



# **SAN FRANCISCO PORT COMMISSION**

**FEBRUARY 11, 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 FEBRUARY 11, 2025

#### 1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 2:02 p.m. The following Commissioners were present: Kimberly Brandon, Gail Gilman, Stephen Engblom, and Steven Lee. Commissioner Willie Adams was absent.

#### 2. APPROVAL OF MINUTES – JANUARY 14, 2025

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

#### 3. PUBLIC COMMENT ON EXECUTIVE SESSION

No Public Comment on Executive Session.

#### 4. EXECUTIVE SESSION

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

ACTION: Vice President Gilman moved to go into closed session and invoke attorney-client privilege for Conference with Legal Counsel. Commissioner Lee 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: Pier 29

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

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

Under Negotiation: \_\_\_ Price \_\_\_ Terms of Payment X 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 Stephen Engblom  
Commissioner Steven Lee

Also present: Elaine Forbes, Port Director  
Michael Martin, Assistant Port Director  
Scott Landsittel, Deputy Director, Real Estate and Development  
Amy Cohen, Business Development Manager  
Annette Mathai-Jackson, Deputy City Attorney  
Michelle Sexton, General Counsel

(b) Property: Scoma's Restaurant, Inc., Leases L-9170 and L-9175  
Person Negotiating: Scott Landsittel, Deputy Director, Real Estate and Development; Don Kavanagh, Senior Property Manager  
Negotiating Parties: Mariann Costello and Tom Creedon, Scoma's Restaurant, Inc.  
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 termination of two Scoma's leases for the "Smokehouse," overwater structures on Al Scoma Way. The discussion will consider the payment or waiver of payment and terms that will be required for the termination.

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

Also present: Elaine Forbes, Port Director  
Michael Martin, Assistant Port Director  
Scott Landsittel, Deputy Director, Real Estate and Development  
Don Kavanagh, Senior Property Manager  
Annette Mathai-Jackson, Deputy City Attorney  
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 Lee seconded the motion. The motion passed unanimously.

## **6. RAMAYTUSH OHLONE LAND ACKNOWLEDGEMENT**

Michelle Sexton, General Counsel, 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:

Director Forbes: Madam President, I received a letter that the IBEU asked that I read into public comment if that is all right with you. All right. Gratitude for your support in securing a fair agreement -- this is from Marina Secchitano, the regional director.

On January 23, 2024, the 94 Alcatraz Ferry workers ratified an outstanding labor agreement, one that upholds the area standard and ensures fair and just workplace for our members. This is a hard-fought victory that would not have been possible without your unwavering support. And for that, we are deeply grateful.

Securing this agreement was no small feat. After 47 negotiating sessions over two years, multiple rallies, four strikes, including over the Labor Day weekend, a yearlong Department of Labor wage complaint and outreach effort spanning from New York to Southern California, we stood firm in our fight for justice.

Elaine Forbes and the commission support played a critical role in bringing this agreement to fruition. And we sincerely appreciate your dedication to workers' rights. It has now been 19 years since our proud union company, Blue and Gold Fleet, lost the concession contract.

Throughout this time, we have turned to you again and again. And without fail, you have answered our call. The workers take great pride in knowing that San Francisco Port Commission and its leadership are committed to maintaining a high standard of the ILWU in the city.

Thank you for standing with us and ensuring that workers are treated fairly and equitably. Because we stood together this long struggle, peace will once again prevail on our San Francisco waterfront with deep appreciation. Thank you.

President Brandon: Thank you. That's wonderful.

Vice President Gilman: That is wonderful.

**10. EXECUTIVE**

**A. Executive Director's Report**

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

Director Forbes: Thank you. I'm trying to get the presentation off the screen for now. Good afternoon, commissioners, President Brandon, Vice President

Gilman, members of the public and Port staff. I am your executive director. We have much to celebrate this month.

Whether it's Lunar New Year, Year of the Snake, Black History Month, the opening of the YMCA in the Dogpatch neighborhood or the upcoming NBA All-Star Game event, the Port is making a very significant impact. I wish you all happy Lunar New Year. The Year of the Snake symbolizes introspection and shedding of toxicity. In Eastern cultures, the snake is celebrated for its intelligence, grace and intuition. And I hope we can all embrace these qualities this year.

I'd like to start my report today in discussing the impacts of the Donald Trump administration. We have been bombarded with information in these last weeks which has caused us to review and re-review the impacts on the money we've already received and the relationships we've established with the federal government.

The three most important areas that we are attempting to analyze are: resilient flood-protection work with the Army Corps of Engineers; and the climate funding that has been provided to ports for the electrification of the ferry fleet and the construction of the Mission Bay Ferry Landing; and finally, wind power.

We will continue to monitor these impacts closely. But please be patient with us, as the facts on the ground are in flux. And protocol and procedures are still under development. This brings me to the larger context in which we are operating under this administration.

We have values in this organization that are foundational to our strategies, programs and vision. Just because this new administration does not appear to respect our values does not mean that we will turn away from them. In fact, we will strive to just the opposite.

I am receiving direction and recommendations to reduce risk, to reflect the majority of the country and to support slash-and-burn tactics of the new administration, tactics that are causing so much grief, pain and suffering to public officials across our nation, public officials who are just like me and Port staff. And we are dedicated to serving our communities.

Commissioners, I have decidedly, affirmatively and preemptively decided to ignore all of these recommendations. We want to be a resilient organization. We want to have economic vitality. We want to build a future port befitting this amazing city, at least as good as the unique and beautiful place we maintain today.

We want all of this. And we can only achieve it if we are an equitable organization. To reach these heights, every single Port staff voice needs to be at the table. In order to ensure every voice is heard, the table must be set with

inclusion and welcome. The tables we have now in this society are exclusive, uninformed by operations and not as effective as they can be.

This Port cannot turn away from our equity program. Doing so would mean turning away from our strategies, our programs and, most importantly, the vision we hold, one that reflects the values we hold.

The impacts of the hiring freeze -- I am very happy to report, commissioners, that, after extensive collaboration with our policy chief, Alicia John-Baptiste, and the mayor's budget office, led by Benjamin McCloskey, we have received approval to hire 37 of the 53 positions we requested. Many thanks to Meghan Wallace and Suzette Love for their incredible work and dedication.

For the 16 positions that have not yet been approved, we may continue to discuss and pursue them. This is an enormous breakthrough for us and a significant lift to the freeze on our resourcing plans. The approved positions support our long plan and actively executed programs to provide the Port the resources it needs to deliver harbor projects, plans for resilience, improve and revitalize Fisherman's Wharf, work to beautify and make spectacular our southern waterfront and to carry out the operations that keep our Port successful.

We're deeply appreciative to Mayor Daniel Lurie and Alicia John-Baptiste for supporting our resourcing plan, our strategies and the commission's vision. Now, I'd like to turn to economic vitality, which we've changed from recovery because we feel we're now in the vitality stage of our economic work.

Economic vibrancy on our southern waterfront -- I am absolutely thrilled to announce the opening of the Dogpatch YMCA in Crane Cove Park. This is the first YMCA opened in San Francisco in 30 years. I had the privilege of joining Mayor Daniel Lurie, Supervisor Shamann Walton, YMCA officials and community representatives for a media tour of the facility.

The Y will serve as headquarters for Dogpatch Paddle, a neighborhood-based small business providing paddle boarding. And the opening of the Y is another example of what equity and successful collaboration looks like. This is a very dynamic YMCA that I'm certain will serve the community well. The official ribbon-cutting ceremony is planned for May. And I will provide more details when we have them.

Next week, the waterfront will be abuzz with NBA All-Star activities. Over the weekend of February 14 to 16, several major events including the game, a cruise-ship arrival, the Chinese New Year's parade and a drone show will all take place near Port property.

