



SAN FRANCISCO PORT COMMISSION

**JANUARY 14, 2025
MINUTES OF THE MEETING**

MEMBERS, PORT COMMISSION

**HON. KIMBERLY BRANDON, PRESIDENT
HON. GAIL GILMAN, VICE PRESIDENT
HON. WILLIE ADAMS, COMMISSIONER
HON. STEPHEN ENGBLOM, COMMISSIONER
HON. STEVEN LEE, COMMISSIONER**

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

CITY & COUNTY OF SAN FRANCISCO

PORT COMMISSION

MINUTES OF THE MEETING JANUARY 14, 2025

1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 2:00 p.m. The following Commissioners were present: Kimberly Brandon, Gail Gilman, Willie Adams, Stephen Engblom, and Steven Lee.

2. APPROVAL OF MINUTES – DECEMBER 10, 2024

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

3. PUBLIC COMMENT ON EXECUTIVE SESSION

No Public Comment on Executive Session.

4. EXECUTIVE SESSION

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

ACTION: Commissioner Adams moved to go into closed session and invoke attorney-client privilege for Conference with Legal Counsel. Vice President Gilman seconded the motion. The motion passed unanimously.

- (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative: (Discussion Item)

(a) Property: Piers 38/40

Person Negotiating: Scott Landsittel, Deputy Director, Real Estate and Development; Wyatt Donnelly-Landolt, Development Project Manager

Negotiating Parties: Simon W.R. Snellgrove, Pacific Waterfront Partners, LLC

Under Negotiations: ___ Price ___ Terms of Payment X Both

In this executive session, Port staff seek direction from the Port Commission on the price and terms of payment for a potential extension of

an Exclusive Negotiating Agreement (ENA) for the development of Piers 38 & 40. The discussion will consider the term of the extension and payments and terms that will be required as part of an extension. The session will also describe the developer's next steps and factors for consideration related to ENA extension.

Present: President Kimberly Brandon
Vice President Gail Gilman
Commissioner Willie Adams
Commissioner Stephen Engblom
Commissioner Steven Lee

Also present: Elaine Forbes, Port Director
Jenica Liu, Commission Affairs Manager
Scott Landsittel, Deputy Director, Real Estate and Development
Wyatt Donnelly-Landolt, Waterfront Development Manager
Annette Mathai-Jackson, Deputy City Attorney
Michelle Sexton, General Counsel

(b) Property: Pier 29

Person Negotiating: Scott Landsittel, Deputy Director, Real Estate and Development; Amy Cohen, Business Development Manager; Sandra Oberle, Senior Property Manager

Negotiating Parties: David Keenan & Ken Ikeda, Community Arts Stabilization Trust (CAST)

Under Negotiation: ☐ Price ☐ Terms of Payment ☒ Both

In this executive session, Port staff seek direction from the Port Commission on a sole source negotiation with the non-profit CAST to facilitate activation and public benefits within the vacant Pier 29 facility. The discussion considers term and viability of a participation fee structure for the Port. Staff will provide background on the use, facility considerations, and CAST strategy to inform the discussion of appropriate deal terms.

Present: President Kimberly Brandon
Vice President Gail Gilman
Commissioner Willie Adams
Commissioner Stephen Engblom
Commissioner Steven Lee

Also present: Elaine Forbes, Port Director
Jenica Liu, Commission Affairs Manager

Scott Landsittel, Deputy Director, Real Estate and Development
Sandra Oberle, Senior Property Manager
Amy Cohen, Business Development Manager
Michelle Sexton, General Counsel

5. RECONVENE IN OPEN SESSION

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

No Report.

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

ACTION: Vice President Gilman moved to reconvene in open session without disclosing closed session discussions. Commissioner Adams seconded the motion. The motion passed unanimously.

6. RAMAYTUSH OHLONE LAND ACKNOWLEDGEMENT

The Commission Affairs Manager read the Ramaytush Ohlone Land Acknowledgment.

7. PLEDGE OF ALLEGIANCE

8. ANNOUNCEMENTS

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

9. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

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

Public Comment on Items Not Listed on the Agenda:

Ellen Johnck: Thank you. Good afternoon, Madam Chair, commissioners, Elaine and staff and the public. I'm Ellen Johnck. And I'm speaking today as co-chair of the Maritime Commerce Advisory Committee, which I've been there, along with Marina Secchitano of the Inlandboatmen's Union, for over 10 years.

I also am expressing personal comments as a longtime resident of San Francisco and longtime professional -- environmental professional on Port projects all over the nation and the Bay and for the state. It's the start of a bright new year for the Port and the city. And I have three brief reasons for saying this, so I can stick to my three-minute timeslot.

First, I want to thank Andre Coleman, Deputy -- Director and Deputy Dominic Moreno and the able staff of the maritime department for their incredible leadership over the past year and continuing leading the MCAC. We have been meeting regularly and speaking out on and providing a lot of input on topics, a few of which I'm going to mention here.

Number two, together with the maritime group, I want to say congratulations to the staff, the leadership at the Port in collaboration with the Water Emergency Transportation Authority, WETA, for the skillful efforts to secure the \$55 million grant from the EPA Clean Ports Program for WETA's zero-emission ferries. This is really exciting. And MCAC weighed in on that.

Number two -- I haven't quite reached three yet -- I want to applaud the waterfront resilience program. I see Brad here and staff. The leadership on this program for the flood study has been absolutely incredible in collaboration with the U.S. Army Corps of Engineers and the successful authorization of the Water Resource Development Act in 2024, now signed by President Biden.

In all my years testifying on the Hill for one WRDA, as we say -- that's the acronym -- after another, I have never seen a WRDA signed so fast, really in history, which is usually -- WRDA is usually a biennial-or-greater product. So this is really quite stunning.

I do see that the challenge of securing congressional appropriations for the planning and engineering design for the flood study plus accelerated funds is going to be a challenge. But with the success so far, I know it will come.

And just finally, I have a recommendation for our new mayor, Mr. Lurie. If he's looking for a model department in the city that knows how to get things done on mission, on time, then he need look no further than the Port. And I am ready, Elaine, with the commission, to do a sail in to the board, MCAC -- sail in to the board and the mayor's office to let them know how to get things done. Only look to the anchor tenant of the city. And that is the Port. Happy new year. Thank you.

President Brandon: Happy new year. Thank you so much. Thank you for speaking so highly of our staff because they are doing an amazing job. And thank you so much for your leadership on the advisory committee. Thank you. Is there any other public comment in the room on items not listed on the agenda? Seeing none. Do we have anyone on the phone?

Pete Sittnick: Good afternoon, President Brandon, Vice President Gilman, distinguished Port commissioners as well as Executive Director Forbes and Port staff. This is Pete Sittnick calling in, managing partner at Waterbar and EPIC Steak, Port tenants for, in two weeks, 17 years.

And I just want to give my comment on some challenges and frustrations around getting tenant improvements approved to the point that they can be executed within my own restaurants. And the example is I'm trying to put five gas heaters on the patio at EPIC Steak.

And the reason I'm in this project is to comply with some of the regulations from San Francisco Fire Department about eliminating the use of propane-tank heaters. So in trying to get this done, this would comply with their regulations. And it's basically taking me about nine months to get the approvals necessary in order to put up five heaters.

And for me, it just seems like I'm the one paying for it. I'm trying to do the right thing. I'm trying to invest in my property. I'm trying to make it better for the public to come visit the restaurants. To have to go through a process like that, it's very frustrating, time consuming. And probably, at some levels, it deters the evaluation of putting more money into project improvements for the restaurants.

So I don't have the answer. And I'm probably not saying anything that others have not said in the past, that some of the bureaucracy in terms of trying to go to different departments and get permits done -- and some of it is at the Port. And some of it is with the city. So I'm not placing all the blame on the Port.

I just want to say that I am here and Waterbar and EPIC are here to try to be great tenants and to try to provide great restaurants for the public. And while we want to be able to invest back in to the restaurants, it's been a frustrating process. So if there's the ability to streamline it and make it more efficient, I think that that would be super valuable and would help us all moving forward in the next year. Thank you for letting me comment.

President Brandon: Thank you. And happy new year. Director Forbes, can you follow up with Pete regarding --

Director Forbes: Absolutely. We'd be happy to. Thank you.

President Brandon: Thank you. Is there anyone else on the phone?

Operator: There are no more callers for public comment at this time.

President Brandon: Thank you. Public comment is closed. Next item, please.

10. EXECUTIVE

A. Election of Port Commission President and Vice President

President Brandon: I call for nominations for the president of the Port Commission.

Vice President Gilman: I nominate Kimberly Brandon for president of the Port Commission. At this time, with our trajectory of economic recovery and everything we're doing on the seawall, having consistent leadership -- and your leadership, I think -- is key for our success. So I nominate you.

President Brandon: Why, thank you. Are there any other nominations? Are there any other nominations? Are there any other nominations? If not, nominations are now closed. We will take public comment on commission president nominations. Is there any comment in the room? Do we have anyone on the line?

No Public Comment on Election of Port Commission President.

President Brandon: Thank you. Public comment is closed. On the nomination of myself for president of the commission, all in favor?

All Commissioners were in favor of Kimberly Brandon's election as Port Commission President.

President Brandon: Any opposed? Hearing none, I am the president. [laughter] [applause] Thank you. Thank you. Thank you. I just want to say that I couldn't say it any better than Ellen said it. And you know, all that the Port has accomplished over the past year, over the past years is just phenomenal.

We are the premier agency. And you all do a phenomenal job. And I just want to tell you how much I appreciate you, how much I love working with you and how much success I would like for us to see this year also. So thank you. Okay. I will call for nominations of the Port Commission vice president.

Commissioner Lee: I nominate Gail Gilman again, second term, for vice president since housing is coming up and a lot of the equity. And she's very good at that. So I would like to have her serve a second term.

