



# **SAN FRANCISCO PORT COMMISSION**

**JANUARY 27, 2026  
MINUTES OF THE MEETING**

## **MEMBERS, PORT COMMISSION**

**HON. GAIL GILMAN, PRESIDENT  
HON. STEPHEN ENGBLOM, VICE PRESIDENT  
HON. WILLIE ADAMS, COMMISSIONER  
HON. STEVEN LEE, COMMISSIONER  
HON. KEN MCNEELY, COMMISSIONER**

**MICHAEL MARTIN, ACTING EXECUTIVE DIRECTOR  
JENICA LIU, COMMISSION AFFAIRS MANAGER**

# **CITY & COUNTY OF SAN FRANCISCO**

## **PORT COMMISSION**

### **MINUTES OF THE MEETING**

#### **JANUARY 27, 2026**

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

Port Commission President Gail Gilman called the meeting to order at 3:15 p.m. The following Commissioners were present: Gail Gilman, Stephen Engblom, Willie Adams, Steven Lee, and Ken McNeely.

#### **2. APPROVAL OF MINUTES – JANUARY 13, 2026**

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

#### **3. RAMAYTUSH OHLONE LAND ACKNOWLEDGEMENT**

The Commission Affairs Manager read the Ramaytush Ohlone Land Acknowledgment.

#### **4. 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.

#### **5. 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))

No Public Comment on Items Not Listed on the Agenda.

## **6. FINANCE & ADMINISTRATION**

### **A. Informational Presentation on the Port of San Francisco's Fiscal Year (FY) 2026-27 and FY 2027-28 Biennial Budget Priorities.**

Acting Director Martin: Good afternoon President Gilman, Vice President Engblom, Commissioners, Port staff and members of the public. My name is Michael Martin. I am the Acting Executive Director of the Port, here today to provide a few sort of framing remarks before I hand it off to our Interim Deputy Director of Finance and Administration, Meghan Wallace, to walk you through the presentation on our budget priorities.

The budget that we're bringing forward to you over the next few meetings is coming forward at a really unique point in the Port's history. In the 2010s, we really were riding the coat-tails of the booming downtown economy, and we saw our revenues rising faster than our expenditures, and we were really benefitting from the low vacancy rates throughout the city where, for examples, our Class B and C office space were benefitting by getting pushed out of more expensive space that wasn't available downtown. Those same businesses needed storage space in our Sheds and we really saw sort of a Goldilocks moment as we approached the pandemic, which emphatically ended that Goldilocks moment.

Since the pandemic, we're very proud to say that our revenues have recovered to those same levels and the trendline we saw in the booming 2010s. But at the same time, what we're seeing as we're bringing this budget forward to you is that our expenditures are growing at a faster rate than our revenues. Now, those, the expenditure side of that is driven by a lot of trends that are beyond the Port's control and things like tariffs, nationwide inflation. On the revenue side, we're even getting tamped down a bit by the downturn in international tourism which is affecting our tourism businesses and our highly visited neighborhoods.

And so, you know, on some level, we're trying to muscle through that, but at the same time, I think we've got to think about our strategies with this new normal around us so that we can try to advance what the Port needs to do to continue to generate the revenues we need to manage our facilities and run our business.

Thinking again about the 2010s, you know the, I would say -- I came to the Port in the latter part of the 2010s -- but I would characterize our portfolio management strategy as really being focused on making sure that the private sector could generate revenues, could create the space, could create the place that the Port, that the people wanted to come to. That our job was to sort of set

the stage for that, be good stewards, but ultimately it was the private sector that defined what the Port was.

Now, as we look ahead from there into the pandemic, what we found was we really had to upend that outlook and we really appreciated as Port staff working with the Commission to take some really thoughtful moves that moved away from that consensus. One was the forward-looking rent deferral and rent forgiveness programs that said to our tenants, "We know you need to get back on your feet. We know our revenues depend on you, but we're going to take this risk so you can get back on your feet and become the engine that drives the Port." And that was hugely successful with how many tenants we were able to maintain.

