



MEMORANDUM

September 5, 2025

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

FROM: Elaine Forbes
Executive Director

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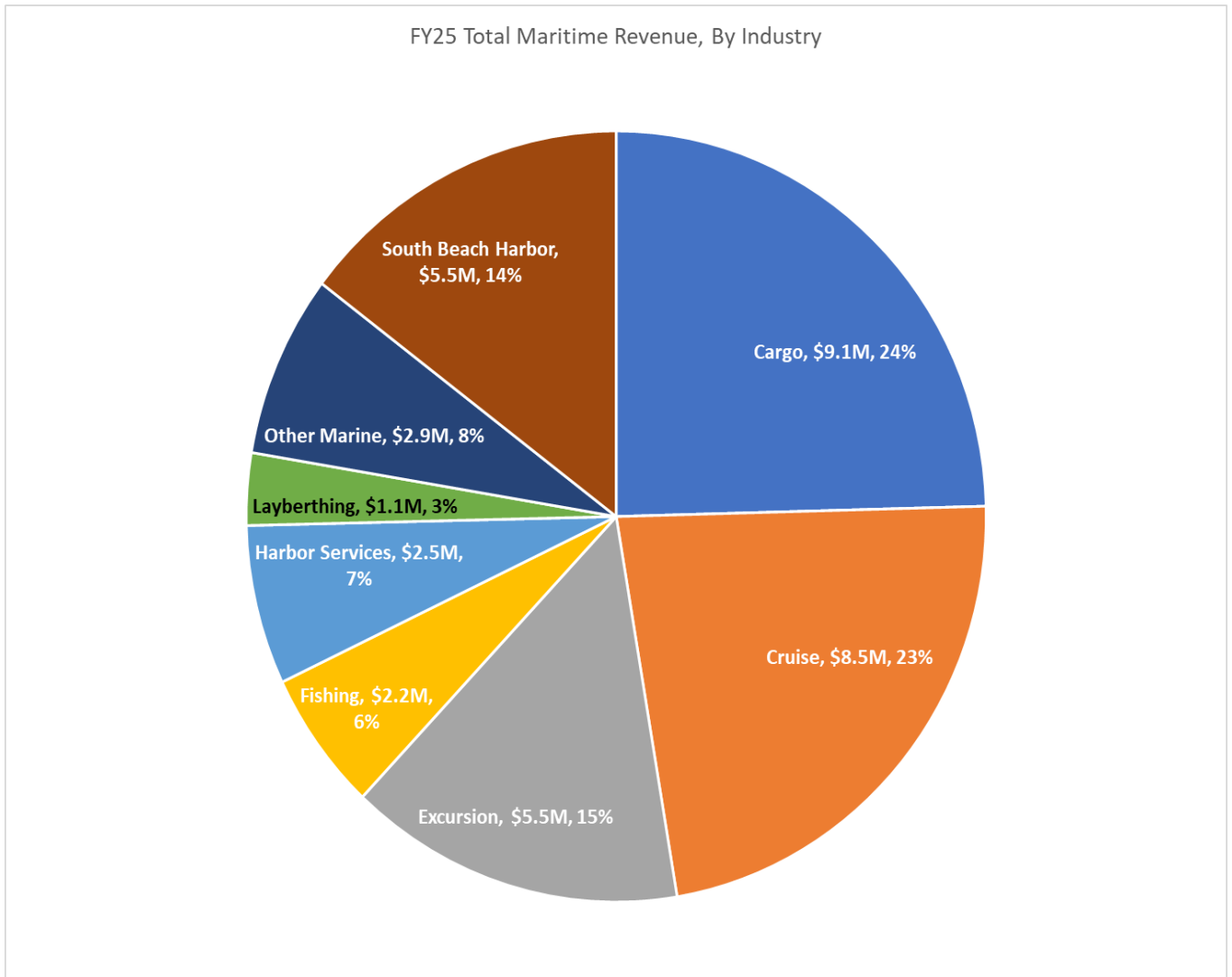
SUBJECT: Informational Presentation on the Port's Maritime Portfolio Performance for Fiscal Year 2025.