President Brandon: Thank you. Are there any other nominations? Any other nominations? Are there any other nominations? Hearing no other nominations, nominations are now closed. We will take public comment on commission vice president nominations. Do we have any public comment in the room?

No Public Comment on Election of Port Commission Vice President.

President Brandon: Thank you. Public comment is closed. On the nomination of Vice President Gail Gilman for Port Commission vice president, all in favor?

All Commissioners were in favor of Gail Gilman's election as Port Commission Vice President.

President Brandon: Any opposed? The nomination -- the motion passes unanimously. [laughs] Congratulations.

Vice President Gilman: Thank you. [applause] I just want to thank my fellow commissioners for having faith in me to serve a second term. And it's an honor to serve in this capacity. I really enjoy working hand in glove with the staff of the Port and with Director Forbes.

And I concur with the statements made, that we are one of the departments within the cities that really knows how to get things done both from an equity perspective, an environmental perspective and economic-mobility perspective. So thank you so much for having faith in me.

President Brandon: Thank you. Next item, please.

B. Executive Director's Report

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

Director Forbes: Good afternoon, President Brandon, Vice President Gilman, members of the Port Commission, members of staff and the public. I am Elaine Forbes, the executive director. First and foremost, congratulations to you, President Brandon and Vice President Gilman, on your reelections to commission officers.

I want to say, for myself and all of Port staff, we couldn't have better advocates and better leaders in terms of pushing us to meeting all of our bold objectives. We had such a good time and such an important time going to the AAPA conference with you.

Your support on offshore wind, your support on the seawall resilience program and on the myriads of leases and approvals and transactions we have is just phenomenal. And I've had the great opportunity to work with you, President Brandon, for some time, as we've moved this organization forward. So we couldn't be more thrilled to have you both back in your leadership positions. Congratulations.

Happy new year. Gung hay fat choy. Coming on January 29 is the Year of the Snake, which we are very excited to welcome. We have a lot to look forward to and celebrate this year. And we do stand ready to continue to deliver for this organization and meet our mission.

Today, I will be talking about economic vibrancy. I've changed it from recovery to vibrancy going forward because we're in a different phase of our work: resilience and equity. And we do hope to continue to showcase what it means to be a model public agency.

I would like to acknowledge that the local longshoreman president is here with us, Demetrius Williams. Thank you for joining us today, sir. It's good to see you.

So first and foremost, I had the privilege to welcome our new mayor, Daniel Lurie, to City Hall last week. In his inauguration, he shared a vision of service, accountability and change. He also called again and again on us achieving our goals through collective action, which requires collaboration on the part of city agencies.

We, at the Port -- we understand this deeply. Our work is highly collaborative, with many partners. And we look forward to additional collaborations with our city agency departments. He also said that we want to work hard to confront challenges that hinder our progress.

We know of our challenges. And we try and continually try to tackle them. But we have ongoing challenges related to financial viability, our economic sources, safety concerns, facility concerns, asset concerns, ability to hire, ability to contract, ability to resource.

We have been a cash-strapped agency for some time. And our ability to resource ourselves is one of the key things that drives our success. So we look forward to working on those challenges with the new mayor's office as we look to change.

The mayor did recently announce a citywide hiring freeze and a contracting freeze. There is a billion dollars projected as a shortfall in the city's general fund. So this is a very bold initiative to halt spending as a way to deal with that budget deficit.

The mayor did say that we can move forward on hiring that is for safety -- health and safety, that keeps our facilities open and available to the public and that drives our own financial wellbeing and the financial wellbeing of our harbor. I'm working closely with the new infrastructure chief, Alicia John-Baptiste, who is the chief of staff, so to speak, for the Port as well as other agencies in the infrastructure section, Rec Park, the airport, the PUC and the Department of the Environment.

And I have shared with her the importance of our hiring program and our contracting to our agency. Since this was announced, I've had the opportunity to talk with all of the divisions at the Port. And we've been enumerating the various work that we have underway. Sometimes, it requires multiple contracts and hiring resources to pull off.

And we've found many of them are related to safety. Many of them are related to delivering capital programs that we have state or federal funding for. And we've been doing work quickly as an organization to make sure we prioritize and don't get into delays because, often, resourcing is the tail of what we're trying to achieve.

So we're -- Alicia has been very helpful in allowing us to look at a near-term timeline to ensure that our work stays on track and that we do give up those things that are not essential to us. So we will continue to work in this regard. Staff is heavily involved. And it's a great opportunity for us to tighten our belts and be very, very strategic in our decisions.

Now, to economic vibrancy, we have already things to celebrate and many exciting things coming this month. In January, we're going to host the lunar celebration here at the waterfront followed by the NBA All-Star activities in February. This is going to bring, of course, thousands of visitors to our shoreline. And it really reaffirms our ability to host world-class events.

And I want to thank and really appreciate our maintenance crews, who are small and work very, very hard, tirelessly to keep us clean and safe. We have, in the northern waterfront, the revitalized Fisherman's Wharf promenade that our staff have put together, the real estate division, in particular, Amy Cohen, with our maritime -- with our maintenance division.

We have completed a staffed visitor kiosk, beautiful pergolas and seating along the Embarcadero promenade. I see it very often. And I see people enjoying it a lot. And I'm really, really pleased with the outcome.

We also have -- San Franpsycho's pop-up shop has opened, offering unique and locally inspired merchandise. We will continue to work on programs like this to drive our success. And thank you so much for your steadfast support and push on our economic recovery work.

To equity -- as we start the year, I'm proud to highlight the progress of our equity program and to share some initiatives that are coming this month. We will continue a very highly successful internship program. This year, we will mentor 30 high school students and college students, making it a third consecutive year of our program.

This really equips young people with understanding of the maritime work and other Port jobs, broadens their horizons and opens doors to people. We consider it very critical in our workforce development plan as well. We remain committed to ongoing training, especially for leadership and racial equity training and also in how to build tables that are inclusive and encourage always staff to make their best contribution and have a seat at the table.

Last year for the first time, we released our salary data disaggregated by race and gender. We are committed to closing our gap so that race and gender has parity in earnings in the organization. We're also committed to sharing our data annually to see how we're doing.

The way in which we will achieve more equity in our payment structure is by continuing to open pathways for positions that have typically been dead-ended, also in our recruitment processes and also in our development of people within the organization.

We are implementing and equipping staff, so they're able to consider their promotive opportunities and be prepared to compete. We're actively implementing racial equity action plan interventions. This month, I'm excited to announce a special unveiling of new photography collection at Pier 1 that celebrates the racial diversity and historical contributions that have shaped our waterfront.

For a very long time, our collection at Pier 1 has been primarily focused on buildings or historic photos of the Port. These photographs -- you'll see the working waterfront. You'll see the legacies of black, indigenous and people of color in our community that symbolize how the -- the real history behind the San Francisco waterfront.

So we're very much looking forward to that. We consider this part of representation and part of creating a place of inclusion and belonging. I would like to reiterate that equity is not just a part of what we do. It is central to who we are and that our anti-racist ideology along with our work that we're doing as a workforce to decide on the culture that we will support and embrace and ensure that we have is building slowly and surely a place where everyone feels valued and empowered to contribute their best work.

We will continue this equity work to the best of our capabilities. And I hope that one day we're a model for other agencies because it has been such an important part of our work.

To resilience and sustainability -- this is definitely a pivotal year in our journey towards a resilient waterfront. Just last week, we completed the first Prop A project, significant milestone at Wharf J9 with the installation of a fully accessible, ADA accessible float to support off-the-boat crab sales at Fisherman's Wharf.

We've had really long lines. It's wonderful to see the accessible float, to see customers in wheelchairs or with other disabilities able to access. It is fantastic. As I said, this was funded by Prop A. There is a second phase of this project where we'll replace the seawall with a seismically secure structure.

Looking ahead, there are two key bond-funded early projects that we will be working closely on. One is deemed the downtown coastal resilience program. This is between Broadway and Harrison Street. We're working on this now because the flooding is on its way in our eyesight.

And so this will include interim flood protections and early implementation that will allow us to plan the bigger moves, the raising of the Ferry Building, the new plazas, the work on the historic northern waterfront. The second one is in the South Beach area from Harrison to Third Street.

I'm talking about two of the very low-lying areas that are going to experience near-term flooding. This will be in collaboration in the South Beach areas with our development partners at Piers 32 and Piers 38 and 40. And we will be developing concepts for you and having presentations on that as we move that ahead.

Let's see. We will continue to go out to the public. And we will be working very carefully on the draft plan with the Army Corps of Engineers, looking to get that ready for congressional approval.

To offshore wind -- in 2025, the Port -- we will continue to advance a vision for 94 and 96 as a site for manufacturing of offshore wind turbine components to meet major environmental goals within our state and to bring jobs and economic activity in a blue-green waterfront.

We have something to look forward to in the middle of the year. The California Energy Commission will announce its awardees for the offshore wind energy facility improvement program. It's a grant opportunity. If we're selected, we'll get going on improvements to make our site ready for offshore wind.

As you know and as Ellen spoke to in her public comments, we are moving on a zero-emissions high-speed ferry network. You have this on your consent agenda. And members of the Board of Supervisors are hearing this at a committee of the whole as we speak.

This is an amazing opportunity to improve access to, mobility to and environmentally enhance the way in which people travel by water to our shoreline and visit San Francisco and work in San Francisco.

The Port is cosponsoring an event next week that advances sustainability and equity. Wednesday, January 22, we're collaborating with Zev Tour to hold a clean fleet experience at Pier 94. It's going to have all the latest on the battery-operated, hydrogen fuel tank cells, etcetera.

And it's really for our local truckers to have a look at all of the technology and see what they might be able to adopt. The registration is open to the public. But we are really hoping this event will help our truckers, many of whom are residents in the Bayview.

