



MEMORANDUM

April 18, 2025

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Gail Gilman, Vice President
Hon. Willie Adams
Hon. Stephen Engblom
Hon. Steven Lee

FROM: Elaine Forbes
Executive Director

SUBJECT: Request Approval of the Port's 10-Year Capital Plan for Fiscal Years (FY) 2026 to 2035.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 25-20

EXECUTIVE SUMMARY

This action item was presented as informational at the February 11, 2025 Port Commission meeting. Substantive changes from the informational staff report are shown as underlined.

Attached to this Report is the Port of San Francisco's 10-Year Capital Plan (referred to as "Plan" herein) for FY 2025-26 to FY 2034-35. The Plan attempts to capture a full inventory of the Port's capital needs and projected funding sources over a 10-year horizon, allowing staff to identify and develop strategies early on for addressing unfunded needs. Additionally, the Plan celebrates accomplishments over the past two years, including project completions and the successful funding strategies that enabled them.

The Plan distinguishes capital needs across two primary categories: (1) state of good repair ("SOGR"), which maintains facility components according to a renewal schedule; and (2) enhancements which add value to existing property. Table 1 below summarizes the total funding need within each of those categories compared to total funding availability, highlighting an overall unfunded gap of \$2.6 billion. Notably, the gap disproportionately affects SOGR due to heavily constrained internal sources from operating net revenue and more accessible external sources from private investment.

THIS PRINT COVERS CALENDAR ITEM NO. 7A

Table 1: Unfunded Capital Need (\$ millions)

	State of Good Repair	Enhancements	TOTAL
Need	2,604.6	3,491.1	6,095.7
Funding Sources	698.8	2,810.1	3,509.0
Unfunded Gap	1,905.8	680.9	2,586.7
Unfunded %	73%	20%	42%

STRATEGIC OBJECTIVES

The Port's 10-Year Capital Plan for FY 2025-26 to FY 2034-35 is central to meeting the following Strategic Plan objectives:

- **Evolution:** Evolve the waterfront to respond to changing public and Port needs.
- **Equity:** Create a diverse, equitable, and inclusive organization and waterfront, that empowers Black, Indigenous, and other People of Color (BIPOC) in Port operations and opportunities through equitable policies and practices.
- **Economic Growth:** Grow business portfolio to create an economically successful and vibrant waterfront.
- **Economic Recovery:** Develop and implement strategies to address the economic impacts of the COVID-19 pandemic and stabilize the Port's financial position during an expected five-year recovery period.

The Plan takes a holistic approach, helping to identify opportunities to integrate the above objectives to maximize outcomes and deliver the best possible results within available resources. In addition, the Plan explicitly aims to advance anticipated federal goals in the areas of economic sustainability, structural protection, and infrastructure modernization.

BACKGROUND

The purpose of this Report is to provide an overview of the Port's 10-Year Capital Plan for FY 2025-26 to FY 2034-35. In accordance with San Francisco Administrative Code Section 3.20, the City and County of San Francisco ("City") must develop a 10-year capital plan in odd-numbered years, outlining the City's capital needs and potential funding sources to address them. Ultimately, the Port's Capital Plan will be incorporated into the City's capital plan to provide a comprehensive citywide view of infrastructure development, construction, and maintenance. The Plan establishes a framework for guiding the Port's investments in its assets and enables staff to advocate for city, state, federal, and private funding to address an increasing backlog of needs and uphold its responsibilities as trustee of the public trust.

Since the prior Capital Plan update, the Port accomplished several notable capital projects, including the following:

- **Opened China Basin Park:** Delivered a 5-acre public park with sweeping views of the Bay, new recreational amenities, and sustainable design features.
- **Advanced Mission Rock:** Completed phase one of the mixed-use development, delivering key infrastructure and laying the groundwork for further expansion.
- **Completed final phase of Crane Cove Park:** Renovated Building 49 and added permanent public facilities.
- **Strengthened Heron's Head Park:** Implemented shoreline resilience measures to combat erosion and improve biodiversity along the southern tip of the waterfront.
- **Beautified Southern Waterfront:** Installed new, interpretive displays and public art exhibits in Islais Creek and Heron's Head Park, celebrating local history and ecological restoration.
- **Upgraded piers for Asia-Pacific Economic Cooperation ("APEC") Summit:** Made structural and safety improvements to meet the security and operational requirements of the high-profile event.
- **Enhanced Pier 70:** Completed the Historic Core and the adaptive reuse of Building 12, transforming WWII-era structures into vibrant, mixed-use spaces for community and commerce.
- **Progressed Waterfront Resilience:** Released a draft plan in collaboration with the U.S. Army Corps of Engineers ("USACE"), marking a significant goal toward long-term resilience.

CAPITAL NEED

As shown in Table 2 below, the current Plan identifies a \$6.1 billion total need, a \$2.0 billion increase over the prior Plan's \$4.1 billion total need as approved by the Port Commission in June 2023. The increase is primarily due to the inclusion of the large-scale development project at Piers 30-32 (under Enhancements in Table 2) along with facility subsystem renewals in the two new years of the Plan's 10-year window, a growing backlog of incomplete projects, and inflationary adjustments. The Plan also includes a conservative estimate of \$680.9 million for conditional seismic work to comply with current building code. The conditional seismic figure will be further refined and allocated more specifically to each facility as cost estimates become available through the Facility Inspection Repair Program Assessment ("FIRPA"), developer negotiations, and Waterfront Resilience Program ("WRP") project selection.

Table 2: Summary of Changes from Prior Plan (\$ millions)

	Type	Prior Plan	Change	Current Plan
State of Good Repair	Backlog	1,166.9	150.4	1,317.3
	Renewal	797.6	95.1	892.7
	One-Time	276.6	118.0	394.6
	Subtotal	2,241.1	363.5	2,604.6
Enhancements	Waterfront Resilience Program (WRP)	589.0	(7.4)	581.6
	Enhancements	670.6	1,557.9	2,228.5
	Conditional Seismic	641.8	39.1	680.9
	Subtotal	1,901.5	1,589.6	3,491.1
TOTAL		4,142.6	1,953.1	6,095.7

WRP is currently advancing work on two main fronts: (1) developing a long-term, sea level rise adaptation strategy alongside USACE and (2) progressing seven early projects from predesign to conceptual engineering and construction to address immediate needs. While the full scope is evolving and associated costs are yet to be determined, WRP is reflected in the Plan only to the extent that a defined financing schedule exists.

FUNDING SOURCES AND USES

The Plan identifies an estimated \$3.5 billion that will be readily available during the Plan period, as depicted in Table 3 below. Overall, a diverse array of funds is expected to support capital priorities. Although limited, internally generated dollars are the most flexible and are mostly directed toward SOGR. In contrast, external dollars, while more challenging to secure, are often more abundant and capable of delivering world-class enhancements. Typical projects under SOGR include subsystem (roof, plumbing, HVAC, electric, etc.) repair and maintenance, dredging, and improvements undertaken by tenants. Enhancements typically include development projects (such as Mission Rock and Pier 70), Mission Bay Ferry Landing, and WRP.