In addition, we took American Rescue Plan Act grant money and made investments into the public realm and into our properties that we had really never made before, hadn't made during that decade leading up to the pandemic. Really trying to foster that clean, safe and vibrant waterfront that people wanted to come back to as things reopened that would then be the raw materials that our private sector partners needed to build their businesses back and build the Port's portfolio back.

As we look ahead to our next two-year budget, I think those lessons we learned still have to guide us in terms of what the Port's appropriate role is right now. We still need to invest in our property to generate new revenue-generating leases. We also need to do that to maintain our aging facilities. We know deferred maintenance is a big number, but ultimately we need to be tactical and strategic about where we put those dollars so that we can keep the whole seven and a half miles of the Port functioning.

Today's information item is a first step with you and the public to talk about our overall approach to the budget and how we're structuring our work not only to think about where we've come from and where we want to go, but also how we're structuring that work to align with the priorities of Mayor Lurie as he leads the entire City into its recovery. And we see a lot of places where our work can kind of magnify their work and vice versa. We think that's a virtuous circle. And so a lot of things we'll be talking with you about during the budget, I think are reflective of the things that he's really elevated for the rest of our City agency partners as they wrestle with their own General Fund deficits and try to still deliver what the city needs.

At your next meeting on February 10th, we'll return with a more detailed look at the budget, but we're also going to bring back three other items that we think will provide more information for both you and the public about how this budget is structured and why we're doing it the way we -- why we're proposing it the way we're proposing it.

First is, we're going to bring our Strategic Plan. So our Strategic Plan for the next five years, which we as senior staff developed over the course of the end of last year with the input of former Director Elaine Forbes and her wisdom after being our leader for so long. And we think that document really has put together in a way that helps you understand what we're thinking as we advance what the Port wants to do in the near term.

In addition, we're going to bring forward an annual update on our Rapid Structural Assessment Program. This is our program to inspect our pile-supported substructures around the Port to systematically stay on top of what those conditions are so that those conditions don't deteriorate where we lose facilities, but also so we can prioritize where our scarce dollars go to repair those facilities and make sure they're still able to generate tenancy and revenues for the Port.

And then lastly before the budget, we're going to give you an information item more broadly on facility condition. This is responsive to some requests Commissioners have made in recent meetings about how the Port thinks about our facility conditions and what improvements we choose to make amongst all the ones that we need to make so that we're able to advance our, not only our stewardship but also the growth of the portfolio in a way that's going to allow us to meet the challenges that are growing in front of us in terms of seismic risk, sea level rise, and everything else that's coming to the waterfront.

In closing of my remarks today, I want to just highlight what one of the things that I think is the biggest strength for the Port in this interesting in-between moment for the City's economy, and that's the diversity of our portfolio. You know, we're seeing sort of the green shoots around the city in sort of the big ticket items like developing housing and developing office space. You're seeing different projects sort of being revived from before the pandemic and seeking entitlements. But that's not quite turning over into investments or cranes on the skyline. Nor is it turning into vertical construction investments and our Master Plan projects yet.

So we're absolutely pushing forward with our partners to see if there are ways forward for those projects and those big boulders of the economy. But we also have what is great, sort of, visitor-serving economy, these retail operations and a lot of opportunities to do re-leasing using our more efficient broker-managed process. Maritime investment opportunities, where that side of our business may be more able to bring capital and do the things they need to do to upgrade Port property and really increase our Maritime portfolio.

And so, ultimately diversity is our strength in a way, that we always like to say it, but it's also economic diversity is our strength. And so we want to push forward on all of these, but we recognize that a lot of them will have different timelines for actual payoff. And so we think that's the best strategy for us, but

obviously, we would love your advice as to where these things are best targeted. Because obviously, we can't be all things to all people.

So in the coming months after we talk about the budget, we're going to bring forward to you strategy discussions on some big revenue generation ideas that we think will be really helpful. One would be to pursue additional lease process and efficiency improvements and delegated authority. We think the start we've done in learning about the broker-managed offering process could really give us some new hooks on how to do it even better and even faster to get tenants in, and it pairs really well with the City Hall charter reform effort that's trying to look at efficiency improvements more broadly so that City government can be more responsive to what the city needs.

