we have. I've tried to track down the water taxi to see when it's running and it's not really obvious.

Alec: You would like to see water taxi service addressed in the WLUP as part of the transportation issues.

Flicka: Yes and more information to the public about them. You see the signs but not the boats. I guess you're supposed to call them.

Diane: There are two operators – one is an on-call service; the other runs on a schedule. They are in a pilot phase operating out of the few landings we have right now, but we are creating more landings along the Port.

Flicka: It would great to have information publicized. It seems like it's a secret but it should be on the front page of the paper. If we support it, we can make it more viable.

Alec: Maybe there could be an app in addition to phone number.

Carol: Your example of Pier 30-32—would the Working Group come up with an idea for that? Or is this much broader?

Port: For the South Beach neighborhood planning, 30-32 will be a focus. It's also an example that highlights the capital and financial challenges the Port and City are facing along the whole Port. There is a cost to repairing the piers and putting a park or anything else on it; there is a cost associated with demolishing it too. This discussion will happen in the Working Group and with the South Beach neighbors too.

Jon: On the "Approaches to Pier Management" slide, what would be the real difference in shifting from Public Private Partnerships to Strategic Interim Leasing?

Port: Staff tends to make a distinction between *development* and *leasing*. Development is really a long-term lease (50-60 years), since we don't sell off piers but we need help making investments into them. In the *development* model, the facility gets lots of upgrades, public access, pier rehabilitation, seismic upgrade and repair of pier substructure, and in return, the developer gets long term control of the facility—that is the tradeoff. Under the Port's standard leasing model, tenants make some improvements but at a smaller scale because it's for a shorter term lease. Standard leasing generates revenues for Port capital improvements, but generally do not include provisions for tenant-financed seismic or substructure repairs because the lease term is too short. Short term leases are the bread and butter of Port revenue leasing. In light of sea level rise, we are examining questions that affect whether/how we can still do long-term development of whole piers. We are now starting to look at

the idea of a *strategic interim leasing* model that explores whether seismic/substructure repairs can be targeted in portions of pier structures without ultra-long lease terms. For example, the bulkhead buildings are important to the public so we could potentially concentrate investment there and invest less in the rest of the pier, but this also means less public benefits. This is a major policy question.

Jon: I'm concerned with trying to fix the plan and the planning process while still having projects going forward. 8 Washington is on the list of projects that would continue, but that project didn't work, so I don't want that site to be left out of the process. The original plan imposed a moratorium on projects but that took 6 years, so nobody wants that, but I wonder if everything that has been approved up to some point could go forward while everything else is on hold until the plan is done. Or new projects don't get green lighted until the plan is done. Or something in between so that the stuff people really care about doesn't get exempted from the process.

Port: There will be those tensions. When the original WLUP was done, aside from standard leasing there weren't any big projects happening. Seventeen years later, there has been a continuum of major improvements. For example, the transitioning of industrial land into parks; contracts with parties that are enforceable that we can't ignore; planning underway with MTA on the bikeway, etcetera. Each major project undergoes in-depth public review, separate from the Waterfront Plan process, so there will still be plenty of opportunity for the public to weigh in.

Jon: I'm only commenting on the development projects.

Port: With Prop B, there is a whole new mechanism for the city body to weigh in. For example, does the whole Waterfront Plan have to be figured out in order for citizens to be allowed to decide what should happen at SWL 337? Forest City recently went through this process and was able to hear concerns of the public, address those concerns, and then ask for voter permission. So, the Waterfront Plan is a good public process but it's not the only time and place for those conversations.

Jon: But the project only goes to the voters when there is a height increase.

Arthur: At the termination of the lease, what happens?

Port: It reverts back to the landlord.

Alec: State lands views the lands as held in public trust for the people of California.

Lee: Do you have timeframe or specific dates for meetings?

Port: The schedule in the slideshow needs to be adjusted to allow time to expand participation in the Working Group. That schedule shows topics by month, but we don't have specific dates scheduled yet. On May 26th, at the Port Commission we'll have a revised schedule.