I am incredibly proud of our safety and maintenance team for their efforts in keeping our waterfront safe and clean for this event and for all the planning that has gone into it.

Fisherman's Wharf -- now, I'd like the Power Point. On Tuesday, February 4, Port staff were planning to go on a tour of the Fisherman's Wharf promenade. But a very bad storm kept us from doing so. So we gathered in Pier 1 with no sitting room really to see the results of the Port's work with the community benefits district in Fisherman's Wharf.

I'd like to show it to you. But before doing so, we received data -- 2024 data from Placer.ai of the most visited places in San Francisco. Port was in three of the top 10: Chase Center and the Bayfront corridor, the Ferry Building. But Fisherman's Wharf was the first on the list, the most visited place in San Francisco with 80 percent of visitors coming from elsewhere in the city, 20 percent residential.

Okay. And this presentation, I also hope, is responsive to your question, Vice President Gilman, at the last Port Commission meeting. Okay. Here we are. As you will see, staff worked on the concept of the Fisherman's Wharf promenade. Specifically, I want to thank Amy Cohen, who is in the office, who has been the point of the wheel -- the spoke of the wheel on this effort.

Before implementing this program, we had serious changes to Fisherman's Wharf resulting from COVID-19 when we lost our promenades and space in terms of access, in terms of different uses. And it became a hotspot for unlicensed vending and safety challenges.

The team worked with an outside consultant but primarily internally to think about how to redesign this space, how to take it back, how to provide places for all the visitors that are coming to Fisherman's Wharf, so they can enjoy the place.

And you can see here a concept of a welcome plaza, a waterfront promenade, a dining mode and a playful plaza. This was the condition before our maintenance team and the community benefits district and our staff caused changes. And here is the current state.

I will note that these pergolas and these chairs - these are maintenance work, engineering permitted. This is a Port project. Here, I'm showing you evidence of the Port project, the construction and the work that our team did with sweat equity to make sure that our most visited location in San Francisco thrives.

Here is our Ferris wheel. Thank you to the engineering team for making this a possibility and for SkyStar. You can see the planters. You can see the enjoyment, the cleanliness and how inviting it is. We also did painting. Look at our wonderful Port trash cans -- how many trash cans are this artistically presented -- and playful areas for kids and others to just enjoy the place.

We did some lighting to the arch. And more enjoyment -- right when these spinny chairs went in, kids sat on them. And they're not vacant since. So they're



very, very beloved. Here is the pop-up program, I Left My Heart in San Fransyscho. And this is an opportunity for retail in an affordable area.

A welcome area, a photo booth -- you can see all the creativity and thoughtfulness that went into this program. And this is how it's getting done. It's really a coordination. Fisherman's Wharf Community Benefits District and the grant that you approved for them has been incredibly important.

They've been nimble in what they can provide us, the kiosks, the cleanliness and the coexistence among uses. They're providing a site manager and two ambassadors. And we are meeting regularly with the team to see this through.

There's coming soon. This is more on the crab wheel. You can see it went from a parking lot that was pretty unattractive and not that welcoming to a wonderful public space. And after, you can see the concerts, the uses, the seating.

So I wanted to show you this presentation to get a real flavor of what's happening in Fisherman's Wharf. And I want to really, really thank the Port teams for pulling it off. Okay. If we could go back to me, thank you.

The other things I didn't mention, which really are important also about the wharf, is the coordination we have with the public -- police department and with the public works department to help us provide all these services that we continue to resource. And also, the J9 float is part of this ecosystem. And it's really improving fish sales, access. And we're also getting an energy-efficient ice machine for the fishers, very important.

All right. To equity -- happy Black History Month. This month, we celebrate the remarkable achievements and resilience of the black community. We honor black culture, heritage and excellence. Let us also amplify black voices, acknowledge past struggles and work toward a more just future.

Port staff has scheduled time to connect for Black History Month. Learning through our history allows us to recognize these past harms and avoid repeating mistakes. Through our REAP, racial equity action plan, we continue our commitment to being an anti-racist organization.

This work is about addressing deeply rooted injustices that have persisted for centuries. This year, we're examining pay inequity at the Port and taking concrete actions to address these disparities. We're also deepening racial equity training for Port leadership to support our ongoing efforts in our growth.

I am grateful for the Port community's commitment to diversity, equity and inclusion. And we are making real progress. And I look forward to what we will accomplish together.

To resilience and sustainability -- on January 29, Port staff joined multiple environmental organizations to tour Pier 94 wetlands and discuss collaboration on regionally advancing living shorelines in the SF Bay project. This is led by the California State Coastal Conservancy. This initiative focuses on creating living shorelines including three Port properties.

We are thrilled to welcome five San Francisco fellows to the waterfront resilience program. They will develop a resilience-focused virtual walking tour of the Embarcadero, highlighting its past, present and future. Please join me in welcoming Charlotte, Spencer, Lucy, Mark and John] to this exciting project. Are you in the audience? No. But we're welcoming them anyway. [laughter]

To key projects -- the Port is celebrating a series of small but significant wins. A key safety init -- this is from the American Rescue Plan in terms of our projects. A key safety initiative is the Seawall Lot 321 lighting project.

Once completed, 14 light poles will be topped with dark-sky-compliant solar lighting fixtures, improving nighttime visibility and safety. Similar lighting will be installed on Seawall Lot 349, enhancing our waterfront. Thank you to the engineering team for delivering these projects.

Two items in closing -- I want to highlight that the rediscovery of Ary Lochakov's artwork at Crane Cove Park -- our own Arianna Cunha is presenting today at the Museum of Art and History of Judaism in Paris about the research that led to returning this art to France. Port staff obviously played a pivotal role in this discovery.

Finally, I want to acknowledge Commissioner Lee's concern about the Los Angeles fires. Our hearts are heavy for the City of Los Angeles. And we have offered support to the Port of Long Beach and Los Angeles. And we wish them speedy recovery.

Commissioners, thank you for your vision, commitment and passion. Together, we are shaping the legacy of transformation and ensuring the Port remains a vital cornerstone of San Francisco's future. That concludes my report. Thank you.

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

#### Public Comment on the Executive Director's Report:

Greg Champoux: Hi. This is Greg Champoux. Thank you. I'm going to withdraw my question.

Operator: Thank you.

President Brandon: Are there any other callers?

Operator: No other callers for public comment at this time.

President Brandon: Thank you. Public comment is closed.

Commissioners' Discussion on the Executive Director's Report:

Commissioner Engblom: Thank you, Director Forbes. Great report. I was inspired by your starting out with this commitment to values and listened to all the different chapters of your presentation. I was sort of really thinking about how important it is in every one of those areas that you've talked about -- how important it is that the Port be -- borrow a navigation analogy -- that we have a north star and we are a north star.

So I think that, you know, to get through a chaotic time, we need that vision and a commitment to the vision. And we have to be street smart about how we talk about the projects. And I think that we have an incredibly -- a project that we've talked about, the big resilience project, is a leading exemplar project for the Army Corps.

I think we now are in a different chapter. We have to talk about it with the same commitment to values. But we can be smart about the way we talk about it and smart about what kind of allies that we need for this project. So learning how to talk to a -- about a resilience project as a business-continuity project is something that I think -- you know, the resilience world is not unaware of this.

That's something that we've had -- the resilience world has had to do before. But I also think, you know, as has happened before, you know, California stands up to -- we saw Bloomberg make a commitment to resilience globally that will keep -- and I think, in years past, California has stepped up and made climate commitments.

I expect, as those happen at a state level, you know, our role as one of the most important waterfronts in California -- you know, we have to learn how to talk to the business community, how to do international relations at a time when, you know -- we -- our having that commitment to values will allow us to do that and emerge out of this chaotic time as a leader. And we don't get distracted.