Table 3: Detailed Sources and Uses

	All figures in \$1,000s					FY 2031 - 2035	10-Year TOTAL
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030		
SPENDING PLAN							
State of Good Repair							
Dredging	7,455	7,455	7,455	7,455	7,455	37,273	74,546
Repair / Reinvestment	30,639	36,650	38,888	61,966	32,251	423,898	624,293
State of Good Repair Subtotal	38,094	44,104	46,343	69,421	39,705	461,171	698,838
Enhancements							
Facility Improvements	7,381	7,760	8,218	8,381	8,436	44,941	85,117
Mission Bay Ferry Landing	29,000	-	-	-	-	-	29,000
Development Project Areas	222,856	280,040	210,861	221,676	52,282	1,126,694	2,114,408
Waterfront Resilience Program (WRP)	44,600	66,500	168,300	144,300	47,600	110,300	581,600
Enhancements Subtotal	303,837	354,300	387,379	374,357	108,318	1,281,935	2,810,125
Expenditure TOTAL	341,931	398,404	433,722	443,778	148,023	1,743,106	3,508,964
REVENUES							
Internal Funding							
Port Capital	14,900	14,700	13,900	12,800	12,800	64,000	133,100
Port Tenant Improvements	17,448	12,052	20,574	51,637	17,720	101,729	221,161
Internal Funding Subtotal	32,348	26,752	34,474	64,437	30,520	165,729	354,261
External Funding							
Federal & State Grants	5,000	5,000	5,000	5,000	5,000	25,000	50,000
Regional Measure 3, MBFL	25,000	-	-	-	-	-	25,000
MBFL Anticipated Private Contributions	4,000	-	-	-	-	-	4,000
Orton IFD Tax Increment	760	775	790	806	822	4,365	8,318
Pier 70 Shoreline CFD Tax	-	114	116	453	462	4,345	5,492
Mission Rock Shoreline CFD Tax	652	922	1,482	1,512	1,542	8,186	14,296
Private Developer Investment	232,171	300,841	225,859	229,569	64,376	1,436,681	2,489,497
GO Bond for WRP	42,000	64,000	166,000	142,000	45,300	98,800	558,100
External Funding Subtotal	309,583	371,652	399,248	379,341	117,503	1,577,377	3,154,703
Revenue TOTAL	341,931	398,404	433,722	443,778	148,023	1,743,106	3,508,964

CONCLUSION

Caring for the many historic structures to meet the Port's public trust responsibilities presents a challenge that demands a multifaceted approach: securing new, external funding sources and strategically dedicating available dollars to the most impactful projects. In recent years, the Port rose to this challenge by receiving significant stimulus and grant funding and forging public-private partnerships to renew assets. Given the age and conditions of some Port facilities, substantial investment is critical – any delays come at a steep price. Not only do construction costs continue to escalate, but unmitigated risks from seismic activity and sea level rise threaten the iconic waterfront. Looking ahead, the Port remains committed to attracting, building, and sustaining partnerships that nurture a growing, vibrant, and diverse waterfront for all San Franciscans and visitors. To emphasize the urgency for investments, staff preparing to conduct a new economic impact study to demonstrate the outsized benefits of the Port's activities.

RECOMMENDATION

Port staff recommend that the Port Commission approve the attached resolution and Capital Plan for FY 2025-26 to FY 2034-35.

Prepared by: Maks Zherebin, Interim Budget Manager,
Finance and Administration Division

For: Meghan Wallace, Interim Deputy Director,
Finance and Administration Division

Attachment: Ten-Year Capital Plan for FY 2026 to 2035

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 25-20

- WHEREAS, In 2006, the Port of San Francisco completed its first 10-Year Capital Plan, assessing the Port's capital needs to support and guide Port Commission capital expenditure and investment decisions; and
- WHEREAS, Port staff updates the 10-Year Capital Plan in odd numbered years to reflect changes in the condition of the Port's facilities, new structure evaluations, completed work, changes to funding sources, and changes in budget and financing assumptions; and
- WHEREAS, The Port's 10-Year Capital Plan for Fiscal Years 2025-26 to 2034-35, a copy of which is attached to the staff memorandum accompanying this Resolution, identifies \$6.1 billion in capital repair, \$2.6 billion of which is in required state of good repair (SOGR) work and \$3.5 billion of which is in enhancements, inclusive of \$680.9 million in potential conditional seismic upgrade needs over the next ten years; and
- WHEREAS, Of the \$3.5 billion in projected funding sources for this 10-year period, \$698.8 million is projected to cover state of good repair needs and \$2.8 billion is projected to cover enhancements and seismic work; and
- WHEREAS, The \$3.5 billion in projected funding will leave the Port with an unfunded SOGR capital need of \$1.9 billion and an unfunded enhancement need of \$680.9 million through Fiscal Year 2034-35; now, therefore be it
- RESOLVED, That the Port Commission hereby adopts the Port's 10-Year Capital Plan for Fiscal Years 2025-26 to 2034-35 attached to the staff memorandum accompanying this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 22, 2025.

Secretary