We're also moving on electrification programs. It is our hope that we see a clean, green trucking fleet that supports very much the economic activity we're trying to cultivate in that area. Thank you for your leadership, commissioners, on resilience. We're going to have another big year.

As a reminder, we're the first in the nation to work with the Army Corps on a program to deal with sea-level rise at a hard urban edge. We have lots of work ahead of us, very exciting work. And we're excited for it.

On key projects, this year and next year, you're going to see unprecedented investments in capital projects across our jurisdiction because we've simply never had as much funding as we have. So we will be implementing all the American Rescue Plan Act dollars that we already have in hand.

We must deliver those projects by November 2026. Your staff is working very hard to make sure we can hit all those deadlines and get all the resources in to hit those deadlines. But we will, at the other side of it, have such improved facilities. So it's a wonderful experience.

We also, from ARPA -- the work that our engineering team has been doing with our environmental team, our maintenance team on a cross-divisional effort to get ready to implement those projects has helped us grow as an organization for capital deliver.

This is important now because we have all these new sources. And it's incredibly important when we move into our resilience work as well. So I'm very pleased and very impressed with the work staff is doing to ramp up our capability to deliver.

In closing, we have a very productive and exciting year ahead. I want to always thank Port staff for your dedication and commitment. We don't always have the easiest things to solve. But we solve them as a team. And I think we do a very good job in moving our mission along even though we have many

constraints and challenges. And we do so with the incredible support and vision of this commission.

We will be working on our history -- we will be trying to right size our staffing. We're historically under-resourced right now still. Coming out of the hiring freeze from COVID, we're still too understaffed. We need to continue to be laser focused, so our staff can assure our facilities are accessible to the public, remain in good repair and bring revenues in to our organization.

I would like to go back to a public comment that we had at commission last time. And this was from a representative, Reva Murphy Associates, an LBE related to the Mission Rock project, as you will recall. Staff has looked carefully at this. We outreached to the contracts monitoring division to learn what was going on -- CMD.

They reported that they have been working diligently with the contractor involved in the dispute. They've initiated more than a dozen conversations and meetings. And they've had mediation. Unfortunately, the dispute still remains open. But we were reassured that the right organization in the city is working on this complaint and that they're doing so with diligence.

So before we end, I have some bittersweet news. We have to share that we're having another transition in Port leadership. Nate Cruz, our esteemed deputy director of finance administration has accepted a position as chief financial officer for the City of Foster City.

Nate's been with us for nine years. He started in the real estate division as a financial analyst. He became the finance director. And then, he returned to serve as deputy director of finance and administration. He's absolutely been instrumental in expressing to staff and this commission the financial challenges in a way that's accessible to us and isn't too, you know, in the weeds on finances.

He has helped us find external sources when we were in terrible shape with COVID. He's kept our ratings with our rating agencies despite all the challenges we faced, assuring that we have a strong and stable credit. And he's also been a fantastic thought partner to folks in his own division and folks across the organization.

I really want to congratulate Nate on all his achievements for the Port of San Francisco. And he will be very, very greatly missed. Meghan Wallace will be stepping as acting, for your awareness. She has quite a lot of experience to step right in. But Nate, we will miss you terribly. And with that, that concludes my report.

President Brandon: Thank you. That was a great report.

Director Forbes: Thank you.

President Brandon: What a way to start out the year. Hmm. Okay. I'm going to open it up for public comment. But can we first talk about Nate? [laughs] Would anyone like to make a comment regarding Nate?

Brad Benson: Good afternoon, President Brandon, Vice President Gilman, commissioners, Elaine, Port staff and the public. I just want to follow on Elaine's comments about you, Nate. I took a moment to just talk to some of the staff in the resilience team about their experience working with you.

Here's some of what I heard. He's always easy to work with and generous with his time. I knew, if I had difficult issues, he would always do the right thing. Through his race-equity work, he truly wanted to make the Port a better organization.

I just want to talk a little bit as well about my experience working with you. You know, it's quite a challenge trying to start up a big program like the waterfront resilience program. And you have always been that thought partner to us, just thinking through over time. You know, we had challenges issues, thinking through tax implications of general obligation bonds. And you really helped us find the way on that topic.

I know the commission has always wanted a little bit more transparency into our budget. And you helped us think through how we could present our multiple sources and our spending plan. I really was getting excited about working with you on thinking about how we're going to come up with the local sources to match the federal sources.

And we did some of that work together. There's obviously a lot more to do on that front. But you know, just -- you've always been open with your time. It's like I could always drop by your office and chat through a problem. I just think that you've been that way for everybody in the organization.

And you've really tried to improve processes in the organization too. So I'll just mention one and then yield to others. I remember, when I came to the Port, the process for allocating capital to projects -- you know, we have so little funding. It was a bit like the Wild West. It was like going into a shooting gallery trying to get money for your project.

And things have improved over time. But you really took it to a new level with the deputies and that sort of -- it just felt like a very collaborative process, how we would get together and rank projects and talk things through. It never felt unnecessarily competitive.

So we will miss you -- Foster City's gain definitely. And we want you to stay in touch with us as you continue with your career. So thank you so much, Nate. [applause]

Jennifer Gee: Good afternoon, commissioners, Executive Director Forbes. Jennifer Gee, senior property manager with real estate and development. I was very, very lucky to be a part of the Port's mentorship program. And guess who was my mentor? Nate.

So a couple of things -- like Brad said, Nate has a very calming personality and always made time, considering his very important role here at the Port. One highlight that I do want to mention is that he helped me with my very first Port Commission presentation. [laughs] He helped me take a look at my staff report and made comments on my Power Point. And I'll forever be grateful. Thank you, Nate, for everything. [applause]

David Beaupre: Commissioners, Director Forbes, David Beaupre, deputy director of planning and environment. I also just wanted to thank Nate for his time served, a double duty at the Port. And I was able to participate in both those tours, so to speak.

Nate's been a great collaborator, always very approachable, as Brad mentioned, always coming to -- wanting to come up with solutions to problems or issues we have, a lot of which mostly dealt with money and shortfalls on projects and trying to find the gap in creative ways.

He's always been very candid and straightforward, which is great. And recently, he's put on a number of brown bags that have helped staff understand kind of the budgeting process, the capital planning process. And I found them, after being at the Port 22 years, something I wish I had gotten maybe 22 years ago [laughter] that helped me understand the process a lot. So I really appreciate that and will miss Nate but wish him luck in Foster City. Thanks, Nate. [applause]

Alysabeth Alexander-Tut: Good afternoon. Alysabeth Alexander-Tut. I'm the contracts and procurement manager. I have had the honor of being a direct report to Nate for the last few years. And it's been a wonderful learning experience. He's been a great thinking partner. He's had my back when it was necessary.

He's -- my team absolutely adores him. He introduced skip levels into the organization where he would meet with the people that his direct reports supervised in order to really understand what's going on in the organization, what's going on in the division and really promote all of our professional development in a way that just felt really, really good, like we all really belonged. So we will really miss him and wish him well on his new journey. Thank you.

President Brandon: Thank you. [applause] Would anyone else like to comment? Commissioner Lee?

Commissioner Lee: Nate -- [you're right]. This is what I'm used to now [laughter] because I do this at work. Okay. Nate, you know, ever since I joined the Port, you

know, finance is really kind of a secondary for me. I'm more an operator. And when you came up with those numbers and finding the money and all that that the Port really needed because we were so in debt with COVID and the tenants not -- you know, with a lot of the rent relief and things.

And we were short. But you always came up with finding money somewhere and the grants. And that's great. I really appreciate that. You know, I also appreciate when you went to Alameda with the small-business little outing we had. Nobody else wanted to go with me. But [laughter] Nate went.

And now, I know why because he said -- he felt probably good with city government, you know, because we were at the City of Alameda on the Hornet. And now, Foster City gets you. So good for them, bad for us. But good luck to you. [applause]

President Brandon: Commissioner Adams?

Commissioner Adams: Nate, I remember when you came. And I just want to personally say thank you for the Port being a part of your journey in life. And the time comes for all of us when we have to move on and go to somewhere else. Life's about continuing to grow and to continue to develop as people.

And your legacy here is cemented. And thank you for nine years, I think, that you've spent here. And as you go on to Foster City -- and you may go on somewhere after that -- continue your journey. But thank you for the sunshine and the light in all that you left here. Thank you.

President Brandon: Thank you. [applause] Commissioner Engblom?

Commissioner Engblom: Congratulations on your move, Nate. Good luck in the next chapter. We haven't had a chance to work together very much. But coming in -- you know, being a San Franciscan and seeing the leadership that the Port is serving for its peer group around the country is all underpinned by really strong financial strategy.

And I think that's got to be a testament to your work. So thank you for that. And I'm glad you're staying in the region because we're going to need more regional thinking. So it'll be great to have you in a suburban partner. Thanks. [applause]

President Brandon: Vice President Gilman?

Vice President Gilman: Nate, thank you so much for your time with us. And thank you so much also for putting up with us. We've asked you some tough questions in closed and open sessions. And you've always been resilient in your answers.

And you've also always come back to us when we pressed you for more information or when we suggested showing information in a different way or when we've not been able to grasp concepts. You've always been really patient with us and given us the information we need to make the smart decisions, the right decisions and the decisions that are best for the Port of San Francisco and for the city and county and the citizens of it.

So I just really want to thank you for your service and appreciate that you chose to go off and be a CFO of another community on the water. So thank you. [applause]

President Brandon: Nate, we are really going to miss you. It's just been wonderful to watch your growth over these last nine years. You've just ascended. And it's only natural that someone else would want you. They want to steal you from us. But you have been wonderful to work with through COVID, through the recovery, through resilience, through capital planning.