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

EXECUTIVE SUMMARY

The Port of San Francisco (Port) is one of the most diverse ports in the country. The Port's 7½-mile waterfront is home to cruise and cargo shipping; ferries, excursion boats, water taxis, tugs, barges, harbor services, commercial fishing, recreational marinas, lay-berthing, and railroad service. This staff report recaps the Port's maritime portfolio performance for fiscal year ending June 30, 2025 (FY 2025) and describes current and future strategic actions to improve and enhance the Port's maritime business and operations portfolio.

Fiscal Year 2025 Total Maritime Revenue by Industry



CRUISE

The Port continues to be a world-class international cruise destination, serving hundreds of thousands of passengers annually. The Port’s primary terminal, The James R. Herman Cruise Terminal (JRH Cruise Terminal), is located in the heart of the Northeast Waterfront at Pier 27. The JRH Cruise Terminal hosts over 80% of all cruise activities at the Port. The Port also maintains a historic cruise terminal at Pier 35, which serves as a secondary cruise terminal during the busiest months of the cruise season. While the Port has the capacity to handle up to three cruise ships simultaneously, recent damage at Pier 35 and Pier 30-32 has limited the availability of secondary and tertiary berthing. To maintain the Port’s cruise berth capacity, Pier 80 has recently been activated, hosting a number of vessels during FY 2025, including the Carnival Legend, Norwegian Jade, and Seven Seas Mariner. On days when there is no cruise ship in port, Piers 27 and 35 can be licensed for civic and special events, providing a supplemental revenue stream to the Port’s maritime portfolio.

During FY 2025, the Port hosted 90 cruise calls serving just over 368,000 passengers, including four cruise calls at Pier 80. Cruise activity generated approximately \$6.9M in revenue to the Port during that period. This is slightly above the 365,000 passengers that transited through the Port's cruise terminals the previous fiscal year. Cruise trends on the West Coast Cruise Market continue to show positive indicators generally and for San Francisco specifically. San Francisco embarkations have increased 34% from 2015 to 2025, hosting nearly three million passengers during that time period. During the past two years, cruise lines have begun reducing the total number of itineraries in an attempt to consolidate bookings on a per call basis, indicating that vessel bookings will likely not grow at the previous record pace. The Port of San Francisco anticipates that passenger numbers will continue to grow despite a slight decline in vessel visits and the continuation of cruise operations at the Port to continue to sustain a strong post-pandemic recovery.

An ongoing challenge for the Port is maintaining compliance with the California Air Resources Board (CARB) requirements for "Ocean-Going Vessels". Under existing regulations, all cruise vessels calling the Port of San Francisco must connect to shore power. As such, the JRH Cruise Terminal is equipped with a shore power system, and vessels directly connect to power when berthed at Pier 27. However, Pier 35, Pier 30-32, and Pier 80 are all classified as "Low-Activity Terminals" under CARB Regulations. As Low-Activity Terminals, these facilities are limited to hosting a combined 19 cruise vessels a year. The 19 call limitations at all of the Port's secondary berths make berthing assignments challenging, particularly during the Spring and Fall cruising season when multiple vessels are homeported in San Francisco. To overcome these constraints, Port staff are actively analyzing options for a second electrified berth for homeport cruise operations and recently initiated a market analysis and feasibility study to evaluate cruise operations at Pier 80.