So I'm really pleased to hear you say that. That's -- and I also think, you know, locally, that's important too that we have our -- we understand -- we have data. We know how important we, as an enterprise in the city, that we -- you know, like you demonstrated with leading that conversation with the mayor and with Alicia, that as an enterprise agency, we have to keep moving forward. Otherwise, you know, things are really threatened. So thank you for your leadership and commitment to that vision.

President Brandon: Thank you. Commissioner Lee?

Commissioner Lee: Great report, as usual. What gets me kind of crazy in a sense -- you know, money is shrinking kind of. You know, we don't know what's coming, going with the new administration. And it seems that you make it work, especially down in the heavily hit Pier 45 area with this promenade, which helps a lot.

I know it's seasonal. I mean, we've got to think of some stuff that happens maybe during Christmastime or when it does slow down what we could do, some options there. I know, with the J9 project, the crab fishermen are doing well. I'm hoping to see if there's any way that -- you know, how their crab season is always shortened in the front -- that maybe there's a chance of extending it at the back end.

That's probably talk up in Sacramento or somewhere, but that was my hope that maybe we could help the fishermen that way. But obviously, Fisherman's Wharf, being the number-one attraction, we have to do more for our fishermen and keep the going and the small business around there. So really appreciate the staff's effort and the hopes that we'll recover from all this. Thank you.

President Brandon: Thank you. Vice President Gilman?

Vice President Gilman: Director Forbes, thank you for a stellar report, as always. And I, too, really appreciate how you opened your report, acknowledging the climate and the atmosphere that we have today at the national level. And I think recommitting that we -- as someone who was here when we first launched the REAP, that we are not going to shy away from our values as a city but also as a Port.

And as we sit here, you know, since we started this new year, celebrating Black History Month, closing -- you know, coming towards the tail end of Lunar New Year, Holocaust Remembrance Day that was in January, I think it's really lovely. And I had the honor to go to the Portside chat with Commissioner Adams about the historic nature of the waterfront and contributions particularly from African-American and API workers on the Port.

And to see standing room only and to see it from administrative staff to maintenance team members and all across the w -- from leasing agents to folks that work -- harbor masters -- it was great to see a mix of Port staff there at that talk, taking time out of their busy, impacted schedules when they're asked to do more and more with less resources.

So I do want to congratulate you on the advocacy to fill the vacant positions. And I look forward to a time when we're fully staffed because every

position down means that we have a public servant, who is working extra hard to make sure that we're vital, safe and clean.

My final comment just is, you know, I think -- also, too, to Commissioner Engblom -- how we portray ourselves, you know, resiliency in combatting sea-level rise is important. But we are an economic driver for the Bay Area, for California. And I think, to have that through line and remembrance that, if our seawall is crumbling, we can't be an economic driver.

And if we're not innovating on our properties like we might with wind or solar, then that property isn't generating revenue. So I think the pivot to have a voice that the new administration can hear in D.C. is important.

And I do hope -- I know -- it may or may not still be in effect, but I do know Mayor Breed, before she left office, did issue a citywide travel ban. But I hope that we can talk to Policy Director Alicia John-Baptiste about us participating at the AAPA Legislative Summit, which is happening on March 18, which will have many people from the administration speaking.

I think it would be a misfortune if San Francisco could not be represented there by a team member from the Port. So I hope we can participate in that summit with the new administration because I think our advocacy now, more than ever, is important. Thank you for your report.

President Brandon: Thank you. Elaine, thank you so much for your report. As usual, it's just full of such phenomenal things that this Port staff is doing every day. And it's just -- it's really hard to believe that, with such a small staff, we do so much, and we have so much impact. Thank you. Thank you. Thank you.

Happy Lunar New Year. Happy Black History Month. And I do really appreciate your comment -- your opening comments reaffirming our commitment to an equitable organization. I think you've done a phenomenal job in making the Port such a welcoming place for all staff to enjoy working here, which is why we do such a phenomenal job on so many things.

And that's a dedication to your leadership. It's great to hear that we are somewhat exempt from the hiring freeze and that we can continue all of our projects that we've been working on for many years that will make the waterfront even better.

Really love the presentation on the Fisherman's Wharf promenade. I want to thank Amy and all of the Port staff that worked on that. It's absolutely beautiful. And I can't wait for our fellows to give us a walking tour of the waterfront. I think that's going to be so exciting because so much is happening here on the waterfront. So thank you for an excellent report. Next item, please.

## 11. CONSENT

- A. Request authorization to advertise a Request for Proposals for Pier 94/96 Seismic Improvements Design related to site use for emergency response staging. (Resolution 25-04)**

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

No Public Comment on the Consent Calendar.

All Commissioners were in favor.

Motion passed unanimously. Resolution 25-04 was adopted.

## 12. REAL ESTATE & DEVELOPMENT

- A. Informational presentation to consider and possible action to: 1) authorize Port staff to accept public infrastructure and improvements including streets, sidewalks, parks, and open spaces constructed by Seawall 337, LLC ("Developer") and its affiliates at Seawall Lot 337; 2) approve a lease and loan agreement and a management agreement with SWL 337, LLC and its affiliates; 3) approve multiple utilities licenses and agreements related to the operation and maintenance of Port-owned public spaces in the Mission Rock Project, subject to further approval by the Board of Supervisors; 4) approve a sponsorship agreement with an affiliate for the SF Giants Commemorative Paver program in China Basin Park; and 5) recommend that the Board of Supervisors (i) take certain actions to accept public infrastructure and improvements including streets, sidewalks, and other City infrastructure at the Mission Rock Project and (ii) approve execution of the various agreements authorized by this Resolution. (Resolution 25-05 and Resolution 25-06)**

Wyatt Donnelly-Landolt: Thank you. Good afternoon, President Brandon, Vice President Gilman, commissioners. Wyatt Donnelly-Landolt, Port waterfront development manager. Before I start, I'd like to thank a lot of people. From that title, you can tell this is a big item. This is the culmination of a lot of work, seven years of work, honestly, from a lot of people.

I'd first like to thank Carrie and Paul on the current Port team and Justin Bigelow with the city attorney, who have been working for a year-plus heavily on this. I think we were here last March with an info item updating this process. I'd also like to thank some former Port employees, who were instrumental in getting here. Becca Benassini, Josh Keene, Phil Williamson, Raven Anderson and Crezia Tano have all touched this process.

And finally, I'd like to acknowledge and thank Mission Rock Partners, the Giants and Tishman Speyer. There are several colleagues here and past iterations of those positions as well who have brought us here today to accept phase one and implement a management strategy for that, which is what this item ultimately does.

So we'll go over just an update on the project, where we are. And then, I'll talk about the acceptance process itself and the acceptance items -- so there's a process in what specifically is being accepted -- then, the documentation of that acceptance and the land-rights agreements that will govern the management of the space.

Finally, we'll just touch on next steps. There's a couple more months of work to officially accept all these items. So first, phase one: four buildings, two housing, 537 units overall, 161 affordable; two commercial office buildings, ground-floor retail around 50,000 square feet; China Basin Park, almost five acres; and then environmental energy and utility systems.

There's a district energy system that provides heating and cooking for all of Mission Rock and a blackwater system that recycles water on site. And then, all of the infrastructure associated with that -- so streets, sidewalks, pedestrian streets, open spaces, all the underground utilities -- that's what's being discussed today and accepted and managed.

So an update on the verticals -- the Canyon is 86 percent leased. Verde, Parcel F, which opened last summer, is 51 percent leased. Visa is occupying Building G. Building B -- the Warriors have signed a lease there and are going to be working on moving in, doing tenant improvements. And then, there's continued efforts to lease additional space there.

And then, retail is 70 percent leased. Just a snapshot of some of the retailers here -- the retail has been a really big win at Mission Rock and gotten a lot of notable attention. So I really want to thank the Mission Rock Partners team on that. They've done a great job there.