You name it. Nate was there. And Nate is unflappable. You can ask him any question. You can say, "Okay. Well, I don't understand that. I need to see it this way." And he comes back to you, you know, within 24 hours showing you a different version that you totally understand and should have got the first time. [laughs]

But he has been absolutely wonderful to work with. And we are going to miss you. You definitely have made your mark here at the Port. And you know, if things don't work out, we'll always welcome you back. [laughs] Thank you so much for your service to the Port of San Francisco. [applause] Would you like to say anything?

Nate Cruz: Commissioners, thanks for the lovely compliments. And my coworkers, it's really heartwarming and makes me second guess my own decisions. [laughter] I thought twice b -- you know, I've come back before. I do want to say, you know -- Brad, you mentioned how the CIP used to be the Wild West.

And I think I played a small part in making it better. But it was better because of the team that was in the room. Right. Elaine has done an incredible job of bringing together people who cooperate and care about the Port as a whole. We don't really think in silos. We work across those divisions.

And I'm only qualified for this job in Foster City because of the opportunities I had to grow here. Elaine's mentorship -- you know, I started out as a financial analyst here with no direct reports and got the guidance and the opportunity to grow and to learn. And I got to do it with a boss who sat in the job and could really help me see the blind spots and make sure we are doing the right thing for the Port financially.

So it's a really -- it's an amazing place to be. I'm really sad to move. But I'm excited to bring what I've learned here to a whole city -- you know, to the citywide lens. And it's not a coincidence that the entire Foster City government is about the same size as the Port. [laughter]

This is a great -- this feels like a place where you can -- you know, where personal relationships and how you comport yourself in that room where it used to be the Wild West makes a difference. And you know, your leadership and Elaine's leadership has made that culture work here. And I'm glad to be in another place where I can take those skills and put them to use. But thank you so much.

President Brandon: Thank you. And congratulations. [applause] Okay.

Director Forbes: We do have a gift if you'd like to take a photograph. Do you want to take a photograph with Nate? And we have Arianna here.

President Brandon: Okay.

[Photograph taken] [crosstalk]

President Brandon: Okay. Is there any public comment on the executive director's report? Seeing none. Do we have anyone on the phone?

No Public Comment on the Executive Director's Report.

Commissioners' Discussion on the Executive Director's Report:

Commissioner Lee: Elaine, the progress of the Port has been doing really well.

Jenica Liu: Sorry. Could you use your mic, please?

Commissioner Lee: All right. Tech people, what's wrong with you? [laughter] So anyway, the Port progress has been good as to what we did at the end of the year. I'm really glad about J9. J9 got the -- it opened for the fishermen just in time. And I know that there's more to be done. I'd like to get the gas station opened for them.

We really need to focus more now on central waterfront -- northern waterfront. Sorry. A lot of development is going down Dogpatch area, which is great too. But I think, right now, we need to come back this way and really help the fishermen and the small business over there, get those restaurants open again.

I know we're kind of short on funds. And we've got to be really creative. So thanks for a great report. And I'm looking forward to 2025. And since J9 is kind of

done, let's get that sign up about the shopping on the waterfront there on the off-the-boat sales. Thank you.

President Brandon: Thank you. Commissioner Engblom?

Commissioner Engblom: Yeah. Thank you, Director Forbes, for the report. A couple thoughts -- one is I -- you know, really inspired by Ellen's comments about the Port and the position that we're in. And I think, whenever -- I just -- you know, between that and then your outlining of Mayor Lurie's checklist of service accountability change -- knowing Alicia John-Baptiste and her new role from my years at SPUR, I think we're in a really good place with the city leadership, underscoring this collaborative and cross-fertilization with other departments.

And I would just say that, you know, going through my mind was, you know, how do we build on this powerful momentum that we have and a lot of incredible technical work? And maybe it's just a reminder now to rest on our laurels but to actually challenge ourselves to -- you know, how do we -- like I think El -- somebody used the term sail on our wins, which is a good term for the Port.

But how do we do that? And I think it's really having everybody in San Francisco be in love with our waterfront. And I think that it's just a reminder that, you know, a lot of times we're really challenged by all this technical -- you know, the incredible scale of what we're trying to figure out.

It's oftentimes -- I think it's important just to remind ourselves that one of the best ways to do this is to get the power of the public behind everything that we're doing and remind ourselves, every time we turn around, that we're doing this for San Franciscans. So that's just what went through my mind. So thanks.

President Brandon: Thank you. Commissioner Adams?

Commissioner Adams: Director Forbes, excellent report. I think that, as we start a new era in our city, I think that the Port is so pivotal being that it is something that people can look at. And we put in the work here. You and the staff put in the work here, the commissioners, the president. Everybody puts in the work here.

And we will continue. And as we concentrate on the southern waterfront, the northern waterfront, the waterfront will continue to be that beacon of light. We understand that there's a hiring freeze. And we have to respect that. We understand there's a budget -- there's a deficit. And we have to deal with those things.

But I think we'll be okay with your leadership and the staff and everybody pitch in. I think 2025 is going to be a great year. There's going to be some challenges, as we know. But as we've shown again, you know, we may be the

underdogs at times. But we continue to surprise. And we continue to -- at the end of the day, we put in the work. And we deliver the goods.

I want to say a special thank you to Demetrius Williams, the new president of Local 10. Demetrius will be sworn in Thursday night at Local 10. And I hope to be there as Demetrius -- Demetrius is a long-time resident of southern waterfront in San Francisco, has put a lot of time into this community.

And having you come and -- I hope you continue, when you can, to attend all the Port Commission meetings that you can and to have your voice heard and to make a contribution. So thank you.

President Brandon: Thank you. Vice President Gilman?

Vice President Gilman: Director Forbes, as always, a great report and stellar leadership. And as we start the new year, I think we have a lot of ambitious projects. I'm really excited about offshore wind. I'm really excited about the zero-emission water service and ferries. These are things that will take us beyond 2025 and into the future to be cutting edge and will contribute to our efforts around sea-level rise.

So I just really want to elevate those activities. And also, as we continue our economic vitality, love that shift as we move from recovery to vitality. We have so much to offer. And I really hope, working with this new era of leadership at City Hall -- our new Mayor Lurie, our Chief of Infrastructure Alicia John-Baptiste -- really gives us an opportunity to work with our other infrastructure departments to really work collaboratively and, as an enterprise department, to really be able to position ourselves to have the resources from both the staffing and contracting perspectives, so we can continue to move forward to generate our own revenue.

I think that's always important to remind the public that we are an enterprise department. We survive and thrive on the income that we generate ourselves, our grants or things that we secure outside, not from the general fund. So hopefully, we can work with the new administration to ensure that we have the proper staffing and the proper support, so we can continue all these amazing initiatives that we've started. So we can continue to thrive. Thank you for your leadership.

President Brandon: Thank you. She took the words out of my mouth. [laughs] I really do want to -- great report. It's amazing how much the Port staff is doing with the limited staffing and limited resources. I really want to congratulate Mayor Lurie and look forward to working with him and his leadership team to continue all the wonderful work we're doing here at the Port.

And I think it's key that, when working with other departments and leadership, that we really hone in on the fact that our resilience project and our

key projects that we have right now -- we cannot put them in jeopardy. We have to keep them moving forward.

So we have to have increased staffing. And we have to have contracting in order to move these projects forward. So whatever we can do collectively to make sure that everybody is aware of that and that we're not just trying to go outside the box. But this is critical to San Francisco's future.

So really appreciate your report. I really appreciate all that the staff is doing to make your report so wonderful. And I'm keeping my fingers crossed that we get that notification for offshore wind granting. That would be absolutely phenomenal, another feather in our cap. But the Port is just a remarkable place. So thank you for your leadership. Next item, please.

11. CONSENT

A. Request for authorization to modify Construction Contract No. 2788R, Hyde Street Harbor Repairs, to retroactively extend the substantial completion date and increase the not-to-exceed contract amount. (Resolution 25-01)

B. Request authorization to accept and expend a \$55,386,000 grant from the U.S. Environmental Protection Agency Clean Ports Program to fund the San Francisco Waterfront Emissions-Free Ferry System Project. (Resolution 25-02)

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

No Public Comment on the Consent Calendar.

All Commissioners were in favor.

Motion passed unanimously. Resolutions 25-01 and 25-02 were adopted.

12. ENGINEERING

A. Request for authorization to modify Construction Contract No. 2796R, South Beach Marina Repairs, to retroactively extend the substantial completion date and increase the authorized not-to-exceed contract amount. (Resolution 25-03)

Noel Aquino: Hello, commissioners, Vice President Gilman, President Brandon. Congrats on your reappointment. My name is Noel Aquino. I'm the project manager for Contract 2796R South Beach Marina project. I'm here today with Andre Coleman to request authorization to increase the budget by \$1.7 million and retroactive time extension of 474 days.

The project initially began in 2017. And designers were instructed to survey the end docks and the south guest dock to identify any repairs needed to keep the floats operational. The map you see in front of you shows areas that were identified for repairs in yellow. And areas in red represent areas that were -- for full replacement.

The repairs included wooden-waler replacement, through-rod replacement, concrete patching, dock hardware and supplemental floatation. The project originally was expected to advertise in early 2020. But due to COVID, it was shelved. And the project was eventually reactivated in October 2022. And an additional field survey was performed again to identify any new repairs not picked up in the original design.

In both assessments, the south guest dock was identified for repairs only. And on January 23, 2024, the project was awarded to Yerba Buena Construction, an LBE firm. And during construction, additional repairs were identified throughout the project but within the project limits. And the Port was able to cover those with the authorized 10 percent contingency.

However, in September 2024, the contractor performed repairs at the south guest dock. Further waler work and through-rod repair was identified. And what was most concerning was the concrete work. This slide is to show a high-level idea of what a floating-dock anatomy looks like.