CARGO

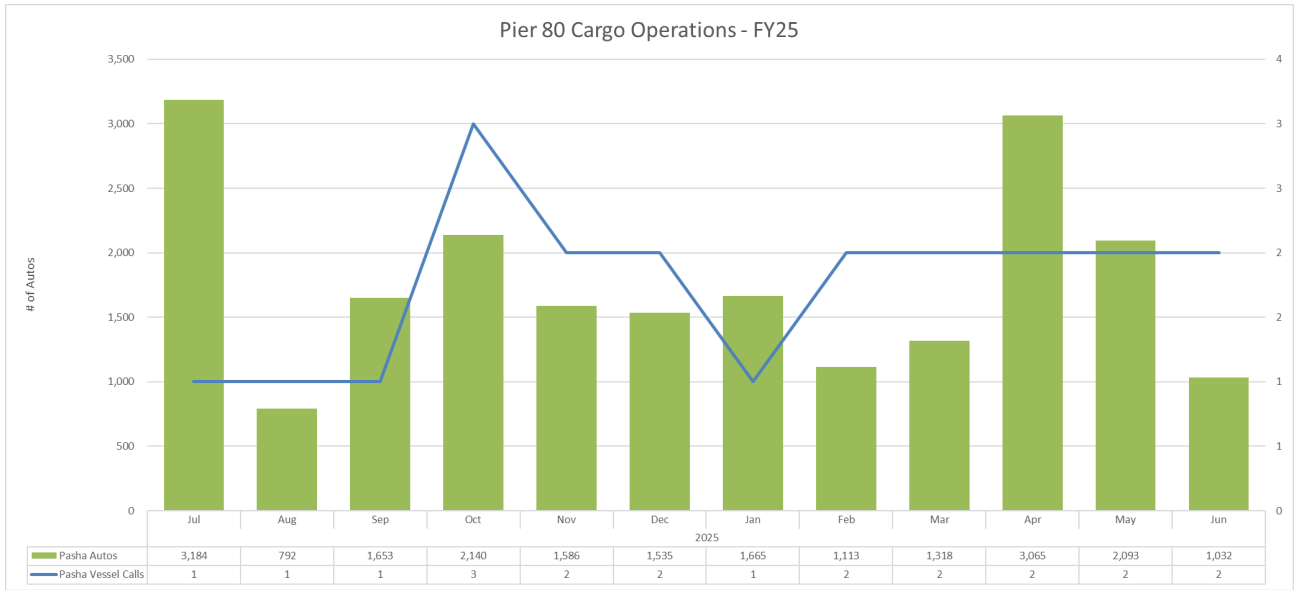
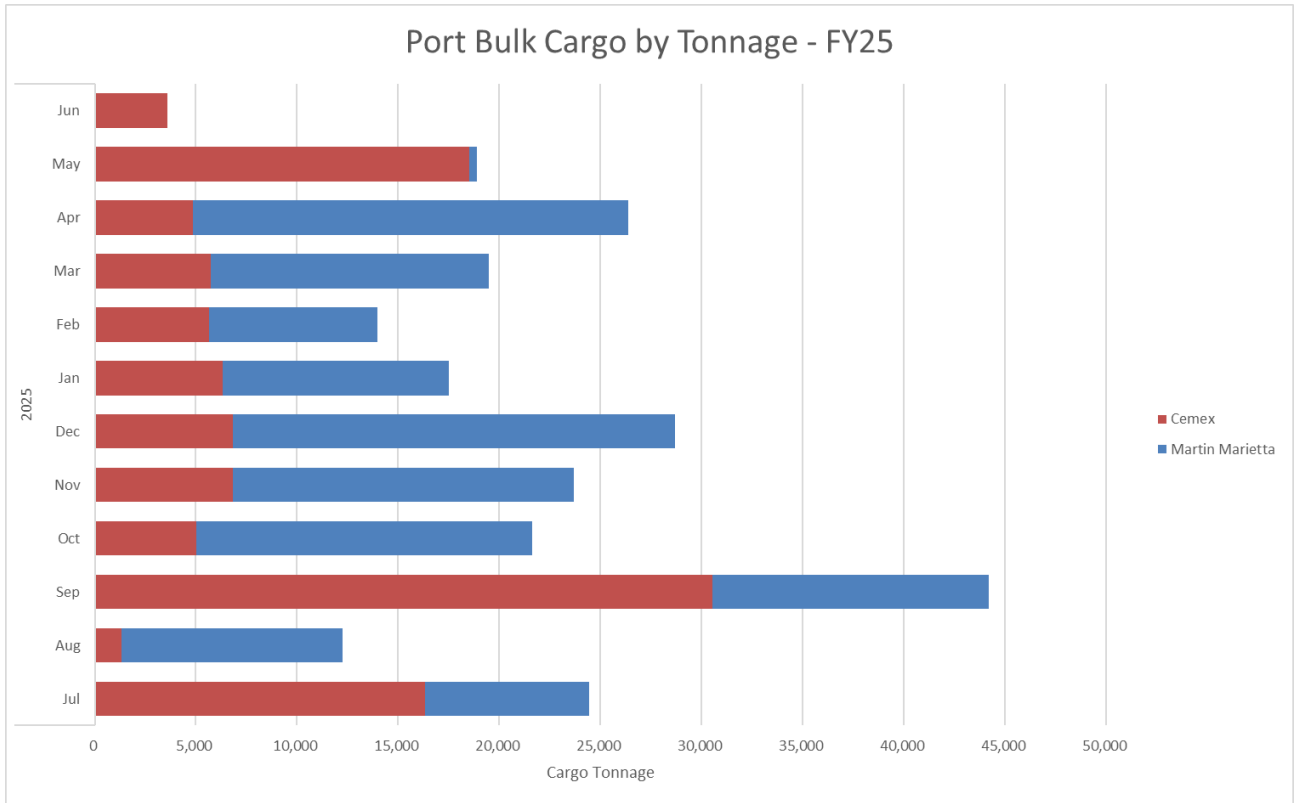
Cargo shipping, a fundamental Port mission, is the industry that gave rise to San Francisco's development as a major West Coast city. Today, cargo shipping activity operates on approximately 180 acres within the Port's Maritime Eco-Industrial Center located on piers and upland properties that include Piers 80, 92, and 94. Pier 80 is used primarily for roll-on/roll-off vessels (Ro/Ro) for auto exports and imports, long-term lay-up of two Maritime Administration (MARAD) Ready Reserve Fleet vessels, and, on occasion, non-containerized (break-bulk) cargo.