An update on LBE -- this is as of Q2 fiscal year '24, \$170 million of \$934 million awarded, just a touch over 18 percent and 105 different LBE vendors, 22 percent of all vendors. A budget update -- so the final phase-one budget is just a touch over \$218 million.

As of June 30, 2024, that's when the latest iteration of financial reporting came in, still targeting on budget. As of today, we are still targeting on budget. There's around \$3 million remaining in contingency. They're continuing the close-out process of phase one but expect to be on budget and will continue providing updated budget reporting.



And the city costs are just a touch over \$19.5 million. And we expect to hit pretty much right at that budget, as we close out the acceptance process for phase one by the end of this fiscal year.

So the acceptance process -- there was first a notice of completion that goes to Public Works that says everything is done -- or essentially everything. I will note there's a couple deferred infrastructure items. And I'll talk about how that works. And then, there's a schedule of performance to the Port that says the Port is done. And we start the process for acceptance after that schedule of performance.

The first item is a Port Commission item. That is here today. We will then go to the Board of Supervisors to finish the acceptance process. They will approve both the management agreements and licenses we talk about today and the city side of acceptance. So Public Works, PUC, MTA will also accept infrastructure associated with this. And I'll show kind of the split on that during the presentation.

So the role for you all today is to determine the improvements to be functional and in conformance with project and regulatory requirements. That documentation there is what we've done to ensure that is true. And the horizontal improvements will all be public infrastructure for public use. And the Port will own certain improvements. The city will also own other improvements.

And we'll dedicate those improvements for streets, sidewalks and public use generally. And then, we will also approve third-party agreements mostly with affiliates of the developer for management of space. There's also some utility management and maintenance as well. Get into the detail on that later.

So what are we accepting? First is China Basin Park and Port open spaces. That's all -- we're accepting all of the assets there. So the Port will own all of that. That's the plantings, the space itself, the utilities underground. And the maps on the right -- so China Basin Park -- so that will be completely Port owned.

And then, the paseos in the bottom around Building G leading in to China Basin Park are Port owned. And then, there's a handful of non-standard spaces in orange. Those are also all Port owned. Within the city right of way -- that's the purple space -- the Port owns non-standard asset so things like custom benches, trash cans, wayfinding, the special surfaces, etcetera. And then, electrical system, the irrigation, etcetera.

So the documentation for this -- the first set of documentation is an interagency master encroachment permit and a jurisdictional memorandum of understanding and maintenance matrix -- big mouthfuls. We call the IMEP and the JMOU. The IMEP is the encroachment permit that allows these Port assets to be in city Public Works' space. The JMOU documents the maintenance obligations for those.



And I'll talk about how we're going to maintain those a little later through one of the third-party agreements. The next item, which is the key to acceptance, is we're going to remove a portion of the premises outlined in those previous maps from the master lease that was used for construction. It comes back to the Port. That is the acceptance of the space and the items there.

So we will amend the master lease. And there's the release and then the amendment. It's kind of a two-step process to really clarify what's out and what remains in. And then, there is the management of that space.

So there are five different agreements we'll cover today: the first is the China Basin Park lease and loan agreement; the paseos and open-space management agreement -- that covers the management of the two spaces. And I'll talk a little bit why there's two during each of those items.

And then, there's a series of licenses for maintenance of utilities. There's a gas license with PG&E, an electrical license with PG&E. It also has an absolving services agreement and then utilities license for Mission Rock utilities, which operates the district energy system and blackwater system.

All right. So the first management agreement is the China Basin Park lease and loan agreement. It's a mouthful. This is a lease of China Basin Park to an affiliate of Mission Rock Partners. Mission Rock Commons will be the name of that for operations, maintenance and programming. It's a 15-year term with three five-year-extension options.

This transfers the full maintenance and liability of China Basin Park from the Port to the tenant, MRC. So they will be responsible for full operations of that site. They will fund that through master association dues and revenues generated by the park.

There is a contingent special services tax through the CFD as a backup. The plan is to levy that at \$0. And the HOA, the master association, pays that in lieu of the tax. And one of the key reasons for the lease is programming and sponsorships. It allows more control.

And because of the financing, it's a different type of bond that's funding the park. The lease allows this -- and the financing allow the sponsorships, which will be a key revenue driver, and the programming, which is also hoped to be a key revenue driver and really just enliven the park and make it more active.

The Port will maintain oversight of the park. So we'll approve annual budgets. The first one is being done today, will receive quarterly and annual reporting on different aspects and review major sponsorships. One of the pieces today is also a consent to that first major sponsorship.

The final piece is this lease and loan agreement -- facilitates a loan through Rec Park of \$300,000 annually during the first three years up to a maximum of \$800,000. This is to support the early operations of the park as they get going with sponsorships and programming.

The next piece is the paseos and open-space management agreement. So this is for the maintenance and care of everything outside of the park. So it's the paseos, the other open spaces the Port is accepting and the non-standard assets in the city right of way. So the JMOU maintenance obligations that are outlined that we've reached with Public Works are being handed over to Mission Rock Commons. And they will be performed through this management agreement.

It is a qualified management agreement designating the manager to operate and maintain open space and Port assets. This is key for the financing because these spaces were paid with tax-exempt bonds, which is why we have two separate agreements.

It also has a 15-year term with three five-year extensions. The financial structure is -- there's a \$10,000 management fee paid to that manager and then reimbursement for maintenance and operations costs. The reimbursement is based on the budget, which will also be set by the Port Commission on an annual basis.

The master association provides those revenues again with the special-tax backup. And it transfers all the liability and maintenance responsibility for these spaces. And finally, we will have strict private-use limitations. This is a key aspect of the tax-exempt bonds. We cannot have too much private use within the space. It needs to remain public. So we will continue oversight of that. And we'll work with bond counsel on an ongoing basis to make sure that we comply with all of those rules.

All right. The last set of agreements are the PG&E licenses and Mission Rock utilities licenses. So the PG&E license grants access to PG&E. The first license is for maintenance and repair of two gas lines, one to Building G, which is Visa, and Building F, which is Verde, through Port space.

That is a 66-year license with no fee. It transfers liability over to PG&E for their maintenance responsibilities. And it allows them to enter Port property for the maintenance. There is also an electric line through China Basin Park to the Third Street Bridge pilot house. There's a license for that as well transferring liability and responsibility over to PG&E.

That license requires the Port and Public Works to sign an absolving services agreement. The absolving services agreement essentially says, if the license terminates and Port -- or PG&E is not able to perform maintenance

because they're not legally allowed to enter Port space, then they would not be held responsible for any damages to the Port.

This is really a factor of the Port not being able to grant a permanent easement, which is what the city grants through franchise rights. And that's part of the limitations on the Port of its jurisdiction but not expected to happen with a 66-year term and continual access.

The final license is with Mission Rock utilities for the district energy system and blackwater recycling system. So they will also be able to enter the premises, perform maintenance knowing that it's fully their responsibility. They hold all the liability associated with that.

The final piece of this is a consent to a capital-improvement sponsorship for commemorative pavers in a portion of the Bay Trail through China Basin Park. You can see a rendering of this in the bottom left. This will be on the pedestrian side of the Bay Trail. So it's an enhancement.

That's currently asphalt. It will create a physical difference between the pedestrian side, which will now be these pavers, and the bike side, which will be asphalt funded by the Giants. And if there are additional funds after the sponsorship is completed, that will go to the park itself for reserves operations, etcetera.

There is the potential for expansion in future phases as well. You can see the area they're going to cover in phase one on the bottom right. But it could potentially expand to include more of the pedestrian portion of the Bay Trail depending on the success of the first and future campaigns.

It also requires removal of the pavers and restoration to the original condition upon the park-lease termination. This ensures that the Port does not have to come in and remove them or maintain them in any way.