Essentially, a float is a large foam block wrapped with rebar and wire mesh and then encased in concrete. And you can see the through rods that run through them that are used to connect the wooden walers that keep each individual dock together to provide a rigid and supported system.

So at the south guest dock, as concrete work was performed, you can see here that, at the limits, the concrete just kept spalling. In that area where it was broken out, there should be a wire mesh. But due to intrusion of salt water, it completely disintegrated. And there is nothing left for that concrete to grab a hold onto.

So in this situation, we started to take a look at maybe it's a better idea to do a full replacement instead of the repairs, as we would just keep chasing the concrete down the line.

So the project team put together a cost-and-schedule update. It would take roughly around 14 months to perform this additional work, two months for design floats, four months for shop drawings and then six months for the fabrication and two months for the installation for a total time of an additional 14 months.

As I mentioned, we are requesting \$1.7 million. And to just make sure that the Port is getting good value from this additional work, we compared it to Wharf

J9 for the similar installation over there. So we took the total square footage of both projects. I took the average of the J9 bids that were received.

For that project, the average cost per square foot was \$520. And for the south guest dock, it was only \$452. So with that, we decided that this was the best path moving forward. And I will turn it over to Andre.

Andre Coleman: Thanks, Noel. Good afternoon, commissioners. Andre Coleman, deputy director of maritime. So just to speak to some of the economic, financial and operational benefits of doing this project or -- excuse me -- increasing the funding for this project -- so economic significance -- the current state of the south guest dock -- it really is a deterrent to visitors and prospective tenants, just given its deteriorating condition.

There is also a pump-out station on that dock, which is necessary for boaters to offload their blackwater. You'll see that in the operational slide. Regarding the financial implications, the approach that the Port is recommending is one that is a proactive approach to avoid the higher cost of emergency repairs and uninspected shutdowns that we have experienced over the past few months which does require Pier 50 maintenance to come out and to service that dock but also disrupt some of the businesses that use the south guest dock.

As far as annual revenues, berth agreements and excursion landings generated approximately \$245,000 in revenue during last year's fiscal year. But aside from just the revenues generated, there are other users of this south guest dock, specifically: the Bay Area Association of Disabled Sailors, more commonly referred to as BAADS; the youth sailing outfit; City Kayaks; and SpinOut Fitness.

So it is an essential dock in addition to prospective tenants, excursion operators [but] those other outfits that use the south guest dock for water recreation. And then, just again to the operational benefits, a new dock will ensure steady, reliable service, avoid any revenue loss that would come from emergency closures.

It would preserve continuity of operations at the marina and also allow for us to attract prospective new berth holders at the harbor. And Noel, I don't think you spoke to the age of the current dock. But I believe it's 30-plus years --

Noel Aquino: Yes.

Andre Coleman: -- correct -- at the end of its useful life. So -- and just going to the next slide -- so Port staff is requesting authorization for retroactive time extension of 474 days for substantial completion of April 1, 2026 and to increase the contract total not-to-exceed value by \$1.7 million for a total of \$4,028,711. And with that, Noel and I and Wendy are available for any questions that you may have.

President Brandon: Thank you. Great report. Thank you very much. Can I have a motion?

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

No Public Comment on Item 12A.

Commissioners' Discussion on Item 12A:

Commissioner Engblom: I have a question of the team. Is it oversimplification to say that, during the course of the project, what was originally identified as a yellow repair only has turned into a red full replacement. Is that --

Noel Aquino: That is correct.

Commissioner Engblom: Okay.

Noel Aquino: Yes.

Commissioner Engblom: And I guess I'm just curious. Was it part of the -- because I guess I'm just -- whenever I hear that something is getting increased, it seems like it -- I wonder, was that part of the brief was that consultants were asked to look and identify what was yellow and what was red? And then, this was a change?

Noel Aquino: During construction, yes.

Commissioner Engblom: Yeah.

Noel Aquino: Yeah.

Commissioner Engblom: And was that -- why the change during the project? Like there was no way to have foreseen this at the beginning?

Noel Aquino: Understood. That's a good question. So like I mentioned, the project started in 2017 with the same designer in both cases. They did a survey of the project site. And originally, they said that the south guest dock was just for repairs only.

And then, in 2022, they surveyed it again. They added some additional repairs but deemed it still a repair-only location. Can we go back to the slides? So another issue was that a lot of the repairs is difficult to see at a high level. You'll have to go dig deeper, as you can see the -- in this slide here, the through rods are all inside the float.

And you wouldn't be able to tell how bad it is until you pulled them out and then same with the wire mesh. Until you break out the concrete, it would be difficult to see if it's still there. You can see, you know, something -- like the cracking might be something that you can see. But you can't tell until you completely pull it out.

Commissioner Engblom: Yeah. Which all sounds reasonable. And then, the other thing that I found helpful was the comparison to J9. And I remember, when we were talking about J9 last month -- or December, I believe -- was we were all, you know, really congratulating the Port team and the consultant team for [IDing] the problem, you know, mid-project and then addressing it.

So I think we want to be really diligent about that given our mission. So I just wonder if, in addition to the price-per-square-foot analysis that you did comparing that, is -- you know, how the time implications of adding this scope to the project -- how that compares just because I think that's really useful for us, as we keep track of these repairs, how much they are costing, how long they're taking.

And then, also, I think, you know, just maybe another thing is keeping track of the -- I really like how the last bit of the presentation talked about the economic and social benefits of these. I think that gets to my comment earlier about how we continue to win over the hearts and minds of people using the waterfront is like we really talk about this in terms of the benefits to our constituents, who are using this.

So just how does this compare to the impact of what we're doing at J9, what we're doing here? And that way, when we continue to go out and talk about how important these repairs are, we have a library of the impacts that we're helping with.

Noel Aquino: Understood. There's obviously some lessons learned here. But I would say this is probably not the most ideal way of taking care of it, but it's the most efficient. If we turned this into a new project, I would say we would easily add another six months to start a new project, go through the design process again, go out to bid.

And with that, there is no, I guess -- you can't tell the bid environment in the next six months. It could be more expensive. It could be cheaper. What we have here is something that we consider a good value and is reasonable.. So it's something that we have on the table versus some unknown in the next six months. So --

Commissioner Engblom: Thanks.

Noel Aquino: Yeah.

Commissioner Engblom: That's it.

President Brandon: Thank you. Commissioner Adams?

Commissioner Adams: I'm in support. Thank you.

President Brandon: Commissioner Lee?

Commissioner Lee: So originally, this project started in 2017? Is that right?

Noel Aquino: Yes.

Commissioner Lee: So I always -- when it comes to these contracts, you know, I'm always saying that the cheaper b -- you know, the one that has the lowest bid, you know -- they always bid low. And then, they always grab the 10 percent contingency because delays and things like that. I think that's always been a concern of mine.

Noel Aquino: Mm-hmm.

Commissioner Lee: I know, when you're doing construction -- because I know, when we're remodeling places -- that you don't discover things relatively quick. And I think, in 2017 to now, obviously it wasn't discovered. I just want to make sure that these things are not -- you know, we saw it but didn't say anything, you know, and get into the system, grab the 10 percent contingency.

And then, now we're asking for more money and more time. My thoughts are -- I mean, there's not much we can do about it, I mean, as far as, yes, we have to spend this money and get this done. J9 was a great example of finding -- while the contractor was there, it's a lot cheaper to get it done while they were there.

I think maybe that the engineering can, when these projects are around, look around the area, see if there's anything else that needs to be done. Otherwise, we don't have to be in this situation because, especially 2017 to now, construction costs go up. Materials go up. And maybe they would have seen it coming. And we could have addressed it back then.

Noel Aquino: Yes.

Commissioner Lee: See what I'm saying?

Noel Aquino: Yeah.

Commissioner Lee: I mean, it's not like we have a lot of money for this stuff. And the seawall is very -- it's going to cost us quite a bit. And we need to save as much as we can. But anyway, I'm for voting this forward because, at this point,

we have no choice. But I think, in the future, if we're doing a construction project, look around the area. And see if there's anything else that needs to be fixed. It'll save us money in the long run.

Noel Aquino: Yes.

Commissioner Lee: Thank you.

Noel Aquino: Thank you.

President Brandon: Thank you. Vice President Gilman?

Vice President Gilman: I'm supportive of the item. Thank you.

President Brandon: Thank you. Great report. To me, it always raises a red flag when I see a contract double. But you've done a great job of explaining what happened and why. But I'm just wondering, is there anything that we could have done in advance to have foreseen this?

Noel Aquino: Before we went out to bid the second time, I did have them go back out -- the designers. But they didn't flag it. So that -- you know, we could have done a better job, you know, fine-tooth comb, combing through everything. Also, at the inception of the project, there was pr -- I wasn't part of it.

But there was probably some funding scenarios where, you know, we probably didn't have enough money to do the full replacement at that point. So funding seven years ago was different as well. So --

President Brandon: Right. I just hope that, because we have so much work that is going to be done along the waterfront, that we do the best planning and design that we can prior to actually going out to bid because we can't have these cost overruns every time we go out and find unforeseen issues, you know. But I'm supportive of this. And thank you so much for your presentation.

Noel Aquino: Thank you.

President Brandon: We have a motion and a second. All in favor?

Resolution 25-03 passed unanimously.

13. REAL ESTATE & DEVELOPMENT

A. Informational Presentation on Status of Settlement and New Lease Negotiations with Bauer Intelligent Transportation, Inc. (Bauer) under Lease No. L-15004 (Pier 50, Sheds A and C), Lease L-16206 (401 Terry Francois Blvd – terminated) and a Parking License (Pier 96).

Kimberley Beal: President Brandon, Vice President Gilman, congratulations on your reappointments. Good afternoon, commissioners, Executive Director Forbes. My name is Kimberley Beal. I'm the assistant deputy director for real estate here at the Port. I'm joined today by Jennifer Gee, senior property manager for the southern waterfront, and Karen Chan, property manager for the China Basin area.