We're also going to come back to you, as we've discussed, to talk about a BlueGreen incubator, so that we can partner with early stage companies which may have big ideas, but not so much capital so that they can get a foothold into Port property, benefit from our access to the water, benefit from our facilities and then hopefully we grow that relationship and grow a bigger tenancy from there as their ideas take hold and improve the environment, improve Maritime business more generally.

And then, more specific and more very targeted, we're also doing an analysis of the feasibility of upgrades to Pier 80 to make it a home port cruise terminal. And we'd like to bring that back to you to talk about what that says about our ability to do that and how we'd like to go out and see if we can find public/private partnerships that allow us to defray the cost of that, the biggest cost of which being shore power which we think is critical to make that an effective cruise facility but also to make sure we protect our neighbors from air quality impacts from these increasing economic activities down in the Southern Waterfront.

We'll have more than those, but those are sort of the biggest ones that are coming forward, but really that is driven by what we're recognizing in the budget is, as we see the projection of the revenues levelling off and these expenditures rising, we need to be more entrepreneurial and get more into how we grow our portfolio than we ever have before.

So we're excited to have those strategy discussions with you, but really the budget is the foundation of that. And so we'll start there today and next meetings, and we're very much looking forward to your feedback and that of the public. So with that, I'll hand it off to Meghan.

Meghan Wallace: Thank you Mike. Good afternoon Commissioners, I'm Meghan Wallace, the Port's Interim Director of Finance and Administration. So, as Acting Director Martin had said previously, today is just the first of two informational presentations that staff is bringing to you regarding the Port's budget development.

So we're not getting into the line items today, we're not getting into the weeds, although Mike has laid out the wonderful strategy that's ahead of us. But really today, I want to level set on our priorities, give you space to offer more policy direction and make sure that we're all walking away with a clear sense of the larger, sorry, the larger financial conditions in context that we're all operating in.

So, as a reminder, so this is less for the Commission and more for the public, the Port manages seven and a half miles of waterfront. It's both a major economic engine and home to some of the City's most visible and well-known public assets. We operate as an enterprise department, so the budget you'll see at our next meeting on February 10th will reflect the realities of generating our own revenues while continuing to care for our aging infrastructure without General Fund support.

Overall, in keeping with the Port's Strategic Plan, the proposed approach is about making focused investments to keep our waterfront safe, clean and vibrant. And I think you'll see that there's very clear alignment between the Port's strategic priorities as well as those priorities of Mayor Daniel Lurie for the larger City budget.

Before I discuss the Port's priorities, I want to briefly ground us in the Citywide context. The City is facing a significant General Fund deficit of over 900 million over this next two-year window and the Mayor has directed General Fund departments to generate 400 million of ongoing General Fund savings in this next budget.

While, and I'm happy to say that the Port's budget remains balanced, it is the direction that the Mayor gave to enterprise departments, we are seeing those post-pandemic levelling of our revenues where we had seen some significant growth coming out of the pandemic and now it is projected to level off. And that is of course being paired with growing expenditures.

And actually, so I want to call your eyes to this chart up here, because, and particularly -- there are a lot of lines here, but I'm going to call your eyes to the blue -- the dark blue which represents our actual revenues over time as well as the dark green which represents our actuals on expenditures. Over time we had the benefit of a nice gap, so that was our net operating income at the end of each fiscal year. Things were looking really good right before we went into the pandemic and then they started to look really bad. And then coming out, you can see that our expenditures just kind of kept ticking along, growing higher and higher. Our revenues took some nice jumps.

But, as your eyes continue along those lines to the grey, you'll see that we're getting right back into that zone where our Net Operating Income is generally comfortable. We are seeing some operating, you know, profits. But

then we set aside for our Capital Program, but it's really not what we need to really sufficiently invest in our capital.

So this does pose a risk for our Capital Program. And our most recent 10-year Capital Plan identified 2.6 billion of need of which 1.9 billion is unfunded. So that is our mandate as the stewards of this waterfront to continue to seek funding, both our own, out of the Harbor Fund, and through partnerships. So, when it comes to thinking ahead about our budget and what our long-term goals are, we really are looking at opportunities to improve that net operating income over time.