Alec asked Larry Bush from Civil Grand Jury to comment on proposed process.

Larry: Our jury looked extensively at the Port as well as other related departments—Dept. of Environment regarding sea level rise and MTA

regarding transportation. In general, we were impressed with the Pier 70 process and the amount of outreach. We were disappointed that, in response to our report, the Port—while recognizing the success of Pier 70—did not think this should be the model for other projects. It's a strong model because real listening occurred not just propagandizing. It seems the Giants are following this to a certain extent too. We would have liked to see a response to our report from the Port Commission, instead the response came from the Executive Director. There was never a hearing at the Port Commission where the Commission would review our recommendations and vote on them, which happens at some of the other departments. We put a lot of work into our recommendations. Some of our recommendations are not that far off from the things the Port is proposing here for the update process.

We were surprised that MTA did not have a transportation plan for the waterfront. We made a finding that the Mayor's Office had a significant hand in decisions along the waterfront—including America's Cup, the land that would be available and the development rights they would receive. We thought there was a significant job loss when tenants had to move to make room for the America's Cup, some of which have not come back. We made a finding from the Fisherman's Wharf Merchants Assoc. on employee retention, which is a transportation issue. Given the Port's role as an economic engine and generator, people need to be able to get to work.

The report is available online. I would suggest you also review our report on Sea Level Rise. We recommended there be a fund collected from developers to insure protection against sea level rise in the future. The Mayor responded that was not necessary. We think the decision was reached too hastily. The Mayor did suggest there be a review of public property, but he made a distinction between public and private sites.

Arthur: What is the reach of the Civil Grand Jury? What you said about America's Cup and the loss of city funds—that's a gift of public funds, so could be subject to a taxpayer's suit.

Larry: We are a civil not criminal jury. Our authority reaches to requesting subpoenas, having people testify for us in confidence and we can request documents. There were questions about whether we were overreaching by asking for documentation. As for your comment, I think the argument the City would make is ultimately the Board of Supervisors approved the contract for America's Cup.

Arthur: It is a gift of public funds and it is a taxpayer's right, if they authorize it and agree to take the loss.

Larry: The records show there were \$2-3M in donations to offset the \$10M loss. We recommended an investigation of those contributions.

Flicka: I appreciate you bringing up the Fisherman's Wharf employee transportation issue. I would like to add housing to that. It's hard to find employees because it's hard for employees to find housing.

Jon: To follow up on Flicka's comment, someone mentioned earlier to add a housing advocate to the Waterfront Plan Working Group. More specifically, I'd suggest an affordable housing advocate or per Flicka's comment a workforce housing advocate—maybe someone from the wharf that could represent that issue.

Alec: Thank you, Larry for your comments and your service on the Civil Grand Jury. I was a planner at the time Diane started her work on the original plan in 1990. Many people came together and by the end of the process there was consensus. We look forward to Diane doing the same again.

5. Project Updates

a. SWL 322-1 Housing Project - Community Design Charrette

Ricky Tijani provided brief background on the project.

Faith Kirkpatrick, Mayor's Office of Housing & Community Development

Our next step is to conduct a design charette, so that when we issue the RFP we can include a set of design guidelines that the community has weighed in on. We have identified an architect team that has an existing city contract, which simplifies the contracting process. It is a joint venture of Mark Cavanerough and Carrie Bernstein. Mark's office is a few blocks from 322-1, so he is also a community member. We anticipate finalizing their scope of work within the next two weeks then conducting 2-3 charette meetings in June-July with the goal outcome of producing design guidelines to include in the RFP.

Bruno: How will you publicize participation?

MOHCD: Through the NEWAG and through the Working Group

Arthur: Who will retain the architect?

MOH: This architect will only lead the design charette. He will be precluded from working on the actual project.

Port: MOHCD will retain the architect under contract. The design guidelines will be incorporated in the RFP. The selected developer will work with their own architect using the guidelines to design the project.

Bob Iwerson: Who is the developer?