In FY2025, the Port's cargo terminal operator at Pier 80, Pasha Automotive Services (Pasha), handled 21,176 autos, a 29% decrease from the previous fiscal year. The decrease in volume over the previous year can be attributed to a decline in auto exports, which are primarily electric vehicles (EVs), and a saturated EV market. Exports of autos have historically driven volumes at Pier 80. However, the majority of autos moving through the terminal were short-sea imports from manufacturing facilities located in Mexico. On a

brighter note, Maritime successfully activated Pier 94 for autos and Ro/Ro operations when Pier 80 was capped at 19 Ro/Ro vessel visits by California Air Resources Board (CARB) regulations. The Port will continue to be capped at no more than 19 Ro/Ro vessel visits per terminal in a calendar year until a California Air Resources Board-approved emissions capture plan is in place. Port staff is currently performing an electrification study for Pier 80 and is actively exploring other emission capture technologies.

Piers 92-94 are the Port's active dry-bulk terminals for importing dry-bulk commodities (aggregate and sand materials) used by concrete batch plants situated along Pier 92. The batch plants produce concrete to serve the construction industry in San Francisco and the greater Bay Area. The piers are strategically co-located to significantly reduce truck trips for delivery of raw materials, and the Port's tenants are required to employ best practices for environmentally sustainable stormwater runoff treatment and rainwater reuse. Historically, dry-bulk import volumes fluctuate with the construction industry, and in FY2025, dry-bulk volume was 44% lower than the previous year. The decrease can be attributed to the overall reduction of construction projects in the Bay Area that require cement. Staff is actively negotiating a new long-term lease agreement with a current dry-bulk operator at Pier 92. The new lease terms will include capital improvements to enhance and modernize the dry-bulk facility.

Pier 96 is currently being utilized for the long-term berthing of one MARAD vessel. However, both Pier 96 and the backlands have been identified as a viable site for future Offshore Wind (OSW) staging and integration. Port's Maritime and Legislative Affairs staff continue to engage with stakeholders to learn more about the OSW opportunities. Based on information shared by potential developers, the Bureau of Ocean Energy Management and California Energy Commission staff, the Port is well situated to compete for a key role in the development of the California offshore wind industry. In 2023, Moffat & Nichol, a U.S.-based global infrastructure advisor specializing in the planning and design of harbor facilities, completed a conceptual report and design for Piers 94 and 96 based on inputs from various OSW stakeholders. The conceptual report also concluded that a complete build-out of the piers and backlands for OSW will cost approximately \$900 million.