As I said, Mayor Lurie identified priorities for City departments in his upcoming budget. There is a very strong alignment with the Port's own strategic goals. As outlined here, you can see that we have affordability and livability for our families here in San Francisco, creating a clean and safe environment, partnering with public transit, managing health and improving our homeless services, modernizing our systems and building that larger economic strength for the City.

So, I think you'll see the reflected investments in the Port Public Realm, our partnerships with transit agencies. This includes the MTA as well as SF Bay Ferry for building of a new ferry landing in Mission Bay and electrifying downtown, and all of our work for continued focus on economic activity along the waterfront. We are continuing to both think about the health and well-being of the waterfront's financial future, but I think you'll see that we are also supporting the City's larger fiscal outlook.

So just to go into that a little bit more, in terms of the Port's partnership with the City, for the City's overall financial health. As I mentioned, the Port is an enterprise department, so our Harbor Fund revenues stay within the waterfront. Generally, we cannot use these funds to help close the General Fund deficits. That said, to the extent that we're receiving City services, and can pay other City departments to provide those services, we do so and our budget has historically and is anticipated to continue to include upwards of \$40 million of work orders to other City departments.

But, I think the bigger story here is really that element of the Port's contribution to the larger local economy. Just being a gateway to tourism, cruise activity alone generates over \$1 million per cruise call. And just, when you think about how our tenants generate sales tax and possessory interest tax that flows directly into the City's General Fund, we do contribute. And then, furthermore, thinking even longer term about our contributions to resilience and climate adaptation, we're protecting the long-term value of both the waterfront and the City's assets.

So now I want to take us into the priorities. When you get into the numbers and see how we're investing our funds and the activities that we're pursuing to

generate revenues, these are really the elements that are going to stand out to you. So, to begin, as a core priority in this budget, the Port is maintaining exceptional day-to-day services along the waterfront. That starts with staffing our Maintenance Division, and keeping public spaces clean, safe and welcoming, making sure that people really do want to continue to come out to this waterfront, both as tourists, but also as businesses -- people who want to have their office and industrial spaces here.

We're continuing to modernize permitting, our property management and operational systems to improve responsiveness and customer service, both within the Port -- just our day-to-day operations, making it easier to work for the Port -- but as well as tenants and other partners along the waterfront who do their business with us.

On the economic side, we're focusing on stabilizing and strengthening revenue generating assets while also investing in parks and open space, arts, cultures and events that activate the waterfront. Just recently, the Port was in The Chronicle, talking about CAST and Pier 29. We're doing great work out there. People are interested in coming out here and we continue to make those investments through this upcoming budget. And furthermore, we're continuing to advance major initiatives, including Fisherman's Wharf Forward, Mission Rock, Pier 70, Seawall Lot 30. And we are central, these are all central to the Port's long-term evolution.

Next, I want to talk a little bit about resilience, sustainability, equity and engagement. Resilience remains a major driver of our capital and operating decisions, particularly addressing flood and seismic risk and advancing critical state-of-good-repair projects. On sustainability, we continue to invest in zero-emission fleet transitions, water quality improvements, thinking about biodiversity along our waterfront. Equity and engagement are critical. We are looking to continue to expand public access to our waterfront, strengthen our community and tenant engagement and as I said, modernizing our systems also has the, in addition to improving our operations, improves transportation, sorry, transparency and accountability.

So, I think all of those elements together will stand out and be consistent with the information that Acting Director Martin will be presenting next week with our Strategic Plan update. I think it's really wonderful that we're having this opportunity to have all of these elements of the Port's planning, from our strategic planning to our budget planning, putting resources behind the work that we're doing.

So I'm very excited to present this budget to you all on February 10th. As I said, this is the first of the two meetings, and we will be back in early February. And at this next session, we'll be really focusing on the details of the budget and all the major changes, our revenue trends, talking about staffing and alignment with the Mayor's directions.

I will say, that per the City's Administrative Code, the Port will be submitting our budget to the Mayor's Office on February 23rd. This is actually the day before we'll be coming to the Commission for formal approval of the budget, but should the Commission give the Port staff additional direction at that time, we'll be working with the Mayor's Office to make any necessary amendments. But from there, we'll be going on to the Capital Planning Committee in April and on to the Mayor's introduction of his budget in May to the Board of Supervisors.