And I'm here to address a request made by the Port Commission for status on the lease negotiations and settlement negotiations for Bauer following public comment that was made by Gary Bauer at a previous Port Commission meeting.

So to provide some context, Port has an obligation to obtain fair market value for use of its trust property. We manage a portfolio of approximately 550 leases, all of which are public documents requiring transparent and equitable handling, especially in settlement and delinquency negotiations to prevent setting precedents that deviate from obtaining fair market value.

With the execution of a lease, the rent is locked in for its term. But upon expiration, the Port must adjust to current market values, which can challenge retaining long-term tenants in areas where land-value growth outpaces their revenue, as in this case. And the Port's ability to offer a new lease may be constrained if the tenant is not in good standing when their lease expires.

So to provide some background, Bauer Intelligent Transportation has been a tenant at the Port for over 20 years. They were in the northern waterfront at Pier 27 and had to move with the development of the cruise terminal. They offer private transportation for hospitality, conventions, employee transportation, just to name a few.

Pre-COVID, Bauer leased space at 401 Terry Francois Boulevard, which I'm going to refer to as 401 TFB. That lease expired in December 2021. That was for supplemental office space. And the tenant has vacated that space. They vacated in May of 2022.

At Pier 50, they occupy space at Shed A -- in the bulkhead of Shed A and space at 50C, which is where their -- they have their headquarters there. They also do maintenance on some of their buses and have bus parking there. That lease expired in May of 2022 and is currently on holdover. And then, they also have parking at Pier 96, which is month to month.

The Port and tenant have been in discussions about a potential settlement agreement and terms for a new lease since 2021. But we have been unable to come to terms. The key points of negotiation center around: a settlement agreement for outstanding back rent and repayment -- a repayment plan; terms for a new five-year lease at Pier 50; and required sprinkler work and a rent credit for the work, which is required for their occupancy at Pier 50 Shed C.

So currently, Port's records show an outstanding rent balance totaling about \$6.4 million, which the tenant is disputing and claims it is much less. Port states -- I'm sorry -- the tenant states it's not being allowed rent forgiveness, considerations received by other Port tenants during COVID and were not in agreement on the holdover rent for Pier 50.

We have proposed a five-year lease at Pier 50 Sheds A and C, which is contingent upon installation of a sprinkler system again at Pier 50 Shed C, which is required by current city code. And we're also in disagreement about the rent structure for a new lease.

So as of December 27th, as I mentioned, Port records the tenant has an outstanding balance over the three agreements of about \$6.4 million. The tenant feels the outstanding balance is only \$2.87 million. So that is a difference of about \$3.56 million.

Prior to COVID, the tenant historically had had challenges paying rent in a timely manner and, in February 2020, had just completed payments on a settlement agreement under which the executive director forgave \$25,000. During COVID, as with many of our tenants, unfortunately the tenant fell delinquent again.

So to aid tenants during the COVID-19 pandemic, Port established various rent-relief programs. The first one was a rent-deferral program. And that was a broad-based rent-deferral program that was extended to all Port tenants, which allowed tenants to defer rent from March of 2020 through -- ultimately, it was July 31st. It was three months. And then, it extended.

But with the broad-based deferral program, it required tenants resume payments by August 1st of 2020 and then pay all deferred amounts by the end of July of 2020. There was an opt-in rent-deferral program, which was something that was available, again, to all Port tenants, which allowed rent to be deferred from March of 2020 through December of 2020.

With this, again, tenants were required to pay all deferred amounts. And those amounts needed to be paid by the end of December 2020. We recognized that most tenants -- a lot of our tenants were still struggling. So the Port Commission approved a tenant repayment program.

This provided three different options. There was one where a 5 percent discount was given. And this was, again, still dealing with amounts that were deferred. So a 5 percent discount was given for payment received by the end of December. For tenants, again, who did not have money to pay, there was an option where tenants could pay in six installments from January 2021 through June 30, 2021.

There was no fee with this. This did require, however, that they resumed their regular monthly payments as of January 1, 2021. And then, finally, there was another program which allowed tenants to stretch that payment over 12 months, which required a 3 percent one-time fee on the balance that was outstanding.

They did need to resume payments January 1, 2021. And again, their monthly payments then did not start on the amount that was deferred until July. So that was July 1, 2020 through June of 2022. The tenant did apply for the opt-in program but did not make payments as required under the program.

The Port Commission also approved rent-forgiveness programs. However, in trying to balance the importance of Port's own revenue needs to sustain Port operations and advance programs, rent forgiveness was limited to the following sectors. And that was certified LBEs were given three months. Civic impact or -- so that was nonprofits and our artists -- were given three months' base-rent forgiveness.

There were maritime tenants who were given six-month base-rent forgiveness. And then, there were percentage-rent tenants. And that was like our restaurant tenants were given 14 months' base-rent forgiveness. However, in lieu of base rent, those tenants were required to pay percentage rent.

So in 2021, the tenant requested rent forgiveness, which it said reflected its revenue losses due to the pandemic. However, the tenant was not eligible for forgiveness under the programs, as I just mentioned what those sectors were.

With the tenant's request for rent relief because of pandemic-related financial losses, Port hired Seifel Consulting to review the tenant's financial records. And one of the reasons we did this too is the tenant did have some concerns about keeping their records confidential. And of course, anything that's provided to the Port becomes public record.

So with the review, it was determined that the tenant's revenue dropped to 40 to 65 percent of 2019 levels. A follow-up meeting between Seifel and the tenant to review tax returns, profit-and-loss statements and other financial documents to support the need for relief did not occur, as tenant did not provide those additional documents.

The consultant indicated, however, that the tenant received approximately \$7.8 million from federal/state relief loans. So this was Paycheck Protection Program, or PPP, and Coronavirus Economic Relief for Transportation Services, or CERT loans.

Based on information on ProPublica, Port staff was able to document about \$5.4 million in federal loans that were specifically received and forgiven for

the entity that holds the agreements here with the Port and relies on the consultant for the larger amount.

But the tenant indicated that the funds were used for payroll or despite -- I'm sorry -- despite the tenant indicating that the funds that are received were for payroll, the consultant still concluded that the tenant had the resources to pay the outstanding balances owed to Port.

Port staff considered an audit via CPA to determine tenant's financial position and why forgiveness was needed given the high value of the loans that were received and ultimately forgiven. However, it was concluded, if the goal was to come to a settlement agreement, an audit was not the best use of Port funds and resources.

And tenant also stated that its bank will not allow it to pay our proposed rents. Therefore, an audit is not going to change that. I should back up. I'm sorry. And going back to rent relief, the tenant requested rent relief in amount of about \$540,000, representing what the tenant states is in accordance with forgiveness Port provided other tenants.

The list that the tenant provided us was a list of forgiveness for our restaurant tenants. And as I mentioned, those tenants were required to pay percentage rent. So the numbers that they provided did not account for that. However, Port staff has proposed potential relief of about \$438,000, which is equal to 4.5 months of base rent in 2020 during COVID as part of an overall settlement agreement.

So in looking at the settlement agreements and payment of back rent and repayment plan, Port and tenant generally agree on the outstanding rental amounts owed for 401 TFB and Pier 96. However, the tenant is contesting the finance charges.

Subject to acceptance of other settlement-agreement terms, Port staff recommends accepting tenant's request to pay a lump-sum amount of about \$265,000 to resolve the outstanding balance. And again, this is for 401 TFB, which they've vacated, and Pier 96, which is where they have some bus parking.

In looking at the holdover rent for Pier 50, in March of 2022, the tenant was advised that, when the lease for Pier 50 expired, rent would increase to the then parameter rate of about \$161,000 per month. Despite this notification, the payments the tenant has made since that time have only been for about \$104,000, which was the rate at the time the lease at Pier 50 expired.

In trying to reach a compromise while remaining mindful of our portfolio-management responsibilities and obligation to obtain fair-market value, we looked at existing rents in the same facility and Port rent-incentives programs. So

in looking at the slide that is on the screen, what is shown is, currently, we're billing about \$170,000 a month.

This is because -- you'll see in the next column -- the holdover rent that we billed in May of 2022 after the tenant's lease expired, that was the parameter at that time. The rent was increased. Normally, we increase rents by about 3 percent. So I think it might be slightly over 3 percent.

But that is why that 161 went up to 170, which, as I said, is what we're billing now. In looking at what the low end of parameter is for the '23 -- 2024 fiscal year, low end of parameter, the rent per month, would be \$157. I want to point out, in '23-'24, we did reduce the parameter rent for office space.

So you'll notice there's a difference there from the 340 when the lease expired in 2022 to the 310 at the low end of parameter in '23-'24. I would also like to mention that Pier 50 Shed C is shared with Crosslink, which is a maritime tenant. Their lease expired also in 2022. And we entered into a new lease with them at that time based on the ramp-up incentives that the Port Commission approved.

And so if we used those rates based on the ramp up at that time, which was the 80-90-100 percent ramp up versus a 70-80-90 that the commission approved the following year, we would have a rent of roughly \$132,000 per month. However, what Port staff has proposed is a rate of \$110,000 per month.

And the way that we came up with that rent was, again, the Port Commission approved a ramp-up rate that was a bit more aggressive in the '23-2024 -- I shouldn't say aggressive. It was more generous in '23-'24. So instead of 80 percent, it's 70 percent.

And then, I'd like to also mention that, with what the commission approved, it was initially for office space and shed space. And we extended that decrease to the apron space. So you'll notice that's 28 cents a square foot as opposed to the 40 shown in the '23-'24 parameter rents.

So with the holdover-rent proposals, what staff has proposed versus what the tenant is requesting, you'll see there the tenant is proposing \$104,000 a month, which is based on the rent that they were paying prior to lease expiration, versus what staff is showing. And then, with parameter, I'm showing what it was in 2022. And it's just done a 3 percent bump each year.