We will be following up at a future Port Commission meeting for a license between the Port and the Giants to allow the Giants to maintain it if the park lease terminates and it becomes fully Port property. So there is not the uncertainty for the Giants that the park lease terminates, and they have to remove. We want to ensure this is here for 25, 30 years.

Finally -- so to summarize today's actions, the commission will approve the acceptance documentation and agreements, the IMEP, JMOU, the master lease partial release, master lease amendment, China Basin Park lease, the paseo and open-space management agreement, the PG&E gas and electric license, the MRU license and the consent to the paver sponsorship and accept the Port's infrastructure outlined previously.

So I mentioned there's still a lot of work to go after today. This is the first step in the legislative process. After today, we would introduce the legislation at the Board of Supervisors. That would occur in late February, early March. Then, we would go to committee.

It would split. A portion would go to budget and finance for the financial agreements. That's really the park lease and the paseos management agreement. And then, acceptance items will go to land use. We hope to try to align them together to have a full board vote on the same day. Hopefully, we can make that work. And then, they will be executed in late May or early June depending on legislative timing.

That is the presentation. Thank you very much. I know there was a lot there. And the whole team is available for questions. Thank you.

President Brandon: Thank you.

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

#### No Public Comment on Item 12A.

#### Commissioners' Discussion on Item 12A:

Commissioner Lee: Great report, as usual. Just some questions -- there is so much public space now, Dogpatch area, Pier 70. How are the ground leases doing in some of these buildings? Are they getting filled with new food vendors? Or -- I mean, I know Chase is doing really well with their -- they can do the Splash building. Now, they're bringing a lot of people down there. But what's going on with some of these buildings with their ground-floor leases for other small businesses to come in?

Wyatt Donnelly-Landolt: Are you talking about on Port property specifically --

Commissioner Lee: Well --

Wyatt Donnelly-Landolt: -- or just generally?

Commissioner Lee: Generally in the area -- just curious -- I mean, obviously, people are using the parks. I mean, if there's not a whole lot of food opportunities, there's a lot of like -- around Pier 50, you know, they have -- sometimes we abandon that area, you know.

I know there's a food truck park more on the Third Street side. But are there any places there along the shoreline for food trucks and stuff to service some of the people at the parks?

Wyatt Donnelly-Landolt: So food trucks are one of the planned events and activations within China Basin Park. I'm not fully knowledgeable about all of their real estate activities both on Port property and generally in the China Basin Park and Mission Bay area -- happy to do some research and follow up in the future.

As I mentioned during the presentation, there's been a big effort to have a really robust and diverse retail community within Mission Rock. They've done a really great job of filling that space. There's been some great media coverage of it as well. And it's been trying to be a mix of fast casual, coffee, activity such as gyms and more formal dining. So I can speak to that area very well but can follow up on the broader community.

Commissioner Lee: Because the YMCA opened. And I think they propo -- they had a coffee shop, I remember. Is that activated now as well? Yeah. Because I think a lot of the people are using the parks. And they would love to have some facilities.

And if we could provide some flat area for some of these -- you know, people can eat. They'll hang out at the parks longer. It also gives some independents some chance to make some money. I think that's our next step, you know. I mean, the parks are beautiful. I think now we need to give more opportunities to the locals. But that's all I have. It sounds -- it's amazing how much work is done.

Wyatt Donnelly-Landolt: Thank you.

Commissioner Lee: Thank you.

President Brandon: Thank you. Commissioner Engblom?

Commissioner Engblom: Thanks for the report, Wyatt. Thanks to the development partners who are in the room. It's an amazing project. I guess my only question is, how are we feeling -- you outline a very rapid timeline. Is there any sense of how Board of Supervisors or the city staff on the planning side is helping to prepare the Board of Supervisors? Do we expect that timeline to go well?

Wyatt Donnelly-Landolt: We expect that timeline to go well. Really, once we hit this is the key milestone, all of those other items are essentially complete. We're finalizing them right now. And we'll get them ready for introduction in the next couple weeks. But we've been working with Public Works, Office of Economic Workforce Development and the other relevant city departments in preparation for this over the last seven years, honestly, but especially the last year or so. So those items are really well lined up. And we expect to hit those timelines.

Commissioner Engblom: Great. Thanks. That's it for me.

President Brandon: Thank you. Vice President Gilman?

Vice President Gilman: Thank you for your report, super excited to see this all come together. And the park is just -- it's incredible, all transformation of the area. I just have one curiosity question -- totally support the item. It's about the commemorative pavers.

Wyatt Donnelly-Landolt: Mm-hmm.

Vice President Gilman: Is this something that is -- I'm just curious. And I see representatives from the Giants in the room. So they might be able to answer this question better. But is this something that's going to be marketed widely to the public, just to season ticket holder -- I would just love a little insight into that, how you're going to do that program. I've just seen it happen in other parks. And I've also seen it not be maintained. So I would just love some insight into that.

Jack Bair: Thank you, Commissioner Gilman. Jack Bair, San Francisco Giants, Mission Rock Partners. Just a little bit of background and history on this - we built the first China Basin Park, which was an acre and a half, Shoreline Park, in conjunction with the ballpark. And helping fund that effort was people that purchased tiles in the park that were embedded in the seawall.

So those tiles were destroyed when we built the new China Basin Park, the greatly expanded one. So the first phase is to reinsert all of those tiles into the park.

Vice President Gilman: That's great.

Jack Bair: And the second phase is to market pavers to the general community to support the park. So our anticipation is that we would launch a second phase of that program that would generate revenue to not only pay for the installation but to generate much needed cash towards park operations. So we'll be marketing that in the second phase. And we haven't announced that or finalized it yet. But that's what we intend to do.

Vice President Gilman: And just because I've seen it -- like at Joe DiMaggio, there's -- it was like friends of Joe DiMaggio did little placards. And they're not maintaining them. I don't know why. That's not our problem as a commission. But you plan to maintain them in perpetuity while you're managing the park.

Jack Bair: Yes. So we would maintain them during the parks lease. And if the parks lease terminated for any reason, the Giants would step in and maintain them for the life of the tiles.

Vice President Gilman: Thank you so much. You answered my question. That's great.

Jack Bair: Thank you.

Vice President Gilman: Excited about it.

President Brandon: Thank you. I think most of my questions were answered. My question was also about the paver sponsorship. So thank you, Jack. No. You answered it. Thank you. [laughs] Okay. We have a motion and a second. All in favor?

Resolutions 25-05 and Resolution 25-06 passed unanimously.

**B. Request the Port Commission recommend that the Board of Supervisors (BOS) amend the Public Works Code to declare that Port will exclusively permit and/or license certain minor encroachments including: 1) Café Tables and Chairs Permits, 2) Display Merchandise Permits, and 3) other Minor Encroachment Permits in the sidewalk area in certain City-Accepted Port Streets, such as Mission Rock, Pier 70 and a portion of 23rd Street within the Potrero Power Station Special Use Districts. (Resolution 25-07)**

Paul Chasan: Great. Thank you, President Brandon, Vice President Gilman, commissioners, Director Forbes for having me today. I am Paul Chasan, Port staff in the engineering group. But I work very, very closely with my colleagues in the development group. And I'm here to talk about the legislation to kind of support active retail, active sidewalks at Mission Rock.

So you're being asked today to recommend the Board of Supervisors amend the Public Works code. And the legislation would establish the Port as the entity with jurisdiction for very specific retail activation permits, which include -- in the city-accepted Port streets at Mission Rock, Pier 70 and power station.

And those permits include: outdoor café seating, which is basically a restaurant trying to get tables and chairs on the sidewalk; merchandise displays, which would be like some kind of bookshelf or something similar up against their façade; and then what I think the code refers to is something like, you know, minor encroachments, which are not permanently affixed to the sidewalk, which I'm calling creative sidewalk activations. And I'll show you what I mean by that later in the presentation.