PIER 68 SHIPYARD

Since taking control of the Shipyard operation in May 2019, staff immediately engaged in locating interim tenants for vacant office space, under-utilized shed and storage facilities, and available paved open space throughout the yard. Port staff also reduced operating expenses by limiting utilities and services to isolated and underutilized areas of the shipyard and reducing on-site staff. Currently, there are four interim rent agreements that neither require modification nor a change of use, and can each be terminated in ninety days or less. Port staff has initiated discussion and is contemplating creative reuse of the 10-acre site as a multi-purpose maritime complex that would incorporate multiple marine businesses involving heavy and light industrial uses consistent with the Port's trust responsibilities..

As a first phase to transitioning and optimizing the shipyard for a multi-purpose maritime facility, Port staff, in coordination with the City Attorney and Office of Contracts Administration (OCA), developed a Request for Offer (RFO) for the sale of two drydocks which went live on the Port's website in early June 2023 followed by a second RFO in March of 2024. Both RFOs failed to find a successful respondent based on the specific requirements set forth in the RFO(s). However, talks continued with one of the potential respondents, Desan Shipyard of Turkey, until earlier this year when Desan rescinded its offer. Concurrent with negotiating the sale of drydocks, Port consulted with GHD Engineering to prepare a stabilization and repair plan for Drydock #2, as well as a disposal assessment for demolition and salvage of both drydocks. Staff intend to return before the Port Commission for approval to appropriate funds to support the stabilization, repair, and/or potential disposal of the drydocks.

HYDE STREET HARBOR / FISHERMAN'S WHARF

Fisherman's Wharf is home to San Francisco's historic fishing industry. Pier 45 is a focal point of activity, housing the largest concentration of fish processors of any Port in California. Long-line vessels that fish between the Wharf and Hawaii can deliver upward of one million dollars' worth of fish to a Pier 45 processor in a single landing. A significant amount of fish trading - crab, salmon, swordfish, herring, shrimp, squid, mackerel, halibut, and sole – occurs right on the pier in the very early morning hours before most residents and tourists awaken. The Fisherman's Wharf/Hyde Street Harbor is home to over 130 commercial fishing vessels, between Hyde Street Harbor and the wharves and piers in the Inner and Outer Lagoon.

Fisherman's Wharf and Hyde Street Harbor sustained strong performance in FY2025, with berth occupancy averaging 78%. Harbor staff continue to pursue increased occupancy by attracting new commercial fishing vessels. To support these efforts, several capital improvement projects are in progress, including ladder and piling replacements, Pier 47 piling repairs, J-11 roadway repairs, dredging, fuel dock pipeline remediation and reactivation, and repairs to the Pier 45 west apron.

The J-9 Float has been a great addition to Fisherman's Wharf Outer Lagoon. Providing the public with direct access to fresh seafood via off-the-boat sales. Some of the options include Dungeness crab, black cod, halibut, and other species, including Rock crab and

shrimp. The float and gangway were envisioned as the first phase of a planned Waterfront Resilience Program project to replace the Wharf J9 seawall and wharf structure with a modern, resilient structure incorporating a floating berth. This addition/replacement of the float has enhanced the Port's Retail Fish and Crab Sales program by providing public access to the Outer Lagoon. Another positive outcome of this Project is that it has provided a safer and more reliable space for commercial fishers and charter boat operators to offer improved ADA access to customers and increased access for water taxi services to the public.

The J-9 float has been a valuable addition to the Fisherman's Wharf Outer Lagoon, offering the public direct access to fresh, off-the-boat seafood. Available offerings include Dungeness crab, black cod, halibut, rock crab, shrimp, and other species. This float and gangway installation represents the first phase of the planned Waterfront Resilience Program, which envisions replacing the Wharf J-9 seawall and wharf structure with a modern, resilient facility incorporating a floating berth. The J-9 float has significantly enhanced the Port's Retail Fish and Crab Sales Program by improving public access to the Outer Lagoon. Additionally, it has created a safer, more reliable space for commercial fishers and charter boat operators, while also improving ADA accessibility and expanding water taxi service access for the public.