So, I welcome your input, and thank you for your time.

President Gilman: Thank you, Meghan. So before we have comments from Commissioners, we're going to see if there's anyone in the room who has public comment on this high-level overview of our budget. There will be opportunities in February for further public comment and input on the budget when we'll be seeing numbers and getting more in the nitty gritty. But, is there any public comment in the room on this item? I am seeing no public comment in the room. Jenica, is there any public comment on the phone?

No Public Comment on Item 6A.

President Gilman: Okay. We have no one who wants to comment high level on the budget. Hopefully, folks will come back in February. So, public comment is closed. Commissioners, remember, this is high-level priorities, but if you have comments, I welcome them. Commissioner McNeely.

Commissioners' Discussion on Item 6A:

Commissioner McNeely: Yes, I do. I have one question for Meghan and one question for Mike. Meghan, my question for you is, you said there's some part of our budget for, certainly where the Port engages other agencies for services and we pay them.

Meghan Wallace: Yes.

Commissioner McNeely: Is that delineated any differently in our budget as an expense? I'm just thinking that in terms of the City paying the City, shouldn't that reflect somewhat differently and how we all look at the budget?

Meghan Wallace: Yes. So, it's an expenditure type called a work order, or an interdepartmental work order. For us, it appears to be an expenditure, just like really any other type of non-personnel expense but those other City departments then show a recovery on their side.

Commissioner McNeely: Right. Okay.

Meghan Wallace: And it offsets their own expenses.

Commissioner McNeely: Perfect. Perfect. And then my question perhaps for Mike is, do we in any way delineate the priority for certain, where we have to make capital allocation high priority, medium priority, low priority, as in terms of need? And then marry that with, say, the return on investment that we might get so that projects that have a higher ROI might get funding earlier than others, is there a way of rationalizing all of that?

Acting Director Martin: So, there is. I would say it's not as granular and sort of mathematical as you described it there, because ultimately a number of our investments are driven by sort of life safety or facility conditions that really need addressing. But among those, or the ones that are sort of more, what I would call "strategic," we're definitely trying to put a revenue generation lens over top of those.

But the interesting thing, and what we'll talk about in the facilities condition information item is, there are types of improvements that are, you know, may not be seen as revenue generating, but are sort of super critical in terms of keeping that revenue-generating asset generating at the level it can or the level it could. And the specific example I'm thinking of is roof projects. What we found during the pandemic with the grant funds we got from the federal and state governments is by pursuing those roof projects, we avoided additional deterioration that caused more cost down the road.

And so even though those roof projects may not have an ROI as you'd think about it as you look at the tenants or the tenants we are able to bring in, we see part of the return on that investment is avoiding those future expenditures for that facility. So it's something that we've become, over my time at the Port, more, I would say, "scientific" about, but it obviously, there's definitely still an amount of subjectivity as we rely on our Property Managers in our Maritime division to understand their facilities and what's needed to keep them operating.

Commissioner McNeely: Thank you. Thank you.

Meghan Wallace: Thank you.

President Gilman: Commissioner Lee, do you have any comments on this high-level priority setting for the budget?

Commissioner Lee: Just, kind of a question. The expenses going up, is it because of the, during COVID, a lot of stuff wasn't able to be repaired, so now we're getting to it and that's why our expenses are going up because it's kind of deferred maintenance? Is that kind of the reason why our expenses are going up?

Meghan Wallace: The expenses that you're seeing in our Operating Budget are really tied to the day-to-day operations of the Port. So it doesn't actually represent the Capital Improvement side of the ledger. I think for us, a lot of those

expenses would have been identified in our 10-Year Capital Plan where we showed escalation of costs for capital. But so, I would say that it's really CPI, you know, that we're seeing inflation and so that inflationary impact on our day-to-day expenses is climbing. And that goes across the board, both on personnel and non-personnel costs. We're always seeing salaries and the benefits expenses going up as well.

Commissioner Lee: Cost of materials, things like that.