As I said, we're going to pilot these in the major development areas. But this could potentially expand to other city and Port streets. So you may ask, reasonably, why, after just -- from the previous setting, having handed all this stuff off to the city, you know, we're a maritime sort of department. We're not a streets department. Why are we wanting to hold onto these specific permit types?



And the reason is because, under the status quo, due to various trust obligations and the need to insure against third-party commercial activities happening on Port property, we have to go -- an applicant trying to seek out one of these permits would have to go to Public Works to get a permit and then come to the Port to get a kind of redundant or overlapping license for the same thing.

So one of our least-resourced applicants, a small business, would have to go to two city agencies. The Port and Public Works would then have to sort out the fees and make sure that we're getting like -- we can't double charge them. So Public Works gets its fee. And if ours is more, then we charge the difference. And it just becomes a big burden for the applicant and a big burden for Port staff.

So the solution for this is that we want to pass this legislation to make it explicitly clear in the Public Works code that the Port -- Public Works would not be the entity that is responsible for these permits. They're responsible for everything else. If someone wants to dig a trench, Public Works has to permit that.

But for these kind of relatively straightforward minor encroachments, which aren't like permanently attached, which are movable in and out, the Port would have jurisdiction for that. And with that jurisdiction, the Port would also be accepting liability for those assets, which is what we do when we permit other stuff in the right of way.

And the mechanism for that liability is a license which we then pass on to the [unintelligible]. So as I mentioned, this would greatly streamline the process for our retail tenants. You know, we also think it makes a lot of sense. Especially at Mission Rock, there are some unique design controls that are maybe different than the way Public Works staff would review these permits. And we think we're better equipped to do that. It's kind of unfair to ask them to do that.

And it's also, we think, unfair to ask Public Works staff to track the -- the way these streets were financed -- as Wyatt mentioned, these spaces were financed with tax-exempt bonds, which means only 5 percent of the space can be used for commercial activity.

So Port is going to monitor that at Mission Rock to make sure we don't accidentally lease too much space to retailing and those spaces and put ourselves out of like IRS rules. But we think that's unfair to burden Public Works permitting staff with that as well.

So just to kind of show you where this will be, this the Mission Rock acceptance map that -- this applies to the orange areas. The yellow areas and also on the promenade in the park, we're also issuing licenses for stuff. So at Mission Rock, you have a one-stop shop. The Port is the sole entity licensing these type of activities. And especially for retailers that are like on the corner between the yellow and the orange, that will greatly simplify.



At Pier 70, it applies to the gray streets. The hatch -- the diagonal hatch yellow and gray streets are under city jurisdiction. That's not Port property. And the purple street wasn't accepted by the city. So we already license commercial activities in that space.

And then, there's this one kind of half block at Potrero power station which they asked us to include. So we were happy to do so. I think, as you can see, there's not a lot of frontage on this block. But for Building 15, if somebody wants to do something in that portion of the sidewalk, would come to the Port instead of going to two separate agencies.

And then, like I mentioned, you know, we pushed hard to include this in the legislation. There's been -- in the urban-design world in the past few years, there's been -- like you saw with Elaine's presentation on the -- Director Forbes's presentation on the tactical -- the creative spaces -- there's been a lot of interest in trying to like do more informal kind of art seating, more playful interventions.

And we'd like to be able to include these two, especially at Mission Rock. On that promenade, there's a lot of wide space in the sidewalk where things like this can go. So this legislation would allow the Port to license and permit these in coordination with Public Works.

And that basically concludes my presentation. We're going to be introducing this at the Board in a couple weeks. It'll go through the same legislative cycle as the whole Mission Rock acceptance package. And we anticipate the legislation would take effect in June. And that's the whole spiel. So I'm happy to answer any questions. Thank you.

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

#### No Public Comment on Item 12B.

#### Commissioners' Discussion on Item 12B:

Commissioner Engblom: Thank you for the presentation, Paul. I just have a question. I guess I just want to make sure I understand. So -- sorry. Just got confused. The one permit that an applicant would need to go for would be with the Port or with the city?

Paul Chasan: Yeah. So they would only come to the Port.

Commissioner Engblom: Okay.

Paul Chasan: Under the status quo, if we didn't pass this legislation, they would have to go to Public Works to get a permit for the thing. And then, we

would have to issue a license on top of that permit for the same encroachment. This legislation will allow them to only come to the Port.

Commissioner Engblom: Okay. Well, that sounds like a really good idea. [laughter] I just wanted to make sure I understood who was going to end up with that. And we're well set up to take care of that and --

Paul Chasan: Yes. The Port --

Commissioner Engblom: -- it's not going to be an extra burden for Port staff to have to do this?

Paul Chasan: No. In fact, I think it'll actually be less of a burden. I think what would be really burdensome is trying to manage the status-quo scenario where we've got to like sort out fees between different agencies and do that. These permits, by design, are set up to be pretty straightforward permits.

You don't need -- a mom-and-pop business person should be able to figure out how to get tables and chairs without hiring an architect or a permit expediter --

Commissioner Engblom: Yeah.

Vice President Gilman: Yeah.

Paul Chasan: -- a land-use attorney. So they're not so hard to approve -- to review and approve for Port staff. And I think we will actually save a lot of energy without having to deal with the administrative burden of the [crosstalk] --

Commissioner Engblom: I guess my only other question would be, does this set a precedent, wanted or unwanted, for other areas? Like I feel like last month we heard some letter about the EPIC Steakhouse having a redundant permit process that they were having to go through.

So I'm just curious. Have we thought through -- like are there other areas where this could be helpful as well? Or is it opening a precedent for other areas like that we don't want?

Paul Chasan: I'm not aware -- familiar with the EPIC Steakhouse scenario. I've heard that -- I mean, I think we are intending to pilot this year. It certainly could be spread to other areas. And I think that there is maybe an opportunity for us to formalize some relationships with some of our other departments. So this, if nothing else, will provide clarity in the code. But yeah. It certainly could be rolled out to other --

Commissioner Engblom: Because I think --

Paul Chasan: -- other [crosstalk] --

Commissioner Engblom: -- in the spirit of creating a set of values that we hold dear, creating a streamlined permitting for positive economic activities would be a value that I would really endorse. So thank you. That's it for me.

President Brandon: Thank you. Commissioner Lee?

Commissioner Lee: I'm kind of glad that you brought this up because, you know, if we could be actually a model program -- and just to answer Stephen's comment is -- you know, during COVID, when we were trying to build parklets and outdoor seating, you know, first, you had to go to SFMTA to get approval, Public Works for their sidewalks.

And then, you've got to deal with the fire department. Then, you've got to deal -- you had so many different departments. By the time you got an answer would be three months from now. And then, some people were just bringing their chairs outside. And there are, you know, very obvious rules. Don't block the sidewalk. Let the wheelchairs go by.

You could be all in compliance. But then, the other department says, "No. You can't do it," because of whatever reason. This is really a good model to cut the red tape, to get things going faster for the retail mom-and-pop. They just want to put chairs outside with maybe an umbrella to protect them from burns but to at least have some outdoor seating, especially on the waterfront when the weather is nice.

And if we can do this ourselves, I'm hoping that this model can carry on to the other departments that deal with this around the city because this has been a problem for small business for a long time. And that discourages mom-and-pops from even trying to apply for this because of all the burden.

So if this actually works out, I mean I'm totally in favor of this because these are very simple things. And exactly how you described it, I wish we had this during COVID. Well, we did during the emergency time. But then, later on, after emergency was over, then everybody enforced it. That's why we got rid of a lot of them.