I want to also point out, for the rates that we are showing for Port, even though the commission, with the ramp up, approved a 70-80-90, the tenant had requested a -- the tenant had requested a more gradual increase. So that's actually a 70-75-80 percent ramp up.

In looking at the rent structure for a new lease, we have just continued to take the ramp-up rent structure that the Port Commission approved. So then, we're looking at 80 percent, 90, 100 and then 3 percent following.

So in looking at the requirements for a new five-year lease for Pier 50, the tenant must complete sprinkler installations for 50 Shed C. This work is necessitated by their operations. Once again, they do some work on busses inside the shed. And the fire marshal will not sign off on a new lease without the shed being sprinklered, which is a code requirement.

So we are proposing that they complete that work in 12 months. The tenant has provided us with a proposal showing that the cost would be \$1.8 million. Port has proposed to give the tenant a rent credit not to exceed \$2 million for that sprinkler work with 100 percent of those rent credits, however, being applied to the past-due outstanding balance, which is something different than what we had initially suggested.

The tenant would then need to enter into a repayment plan for the remaining balance, which would include an upfront payment of \$500,000. There would then be a 3 percent admin fee on whatever the outstanding remaining balance is, which is similar to what we did for other tenants. And then, this would also then require an execution of a settlement agreement enforceable through a stipulated judgment.

So the settlement structure resolves the outstanding balance for 401 TFB and Pier 96 and prioritizes repayment of past-due rent for Pier 50. The tenant is required to complete the sprinkler installation with rent credits to be applied to the back rent.

The new lease would be aligned with market conditions and based on the ramp-up-rent structure. The stipulated judgment reduces uncertainty and costs associated with litigation. And it upholds the equity among tenants by ensuring consistent standards.

Port staff has tried to offer the most beneficial proposal it can to retain this long-time Port tenant while remaining mindful of its portfolio-management responsibilities and the impact that a below-market agreement could have in meeting the Port's obligations as a trustee.

Port staff's best and final position is one where we have extended as far as we can while still tying the offer to important portfolio-management signposts, which are parameter rents, existing rents in the same facility, Port pandemic-relief programs and Port leasing incentives offered by the Port Commission. And with that, that ends my presentation. And I am here to answer any questions that you may have.

President Brandon: Thank you. Are we going to hear from Mr. Bauer?

Gary Bauer: Thank you. It's a lot to address. [laughs] So first of all, ladies and gentlemen and the Port Commission and the Port staff, thank you for the time. And appreciate your reappointments. And congratulations on that. I've got a three-page, four-page letter written out. Maybe it'd make more sense of our time to kind of get to some of the points and go through it.

We've all been working on this diligently for about -- almost five years now. And we want it resolved. We've got electric vehicles that we want to charge. We can't set up chargers, as I mentioned before, without the sprinklers going in. So really, we're motivated to get this done. I think we're pretty close on most of the points.

Some of the points that are a challenge -- and we've, over the years, been working on it. Again, there's been numerous meetings with myself and Elaine and her team along with also basically numerous emails back and forth. At the end of the day, we've been given proposals from the Port in '21, '22 and '23 that we're told the rates they gave us were not granted by the commission.

So we're a little confused. I've got it kind of laid out. I can give you guys a copy of what we've got if that's okay.

President Brandon: Okay.

Gary Bauer: Thank you.

President Brandon: You can give it to the commission secretary. Over here. Over there.

Gary Bauer: Sorry.

President Brandon: Over there.

Gary Bauer: So -- yeah. When you get it, if we could take a look at a couple documents -- and this is where we've come up with our numbers. We didn't just pull some numbers out of the air. These were numbers that were driven by what the Port recommendation was for us to pay.

So if you get a chance to look at exhibit B, which is halfway through the document -- and it'd probably be easier to follow the exhibit C. Two-thirds down the page, you'll see it says Port-proposed structure. This is what the Port gave us to basically -- you know, we made an offer. This was their counteroffer back to us back in '21, '22 and '23.

And now, these numbers have dramatically changed. So the numbers we're asking for aren't really any different than what was offered to the Port over the years we've been working on it. The challenge is -- and the reason we're --

the payments that [were made before] -- because we never came to a conclusion on what the amount was owed.

We couldn't pay an amount we didn't know what was going to be paid. We were still in negotiations on what it was going to be. So it was the point of we want to get it resolved. We want to get it paid. We're just trying to come to a number that makes sense. And I think we're close. But I think we've just got to figure out our last few numbers.

And going from \$100,000 a year to \$160,000, \$170,000 a year -- I think anybody coming out of a pandemic could agree that's a huge jump. And that's what we -- put forward to us saying, "Hey, your rent's going now from \$100,000 to \$160,000 or \$170,000."

So we've come back and forth. We've got to where we're at now. It's getting better. I think we're getting there. Elaine and her team has been working with us. It's just -- we've got to get a few more of these points worked out. Any questions on that at all? Does that make sense?

President Brandon: Well, I don't know if the staff has seen these numbers and had a chance to verify what it is you're presenting. This is our first time seeing it. So I'm not quite sure.

Director Forbes: I can share. We have seen -- this is from a memo that former deputy director of real estate wrote -- Rebecca Benassini. And it was an offer that Mr. Bauer didn't accept or act on. Also, the document itself says it's subject to Port Commission review. It's an initial negotiation.

And so in the document itself, it says this is our working together. This is not conclusive. So she was very well aware of that. And as Ms. Beal pointed out, two of the things that we've been guided on is that adjacent tenancy and the parameter rent schedule.

So that's why there was an offer that is small -- that is more generous than Port staff's recommendation at this point. But we've had the recommendation we've had with Mr. Bauer for a good year and a half --

President Brandon: Okay.

Director Forbes: -- reiterating those figures.

President Brandon: Thank you. You should have accepted it. [laughs]

Gary Bauer: Well, it wasn't quite that easy because it changed from that to \$170,000 really quick. So --

President Brandon: Well, no. It didn't because it took five years to get to \$170,000.

Gary Bauer: But the commission didn't -- they said the commission didn't approve those numbers.

President Brandon: We didn't approve anything. That's why you're here. We haven't approved anything.

Gary Bauer: Yeah. Exactly. And that's why we're trying to get there. I think we're getting --

President Brandon: Okay.

Gary Bauer: -- closer. The other challenge that we face too is the amount -- we talked about. We're going to sprinkler a whole building, which we use part of, to do this, which is something -- we have to go borrow the money at 7 percent to do this. The Port's asking us to pay almost -- basically \$2.77 million upfront when we do this, \$500,000 payment immediately, another \$265,000 plus \$2 million that we've got to come up with, which is very challenging.

Now, it's twisted that, hey, we are going to get it back going forward. And now, it's saying, well, it's going to go back and pay old rents, which, coming out of a pandemic [case], we basically went from, as they mentioned, 40 to 65 percent less revenue.

President Brandon: Right.

Gary Bauer: We dramatically -- we're still not to 2019 numbers. We're still 60, 70 percent of those. It's very challenging --

President Brandon: I'm sure.

Gary Bauer: -- because, you know, a lot of these companies aren't back on what they're doing. But we basically -- we've been here 25 years. We've paid in almost -- you know, we've -- over \$25 million in rents with the Port. We've been a good tenant over the time and growing. We're working. We have a lot of security plans set up with people, disaster-relief plans set up with people.

So at the end of the day, those are really -- if we can come to the numbers and somewhere in between there, I think we can come to a conclusion and a resolution on it.

President Brandon: Okay. And so you're saying that, regarding the sprinkler system, do we -- you have to sprinkler the entire building but only use part of it?

Gary Bauer: Yes. It's the whole building.

Director Forbes: I'm going to ask Ms. Beal to respond to that.

Kimberley Beal: That is correct. But I would say the majority of the building is occupied by Bauer.

Director Forbes: Mm-hmm.

Kimberley Beal: And the requirement for the sprinklers is because of their operation.

Director Forbes: Mm-hmm.

President Brandon: Okay. Okay.

Gary Bauer: And yes, we've got probably about 60 percent of the building. Westar is the other tenant that's in there and in which they do [somewhat] -- they do all kinds of stuff over there machinery wise on their side. And I mean, we're willing to do something. But it's just the point we can't borrow \$2 million at 7 percent interest, and then all the money that comes back goes back towards back rent. We've got to be able to move forward. And what they men --

President Brandon: Well, you have to pay the back rent to move forward.

Director Forbes: Mm-hmm.

Gary Bauer: Yeah.

President Brandon: You do understand [that].

Gary Bauer: And then, we are going -- there was a payment of \$500,000 upfront, almost \$800,000 total and then pay it over time as we go. That was the plan, so we could do that and financially be able to cover it.

President Brandon: Okay.

Gary Bauer: And as far as the credit goes, we went through. And we got a statement from -- if you look in the very back -- the statement from -- it's Dominic Moreno of the Port -- what actually maritime is. And we do work for the cruise ships, the crew and the -- basically [filling] the ship.

We also do all the work for the bar pilots. So we basically take all the bar pilots from location to location that bring the big ships in and out. So basically, work we do -- we do the stuff for the dinner boats. We do the work for all of the excursions, the fishing trips.

So we're basically, in essence, an extension, like we are with the airport. We're basically through traffic through the airport coming in basically is interstate

commerce as far as what they do. So as far as the work we do -- and we're actually working on commuter boats and vessels to do that for the commuter companies to and from to reduce congestion and traffic.

President Brandon: Okay.

Director Forbes: Is there anything else you wanted to add, Mr. Bauer?