EXCUSION / WATER TRANSIT

The Bay Area's regional ferry system is centered at San Francisco's iconic and historic Ferry Building, with ten water transportation berths, including six recently built to accommodate sea level rise. The Downtown San Francisco Ferry Terminal currently accommodates six ferry routes serving more than 5 million passengers per year with approximately 130 ferry arrivals and departures daily. The Downtown Terminal is a connection point to ferry terminals in Vallejo, Richmond, Larkspur, Sausalito, Tiburon, Treasure Island, Oakland, and Alameda, with future routes to include Mission Bay. The downtown terminal site provides convenient access to the San Francisco Financial District and other transit connections located in Downtown San Francisco. While ridership continues to increase to pre-pandemic levels, current reports from ferry operators show approximately 85% ridership as compared to pre-pandemic statistics, much of which is buoyed by tourism, weekend travel, baseball and basketball games, and numerous concerts.

Water taxis are a popular form of transportation in many of the world's major cities, and San Francisco's industry is growing, with many viable locations for water taxi stops along its shore. Currently, there are four water taxi landing sites on Port property, dispersed for easy access to public attractions along the waterfront. Staff recently refreshed signage and promotion of use at the four water taxi landing sites and continues to explore opportunities for expanding landing locations. In a recent relocation, the Hyde Street Harbor Water Taxi Landing was moved to the Outer Lagoon's J-9 Dock, which offers more direct access to the Heart of Fisherman's Wharf restaurants and attractions. Current water taxi operators include SF Water Taxi, which will soon add both larger and faster vessels to its fleet.

In addition to “along-the-water” transportation, San Francisco provides berthing and landing facilities for a variety of water excursions, including sightseeing tours, Bay voyages, and dinner cruises. Multiple tour operators call the San Francisco waterfront homeport, including Alcatraz Cruises, Blue & Gold Fleet, City Cruises, and Red & White Fleet. The Port also has licenses in place for excursion operators, homeported at other Bay Area harbors and marinas, that seek to land at the Port’s facilities.

SOUTH BEACH HARBOR

South Beach Harbor is a full-service marina, located between Pier 40 and Oracle Park, just half a mile south of the Bay Bridge on The Embarcadero. South Beach Harbor offers access to water recreation, public parks, and a promenade.

South Beach Harbor was built in 1986 by the San Francisco Redevelopment Agency (SFRA) on property leased from the Port of San Francisco. After the dissolution of the SFRA in July 2012, the Port assumed operational responsibility for the management of the 700-slip South Beach Harbor, Pier 40, the Ship’s Clerk’s Association Building, the Harbor Services Building, which houses the harbor management office, South Beach Yacht Club, and various parking facilities.

Today, South Beach Harbor remains a vital contributor to the Port of San Francisco’s maritime operations. In FY2025, the harbor successfully delivered several key initiatives aimed at strengthening infrastructure and modernizing operations. Notably, two critical capital improvement projects—the End Tie Reconstruction and Marina Dredging—were completed, significantly enhancing safety and functionality throughout the harbor. These projects addressed longstanding infrastructure challenges by improving dock stability, increasing vessel accessibility, and enhancing the overall functionality of the harbor.

South Beach Harbor remains committed to delivering high-quality service, maintaining a clean and secure facility, and advancing thoughtful improvements that support both the Port’s mission and the evolving needs of the recreational boating community.

EQUITY

This past summer, Port staff hosted its fourth Rising T.I.D.E.S. Mentor and Internship program, partnering with Enterprise for Youth. The program provided high school students and transitional youth with a 6-week paid internship at the Port that included an in-depth look at the Maritime industry through project analysis of Port operations, as well as educational and experiential visits to the Exploratorium, JRH Cruise Terminal, and a weeklong experience at Cal Poly Maritime Academy in Vallejo, CA. Port staff looks forward to continuing this amazing collaboration with Port tenants, the San Francisco Unified School District, and other organizations.

RECOMMENDATION

Port staff seeks comment, input, and guidance from the Port Commission regarding the strategic objectives for the Port’s maritime portfolio. Port staff looks to incorporate

feedback from the Port Commission as staff works to continue to execute the strategic objectives identified herein.

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