But I mean, as long as we have the right policies and we're not encroaching on other people's, you know, like wheelchairs and things like that, I think it's a really good program. And I hope we can set the model for the city because it really makes things go a lot quicker for the small business. So yeah. I'm totally 100 behind you on this one.

Paul Chasan: Thank you.

President Brandon: Thank you. Vice President Gilman?

Vice President Gilman: Paul, thank you. I commend anything we can do to streamline access. I support the item. Thanks.

Paul Chasan: Thanks.

President Brandon: Thank you. Paul, great presentation. I think we all agree that one-stop shop is a great thing. Is there any risk to doing this?

Vice President Gilman: Mm-hmm. Yeah.

Paul Chasan: I mean, the Port issues permits for things -- or assets or infrastructure in the right of way and on Port property all the time. And we accept liability and risk for that. I think, with these interventions, the risk is very low. So technically, yes, there's always risk. But we are also piloting this at places where they're pretty curated.

So we're going to have Mission Rock Commons, which you just sort of endorsed in the previous item. We'll -- they'll have staff out there to keep an eye on things to make sure that things are compliant. So I think it's very low risk for the Port.

President Brandon: Thank you. Thank you very much. Okay. We have a motion and a second. All in favor?

Resolution 25-07 passed unanimously.

### **13. FINANCE & ADMINISTRATION**

#### **A. Informational presentation on the Port's 10-Year Capital Plan, Fiscal Years (FY) 2026-2035.**

Meghan Wallace: Good afternoon, commissioners. I'm Meghan Wallace. I'm your interim deputy director of finance and administration. And I'm going to be presenting today on our 10-year capital plan. Before I get started, I just want to give major thanks and appreciation to Mak Zherebin, who is our acting budget manager. He put all of the heart and effort into this plan this year.

So today, as part of the overview, I'm going to just generally give that overview picture of the plan itself. We're going to talk a little bit about the Port's recent accomplishments. We're going to talk about that outlook of need, of what investments are required for the Port or anticipated over the next 10 years.

We're going to talk about what funding sources, you know, how much funding is coming in to support that need, talk a little bit about our waterfront resilience program and then have a brief look ahead for projects and emerging needs coming our way.

So to begin, I believe the commissioners are aware that the Port prepares our capital plan in accordance with San Francisco's administrative code. And that directs the city and its departments to prepare a capital plan every other year, specifically on odd-numbered years. This work helps the Port and our city leadership understand what those needs are as well as developing strategies to fund those needs.

Our capital planning work fits within a matrix of various plans and policies. And for us, really the two lenses that we start with are our strategic plan and the waterfront land-use plan. Those plans help the Port identify and articulate the types of investments that are required and needed along the waterfront.

And then, as funds are available, we direct those funds into our capital-planning work. An output of that really comes forward in the bodies of our 10-year capital plan, which we're discussing today, but as well as our five-year capital improvement program, which identifies the specific projects we're going to deliver in that five-year window as well as our two-year budget -- capital budget, which appropriates funds to those specific projects.

As the Port is doing its capital-planning work, we are faced with a variety of challenges and opportunities specifically with the challenges -- the estimates that we have for our overall state of good repair, you know, maintaining our facilities to be operable really is a little bit hard. It's a very rough number.

The aggregate, we believe, we're in the ballpark. But once you get down to the facility level, the way we model out these costs -- our estimates get much less accurate the closer you get to individual facilities. The Port's trying to improve our outlook on these costs by building in cycles of inspections.

So our engineering team will go out and look at the facilities and get more granular. But it takes time. And we can only do a little bit at a time. So we are trying to improve this. But it is important to know going in that these are rough calculations of what we think the estimated costs are.

Of course, we talk a lot about our structural capital deficit. You'll see the numbers in a few minutes. They're quite large. We're talking many several billions of dollars. We know that, with an operating budget of just over \$100 million, it's hard for us to carve off substantial funds to dedicate to capital. So really, we do struggle with having an ongoing structural deficit in our capital funding.

And then, of course, as we spoke about earlier related to sea-level rise, that's something that is really emerging as an issue that we need to adapt. On the flip side, seismic risk has been something that we've always been aware of and have had to work around. But those are really factors that make it particularly challenging and elevate the need for our investment.

On the other hand, for our opportunities, the Port is very invested in our racial-equity work. And more and more, we're thinking about how investments are part of us walking the walk and supporting those values. But also, just speaking of Mission Rock, we have had recent successes where, through the Mission Rock development projects, the Mission Rock Academy graduated the first all-woman construction training class in San Francisco history. So there are various ways that we can implement and support our equity goal.

Investment in our facilities, of course, has the opportunity to generate improved revenues, you know, facilities where maybe we're not generating as much, but we put the money in. It means that we can maintain tenants, or maybe we bring in tenants who can fetch higher leases.

So those investments can have a real return on investment to the Port that improves that financial outlook and creates that positive cycle of us then having more revenues to put into capital. So we certainly look at those ROI opportunities in where we are directing our dollars.

And then, finally, just thinking about the sustainability opportunities, you know, our vision for sustainability propels the Port in the front lines of innovation in areas like electrification and using hydrogen ferries, really thinking about, how can we invest our dollars in ways that support the Port's as well as, we believe, our national and global goals with regard to reducing our greenhouse gas emissions.

So shifting to capital accomplishments, this a nice, lovely, long list. We have seen many ways where we have been investing capital dollars not just of the Port's but of our development partners and using grant funding.

We have had shovels in the ground and are seeing tremendous improvements all along the waterfront, everything from China Basin Park, seeing the improvements at Pier 70, Heron's Head Park and then, of course, just really wanting to highlight the waterfront resilience program, really getting organized around the work ahead there that really is sort of reimagining our waterfront for a more sustainable, resilient future.

Okay. So now, I'm going to shift. I'm going to get into the numbers. What this chart shows is the combination of state of good repair and enhancements and how the capital plans have changed from the prior plan to the current one. I think I just want to summarize briefly that the blue bar, which represents this current plan, comes to a total of \$6.1 billion.

And as you can see, of that, \$2.6 billion is the need for our state of good repair whereas \$3.5 billion is looking at enhancements that the Port has identified over this 10-year window. Overall, that represents, you know, just about a \$2 billion increase from the prior plan, a pretty significant increase.

Thankfully, part of that is from the addition of the Piers 30-32 development project. So that's really why you see that substantial increase on the enhancement side of this chart. But unfortunately, some of that growth really is just by taking another two years into our planning so looking at additional -- you know, that two additional years of renewal, more facilities are in need of repair than what we had recognized in the prior plan.

There is a growing projected backlog. So of the projects that we didn't get to, those, of course, have continued to remain within the plan. And then, on top of that, then you're calculating in inflation, you know, anticipated growth of the cost of doing our work.

Then, shifting and thinking about what are the funding sources relative to that need, you know, of the \$6.1 billion capital needs, we have a \$2.6 billion shortfall. And so you can see, split out here between state of good repair versus enhancements, the majority of that shortfall is with regard to state of good repair with a \$1.9 billion funding gap versus \$680 million on enhancements.

And I know that we've had many conversations in this forum about really what that means for the Port. It does paint a somewhat stark picture where we have this ongoing growth of need and where the funding sources simply aren't catching up.

So it really is a call to us as a department to continue to look for funding, looking to identify additional partners who can support us in addressing our facility needs, really prioritizing capital within our budget-planning processes and then, on top of that, also thinking really about our delivery that, when we have funded projects, making sure that we are getting shovels in the ground.

Putting that money from the bank and into our piers quickly is really critical because you might have a matching of the funding and the need. But the longer you wait to deliver, you continue to have that escalation on the projects that are ahead of us.

With regard to the funding that's available, it is actually -- you know, while I painted a stark picture on the other slide, I am happy to be able to highlight the proportion of external to internal funding. Certainly, we need to increase -- the goal is to increase Port capital dollars going into this plan.