MOH: The project doesn't have one yet—the developer will be selected through the Request for Proposal (RFP) process. The Design Guidelines will help the developers prepare responses to the RFP that are responsive to what the community wants from a design perspective.

Arthur: Is all the financing coming from federal credit sources?

MOH: MOHCD funds predevelopment. Then we ask the developer to submit a financing plan. Typically, an affordable housing finance plan will include Federal Low Income Housing Tax Credits (LIHTC).

Arthur: So the affordable housing will be for low income not middle income?

MOH: We will continue a parallel process that will address financing and income levels for the housing.

Stewart: The community is adamant about including middle income housing.

Stephanie: To clarify, middle income housing is also considered a type of affordable housing.

Alec: I understand this is an important issue to the NEWAG. I'd like to add a suggestion where perhaps other development projects in the city could cross finance workforce and moderate income housing to satisfy their affordable housing contribution since there has been so much public comment about supporting a mix of housing.

Stan: Can you walk us through the process of how you will take what you hear in the charette and fold it into the RFP?

MOH: The goal will be to come to consensus around certain topics (trees, massing, entrances, etc), some of which we've already begun talking about in the Working Group, but the charette will bring technical expertise with Mark leading the analysis. We haven't had that in previous Working Group conversations.

Stan: Where there is not consensus, it might be a good idea to record significant points of view or sidebar ideas. There may be some out-of-the-box, creative thinking. There might be goals that are difficult to achieve or in conflict but with creative thinking lead by a good architect might be reconciled. Recording that back and forth could lead to new ideas.

MOH: Yes, also the idea of having a series of meetings allows the architect to listen, analyze and then report back and listen again.

Stan: Don't get too tight on the scope of work, we need this process.

Bob Harrer: Who would be coming to these design charettes? Any other technical experts? If you throw it open to the whole community, how do you balance for a workable size? How would you select people to participate?

MOH: Not planning to select people. We would target outreach to NEWAG and the Working Group. We hope to get good interaction between the architect and attendees, so hopefully won't be too big.

Alec: At one point, NEWAG members were invited to join the Working Group. For new NEWAG members, I presume there is an opportunity for you to get involved. Will the first of the charettes happen in the next 2 months before the next NEWAG meeting? If so, I'd like to request that NEWAG is notified by email.

MOH: The goals for a timeline are to have the first meeting in June with meetings following in July and Aug.

Kanishka Burns, Supervisor Christensen's Office: To respond to Stan's comments about thinking outside the box—Mark Cavanerough has worked on other public projects to help provide consensus and we're hopeful he'll do the same here for the design issues. We understand the affordability concerns also. So, both issues are being pursued on a parallel track. Currently, the project would target incomes at 60% AMI due to funding coming from federal tax credits. To get to a higher income target, there would need to be market rate housing to cross subsidize, but the state legislation does not allow market rate housing on the site. It costs the city more to provide a middle income unit than a low income unit. Supervisor Christensen is working closely with the Mayor's Office to find some way to get at least some middle income housing on that site.

Jon: The only thing you didn't mention—aside from the cross-subsidizing option—there is the potential of an affordable housing bond.

Kanishka: The Mayor's office is hesitant to earmark specific projects for the bond. The bond would be part of a larger pool of over \$1B in funds over the next 6 years. These funds are meant to be flexible and would have less strings attached than development impact fees and tax credits. Our office is lobbying to get some of those funds for this project.

Bob H: I find it encouraging to hear about Supervisor Christensen's involvement.

b. Update on Teatro's proposal to develop SWL 323/324
Ricky Tijani

SWL 323/324 is at the corner of Broadway and Embarcadero across from Pier 9. Teatro is a beloved former tenant of the Port that was displaced from Pier 27/29 during America's Cup. This site was offered as a possible relocation site on an interim lease. They came up with a proposal, but because the term of the lease was short term, the proposal was not well-received by the community who wanted something more permanent that would fit into the surrounding neighborhood. Now, Teatro is looking at a development partnership that would enable development of the entire site. Given that Teatro has been a long-term tenant and that there is strong community support, the Port Commission directed Port staff to work with Teatro to seek an exemption from the competitive bid process. Last Monday, the project was presented to the Board of Supervisor's Land Use Committee. Over 40 people made positive comments and there were no negative comments. The Land Use Committee recommended approval, and yesterday, the full board unanimously voted to approve. The next step is for the Port to review the financial capabilities of Teatro's financial partner.