Gary Bauer: No. Like I say, we're part of the Teamsters Union. Tony Delorio [and Chris Scroll] unfortunately could not be here today on our behalf. We've been working all the major events. We've done all the stuff for the -- basically the -- SF Bar Pilots, the SF Travel, Super Bowl 50. We [did work] for that.

We basically are working on the NBA All Star game along with the SB -- or the Super Bowl coming. So we're very tied into city be it the police, the fire department. We've done work for the Port in the past. And we've been here, like I said, for basically 25 years with the Port working. We like to work with you folks.

We want to stay as a tenant of the City of San Francisco. I know Daniel Lurie and everybody else would like us to stay here. We've just got to be able to get this worked out, so we can move forward. We really want to get this resolved as soon as possible. Please.

President Brandon: Okay. Thank you.

Gary Bauer: Thank you.

President Brandon: Thank you very much.

Gary Bauer: Thank you.

President Brandon: Okay. This is an informational presentation. So I am going to open it up for public comment. Is there any public comment in the room? Seeing none. Do we have anyone on the phone?

No Public Comment on Item 13A.

Commissioners' Discussion on Item 13A:

Commissioner Adams: [laughs] I know you did get over \$8 million from the government. And you didn't have to pay that back. A lot of people got that. And what I'm confused is you say that you want to get this resolved. Well, this has been going on for a long time. This has been going on for a long time -- too long.

And I have seen the Port move more and more in your direction. And I have seen you stand your ground and not want to move toward us. And I always

learned in negotiations is that, when both parties are unhappy, you've got a good deal. That's negotiations. That's how it happens: when both parties are unhappy.

And I appreciate what you put here. But I think Ms. Beal laid it out pretty well and the staff. And I read in our report that Director Forbes was involved in this. I mean, we're at the end now. We're running out of runway. I'm just being honest. We're running out of runway. We're about ready to go in the water.

So we're here. I mean, we're here. Gary, you have to step it up. You've got to really like step it up. You've pushed this commission to the brink. I'm just telling you how it is. Right. And you said, we're almost there. And this thing continues. And it continues. And it continues.

And you get to a point where it just can't continue anymore. So you have to decide because the Port has went as far as this commission -- I have seen them bend over backwards. But I don't see you bending our way. I don't. I really don't. So I'm talking to my other commissioners here too where I'm at. Something drastic has to happen. Something drastic has to really happen.

Gary Bauer: Can I address [unintelligible]?

Director Forbes: No.

President Brandon: Public --

Commissioner Adams: No.

President Brandon: -- comment's closed.

Commissioner Adams: No. No.

President Brandon: Thank you.

Commissioner Adams: I'm just telling you where I'm at. And we've been patient. We've been patient with you. There's been one chance after another after another after another. And you haven't gotten there to where we can come back with something that this commission can live with. I mean, I'm just being honest where it's at. We've been patient.

So I don't believe when you say that, that you can -- I'm just -- that's just where it's at. And I want to support you because, you know what, you have union people working for you. I want to support that. And I want to support [workers --] the Port is about that.

But we've done all we can do. And you need to give us something way better because we're here. We're here. We're out of runway now. Either we close

this, or it's over. I mean, we can't go any further. That's where I'm at, Madam President.

President Brandon: Thank you. Commissioner Lee?

Commissioner Lee: So Gary, we've known each other for a long time. We're small business people. But at the end of the day, we're in entertainment. You're in transportation. You are servicing my old business 20 years ago, party buses, cable cars, everything.

When you say you're maritime, I don't see that as maritime. I see Teamsters loading trucks and containers going back and forth to ships. I mean bringing passengers -- it's kind of stretching it a little bit. And another thing is -- I'm in the same boat with you. COVID shut us down. We were the number ones to be shut down first.

We got PPP. Right. But 40 percent of my PPP went to my landlord. I'd like to know what happened to the 40 percent of your -- where that went. But obviously, comment's closed now. So these are the considerations as a business person I want to know. You're way bigger than I am, you know.

Back then, I employed 30 people. My place now only employs 12. I mean, that's a small business. Yours employed a lot at one time. Now, I know, during COVID, you sized down a lot. And I get it. You have a lot of costs. But at the end of the day, PPP was to help us small business people get over it and not so-called -- you know, I had to work with my landlord too.

You know, we had to beg them to lower the rent, and they finally gave us like 25 percent discount. But I still used my 40 percent out of my PPP to pay the rent. So that's kind of where I'm at right now. It's got to be fair for everybody, not just for one company. So I support the staff here.

And I've only been here two years. And I've been hearing this back-and-forth thing. It's been -- I mean, you know, I think they've done the best. So at the end of the day, I guess we'll have to discuss it, you know, and see. So I'm done.

President Brandon: Thank you. Commissioner Engblom?

Commissioner Engblom: Thank you for the report and information. You know, I think mobility is a key pillar in the city and in any city. And the one thing that I haven't heard reflected in this is that -- you know, this past week in the Port newsletter, there was an article about rents in Mission Bay being double what they are in the rest of San Francisco.

So you know, I think part of the calculus here that hasn't been mentioned is, you know, how important is this location for you and -- because it's a very valuable spot for the Port. And I think, you know, you've talked about how

important of a player you are in the city. And I certainly -- like I said, mobility is a key part of the city.

So I would just -- I hope that resolving this can be -- you know, how do you see yourself being part of the city going forward? Because this is a centerpiece of the city right now. And the economic vitality is really centered right where you are. So I hope that it can be resolved and that that can be reflected in how you think about this. Thanks.

President Brandon: Thank you. Vice President Gilman?

Vice President Gilman: Well, I'll associate my comments with everyone else that has spoken and particularly with Commissioner Adams. I do really want to ask you, Mr. Bauer, to really take stock of the movement we have made. This is, I believe, where we're at. I believe this is, in some ways, a final and best of where we can move.

And we are making significant concessions. And I absolutely respect your business model and what you need to do to survive as a business. You've been with the Port an incredibly long time. I do just need to say, for myself as a commission, two distinctions that I think is really, really important.

While I respect that you and your business model support our maritime use, your business is not a maritime use. And the Burton Act and the public trust -- actually for any of our businesses, maritime is one of the most important things we need to uphold and make sure is [held] on this waterfront.

And the restaurants that you cited were paying participation. So we are offering you relief. But those programs that we set up during the pandemic were for businesses that, unfortunately, just like folks who were operating parking lots and other business models, were just not applicable to yours.

And I just really want you to take stock that we are still offering you relief and offering you concessions because we understand how valuable you are to the City and County of San Francisco and to us, as a long-term lease holder. And I really feel that we have moved as far as we absolutely can move.

And we have moved as far as I'm comfortable with. So I really hope that we can come to an agreement with you, so we can move forward and have a productive future. But I do think it's really important for you and, I think, for the public to understand that we are a public trust for the citizens of the City and County of San Francisco.

But also, we have this mandate from the State of California under the Burton Act. And we have to always look at those pillars and those responsibilities when we're making decisions. And I do really appreciate the time you spent with

us today. And I really hope that we can resolve this and come to agreement. Thank you.

Male Voice: President Brandon, [my name is Gary] --

President Brandon: I'm sorry. Public comment is closed. [crosstalk] I'm sorry. Pu --

Male Voice: [I just need to give you a point of information].

President Brandon: Public comment is closed. I'm sorry.

Male Voice: I'm not with the [unintelligible].

President Brandon: But you --

Director Forbes: You're the [public].

President Brandon: So thank you, Kimberly, for that presentation. Thank you for bringing us up to date. And thank you, Gary, for coming and providing your points. I think the commission has spoken. I think that the staff has gone over and beyond on this proposal and even further than maybe they wanted to go because we're trying to give concessions to a long-term tenant, who has been with us for 25 years or more.

And I think the offer that they have given you is more than fair. And the parameter-rent piece of it is you have -- you're in the same building as a maritime tenant. We can't charge a maritime tenant more than we're charging a non-maritime tenant.

So it has to come to parameter. Again, you may want to consider moving to another location that doesn't require a sprinkler system, that doesn't require -- that is a lower parameter rent. But the staff has gone over and beyond what they've offered a lot of our tenants.

So like Commissioner Adams said, you've got to meet us somewhere. You've got to meet us somewhere. And we have had an opportunity to settle this two, three, four years ago. Here we are five years later, and you're taking a lot of important staff time with 550 leases and all the development projects that we have going on.

So I really think you should consider the Port's best and last offer to move forward. So thank you so much for your time today. We really appreciate you coming. Thank you. Next item, please.

11. NEW BUSINESS

Director Forbes: I have not recorded any new business during this meeting. Is there new business?

President Brandon: Is there any new business?

Vice President Gilman: Actually, I would like to have an update so -- just because it's public. There's a transition at the Fisherman's Wharf CBD benefit district. I'm assuming their executive director position is open and posted. So I assume Randall Scott, if he's still -- I don't know if he's still in the role or not -- is stepping down. I'd love an update to see how that might impact our economic vitality initiatives and the investments we've made.

Director Forbes: Okay.

President Brandon: Any other new business?

Commissioner Engblom: Yes. I have a question, just given the news that -- the things that are happening in Los Angeles. I wonder, have we had any interaction with our counterparts at Port of Los Angeles or Port of Long Beach?

Director Forbes: We have not. We can make those connections. We do have a California Association of Port Authorities group. And so we're meeting actually tomorrow afternoon. So that will be one of our topics. Our fire department and our police services have been in very close contact with them in terms of providing mutual aid and support. But we will follow up tomorrow and see if there's any assistance we can provide. It's such a tragic situation.

Commissioner Engblom: Yeah. Thank you.

Director Forbes: Thank you.

President Brandon: Any other new business? If not, can I have a motion to adjourn?

12. ADJOURNMENT

ACTION: Vice President Gilman moved to adjourn the meeting. Commissioner Adams seconded the motion. All commissioners were in favor.

The meeting was adjourned at 5:30 p.m.