But it is, I think, valuable to highlight how much of other people's money we have been able to bring. But in summary, looking at internal versus external, it is a combination of Port capital and also working with our Port tenants that, when we enter into leases with our tenants, they do take on obligations that play an important part in that overall picture of addressing our facility needs.

And you can see that that equates to \$354 million in our overall plan whereas the external funding of \$3.2 billion represents a variety of different



sources from grants, the regional measures -- regional measure three, that's particularly for the Mission Bay Ferry Landing -- and then the various financing tools that help support our development projects.

I do want to highlight that the waterfront resilience program in the plan is narrow to what we know we have in terms of funding within this 10-year window. We're working with the Army Corps. We want to build out a much bigger program, upwards of \$3 billion.

We don't reflect the full scale of that in this capital plan. We will take that step once we have formalized the approvals with the Army Corps of Engineers. But as you can see here, the GO bond, the seawall bond specifically is a critical part to us being able to deliver work early on in our resilience program.

Okay. And then, final point that -- looking ahead, what are the opportunities? Pier 45 and looking at the neighboring seawall lots, you know, working with Fisherman's Wharf revitalized -- thinking about improvements on those facilities is on the horizon. We do have an ENA with our development partners looking at Piers 38 and 40.

And then, offshore wind development in the southern waterfront really is a visionary program project that, I think, speaks both potentially to our business objectives of growing our maritime business, increasing revenues to the Port as well as supporting our sustainability goals. So that's everything. And I look forward to your questions.

President Brandon: Thank you so much. We will now open it up for public comment. Is there any public comment in the room? If not, do we have anyone on the phone?

No Public Comment on Item 13A.

Commissioners' Discussion on Item 13A:

Commissioner Engblom: Thank you very much. Great presentation. I guess I don't -- everything that you presented is very clear and very well organized. I feel like there is an important opening context for this capital program even if, you know, we all learn that capital programs are -- you know, it's like a specific kind of report.

I don't know. Maybe there is this. But I'm sure you have it at your fingertips. How does this -- because what is it? \$2.6 billion gap sounds like -- I mean, you could just go crawl in a corner and be worried about it. Right. It's like I can't even think about it. It's such a big problem.

But it's not big. I mean, it's -- you know, we have to think big. Our tourism economy alone is \$9 billion a year and 200 million visitors a year. How do we put



this in the context so that, when Mayor Lurie gets this report, he's like, "What do I do to help you?" because, if we don't have the Port in a state of good repair, we don't have our frontline against losing \$9 billion in tourism or threatening the business continuity of tourism or threatening the business continuity of our next energy economy or AI -- you know, the next AI company coming and investing in Mission Bay.

Because if anybody senses that our port is not in a state of good repair, all of those economic opportunities are threatened. So I think we need that prequel. The first thing that, when someone reads it, it's like at risk is -- this is what's at risk. Then, you hear \$2.6 billion gap. And you're like, where do I sign up to help? Right.

So that's what I think would really help this report. And whether or not it's typically part of a capital plan, I think, in this day and age, we need to give everybody who picks up this report the tools to understand the context. That's my comment. Thanks.

President Brandon: Thank you.

Vice President Gilman: That's a great comment.

President Brandon: Commissioner Lee?

Commissioner Lee: Well, I mean obviously the engineer should go to pick the spots that are really hurting because, you know, the longer you wait, the worse it's going to get. So whatever the estimates are now, it's going to be more later, as erosion keeps happening.

I'm looking at these -- the lease -- appendix A. Look at the 10-year renewals. There's a lot of zeros here, you know. Unless we fix these, things are still going to remain zero. I mean, these are our economic generators here. And I'm just looking at -- I mean, just right now, you know, if we don't fix these things, it's going to look like this in 10 years.

So I mean, we've got a lot of challenges ahead, seawall -- I guess we're just going to have to just keep banging on it until -- hit the ones that are really critical with the money we have now. And hopefully, these other ones that I see zeros are not as bad as we think. Hopefully, the economy will turn around.

But the more people we get in the Port area, people especially around the parks, more investments will come in as long as they know that there's people there to protect it. Right now, when there's nobody there, you know, there's no incentive of coming out.

So I mean, it's a great report. It's kind of scary in a sense. But it's reality. And it's good that the public knows that we're trying to do the best we can and hope the new administration will see this report. So thank you.

President Brandon: Thank you. Vice President Gilman?

Vice President Gilman: Meghan, thank you for the report. Again, it's daunting. But there's a pathway forward. Thank you for answering the question around the resiliency program. That was my question, that it's not all inclusive in these numbers.

And again, I think the more we can tie it to, you know, besides just resiliency and public safety from an infrastructure perspective -- because it's utilities. It's the BART tube. It's much more than just the Port. But also tying into the economic vitality of the city I think could be ways for us either from raising capital funds being prioritized across the city as an urgent need just as many -- we have a million urgent needs in the city.

But you know, I would argue this is a public-safety need, which is a platform that's being elevated right now. So hopefully, we can move forward with that. Thanks so much for the report.

Meghan Wallace: Thank you.

President Brandon: Thank you. Meghan, thank you so much for the report. This is wonderful. I thought it was laid out really, really well. And I think my comments are the same about resilience because how do we do 10-year planning without resilience involved, you know?

How do we -- so we have \$2-3 billion in unfunded. But what part of that is actually part of resilience? You know, the sooner we can solve that and bring it all together, I think we'll have a much better outlook of the future and what we really have in front of us.

And I would just ask that you offer the commissioners to schedule a time to speak with them about the capital plan prior to the next meeting just in case -- because it's a lot of information.

Meghan Wallace: Sure. Yeah.

President Brandon: So if there are any questions -- this is Commissioner Engblom's first time seeing the capital plan. So I would ask you to reach out to the commissioners just in case there are questions prior to the next meeting.

Meghan Wallace: Happy to. Thank you.

President Brandon: Thank you.

Commissioner Engblom: Thanks, Meghan.

President Brandon: Next item, please.

#### **14. NEW BUSINESS**

Director Forbes: Commissioners, I recorded that we need to come back with an update on the Butterfly space. Is there any other new business?

President Brandon: Any other new business?

Commissioner Lee: Well, since we're talking about that, I'd kind of like to know how our brokers are doing with the rest of the leases. I mean, I know there's some litigation going on. But I heard there's some progress with the Ferry Building and things like that.

I think the public would like to know how we're doing, so they don't think we're just sitting there doing nothing. And also, I've been waiting -- I know it's probably busy now because of crab season. But I know the fishermen wanted us to go take a look at their operations. So I'm waiting for that tour.

Director Forbes: Okay.

Vice President Gilman: Yeah.

Commissioner Lee: Let's see. What else? Basically, that's it, the tour, update on the brokers, how they're doing and basically, yeah, current leases. What's happening?

Director Forbes: Thank you.

Vice President Gilman: Actually, Director Forbes, I have one more. And it could be way off at some point in 2025. So I want to preface that for this one. I'd love an informational presentation from our Ferry Building partners because, while we have some really great new amenities at the Ferry Building like Lunette's, we also have had some missteps with things that were elevated to us as being equity considerations for them for vendors that were given kiosks that were here today, gone tomorrow.

So I'd just love to have a conversation of really what the equity program is for the Ferry Building from a leasing perspective and how we're making sure that we get Bay Area local entrepreneurs and entrepreneurs of color into that space, not just large-scale operators.

President Brandon: Any other new business?

Commissioner Lee: Actually, I do have one more. Do we have a progress report on the developers for Pier 45? Are they still -- I'm sure that they got their board of approvals. So instead of like waiting another two years to see what's going on, I'd like to know how they're coming along, if there's any proposals, drafts, things like that.

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

## **15. ADJOURNMENT**

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

The meeting was adjourned at 5:02 p.m.