Stewart: Last we saw the project, there were problems with the design being in the historic district. When will we see their proposal again?

Ricky: Once their financial capacity is confirmed, we will enter into an Exclusive Negotiation Agreement. Currently, there is no project approval, so we will start the community process over and Teatro will come to the community to show design concepts.

c. **Status of BCDC Permit Requirements for Pier 27 Cruise Terminal**
Diane Oshima, Port Planning and Development

Most of the construction is complete for Pier 27. The park is open 24/7/365 with no hourly restrictions. The historic Beltline Building will house public restrooms, construction is underway, anticipated completion by end of year. On the Pier 29 side, there is a public access walkway that goes to the tip of the pier. There is fencing out there and a portion is open during daylight hours, but for safety reasons, it closes at night. Fencing encloses the Pier 27 portion of the tip also. A day before and a day after a cruise ship comes in,

access closes to allow provisioning, so there is a shared maritime/public access function. The fencing is designed so people can watch the provisioning activity.

Stewart: What is the newish building?

Port: At the terminal building itself, the newish building is called the Facilities Operations Building, which houses forklifts that move stuff in and out of cruise ships. Originally, we wanted it close to Pier 27, but there were budget limitations. So the forklifts were parking in the Pier 29 shed, although having forklifts crossing through the public access was not ideal. When the terminal was complete, there was remaining construction contingency budget that we applied to build the Facilities Operation building right next to the terminal. The Pier 27 apron is closed because additional fencing needs to be installed around the shoreside power and the gangway to make the area safe. Eventually, there will be a calendar of cruise ship calls displayed which will show when access is open and closed.

Stewart: It's on your website.

Port: Yes, but we'll also have physical signage on site.

Jon: Who opens and closes access? Port staff? Metro?

Port: The Pier 27 tip and apron is Metro's responsibility. The plaza, restrooms, and Pier 29 access is the Port's responsibility.

Jon: So it's two different people responsible for Pier 27 tip and Pier 29 tip?

Port: To clarify, the Pier 29 tip is the Port's responsibility but who has the key to the gate, might be Metro, I'm not sure.

Jon: I'm asking because it's not always open. Pier 29 was open on my walk over here, but Pier 27 was locked and over the weekend it was locked. Who should I tell?

Port: Peter Dailey and John Davey are working directly with Metro. If it's not working as it should be, we want to know.

Jon: I have never seen the Pier 27 tip open to the public plus there is very intimidating Homeland Security signage.

Port: Good feedback, thank you.

Stewart: How's the parking working out?

Port: Seems to be going okay. We're ironing out some traffic issues, so you'll be seeing some changes in the curb cuts out there to reduce confusion.

Paul Liao: Two items: 1) sometimes the parking sign is on when a ship is in, but the sign should be off so people don't get confused; 2) When the ships leave, they blast loud music. It doesn't happen all the time, but it can be annoying. Seems they could they pull away first then turn on the music.

Stan: I echo your comment on the noise. It doesn't happen all the time, but it does happen. I also have never found the provisioning area to be open. I understand that you're finishing construction and it shouldn't be open prematurely but when do you anticipate it to function business as usual?

Port: We need to get back to you with a date.

6. New Business/Public Comment

7. Announcements

Next Monday, May 11th at 5:30pm the Waterfront Design Advisory Committee (WDAC) and BCDC Design Review Board (DRB) will review the WETA expansion project.

Jon: Reminder that Sunday, July 12th is the free symphony concert at Pier 27 Plaza.

8. Adjourn

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