Meghan Wallace: Yes.

Commissioner Lee: But on the maintenance side, we're pretty much keeping it up? I mean, there's not stuff that we've kind of deferred because we just don't have the money and then later on, you know, we've got to have, we're forced to do it? You know, like what's happening on Pier 68, you know with the repairs going over there. It's kind of wasting money, you know?

Meghan Wallace: Right.

Commissioner Lee: Good money over bad money.

Meghan Wallace: I think what you're describing is the overall challenge with this budget is that we will never really have enough funding to address all of the need to stay ahead of that deferred maintenance. And so, this is a challenge in terms of debating of, "Are we investing in something to be strategic and generate new revenue, or are we investing in state-of-good-repair of facilities to maintain the revenue that we're already receiving?" And, I think that the cost of doing all of these things is going up.

Commissioner Lee: Right.

Meghan Wallace: And so that just, that's part of the larger pressures that we're facing that really we, operating expenses are going up. They're exceeding the rate of growth of our revenues, so the net operating income is getting diminished and therefore we have less money to set aside to address the capital needs that you're identifying.

Commissioner Lee: Okay. So the only thing I really see lacking as far as my side, as far as the spaces are huge, because we need revenue, we need more opportunities for entrepreneurs to come in. Our spaces are so big, we can only attract corporate to afford, be able to afford the rent since we're kind of on a fixed per square footage. So I'd kind of like to see, if there's needed repairs on certain buildings that, maybe at the same time, because contractors will be there, that we can size down some of the spaces and make it more attractive to more small business people to come in. And then more people will tend, come to the waterfront to spend money.

Parks are great. They're beautiful. I think the thing is we've opened a lot of great parks, but I don't see a lot of kiosks or anything around them to support the people that come visit. You know, because they want to eat, rather than going outside the neighborhood. I mean, if we're going to -- I know Park and Rec is probably maintaining these parks now, but at the same time, it's space that we're not generating revenue.

So I would think that somehow we would make it, whether it's renting food truck space, whether it's something to generate revenue on the small business end, because I think there's a lot of people that want to come to the Port, but it's all costs. The first thing they ask is, "How much is the rent?" You know? So, we can't get more entrepreneurs to come in on the local level unless we can kind of like, during the time that we have to do maintenance anyway, maybe it -- you know, I'm always like trying to do everything preventiveness, or you know, before it happens, right?

So, I think if we can put that [low] in the budget, like if we have to do maintenance, at the same time we try to knock that out and then -- because we have a great communication system now, you know, since we're letting the public know what we're doing. So I think when it comes out, I get a lot of calls asking, "Well, how much is the space?" Or, "Is there space about this size?" And we don't have, because it's all big. And corporate right now is great, but it's going to be harder to find, right?

So that's the kind of thing I would like to see, you know, kind of massaged into the budget, some kind of thing. Because if we have to spend money to renovate or repair, maybe at the same time we can look at that building and say, "Hey, maybe we can put an extra wall up and make it two spaces rather than just one big one."

Meghan Wallace: And I know, trying to stay high level, so I won't get into the details.

Commissioner Lee: Yeah.

Meghan Wallace: But I think you'll be happy with the line of thinking from our Real Estate team. They have asked for funding, specifically for small projects.

Commissioner Lee: Right.

Meghan Wallace: And we have funds set aside specifically for quote-unquote "tenant improvements," but really, we're putting the money up to prepare for tenants to come into those spaces.

Commissioner Lee: Right. Well, giving them more incentive to come in, right? So yeah, I mean --

Meghan Wallace: We're willing to speak more to that when --

Commissioner Lee: Okay.

Meghan Wallace: -- we're in the budget because I think that it supports that thinking which I'm happy about.

Commissioner Lee: Okay. That's all I have.

Acting Director Martin: You know, I think the way Meghan's describing is something we've found is that, I remember, you know, Pier 19 we tried to subdivide this way back in the 2010s and what we found was, we didn't quite hit it right in terms of the spaces the tenants wanted. And so this approach in budgeting funds to work with specific tenants on what can be done to create -- we think the businesses themselves are better to tell us than to us to try to figure that out.

Commissioner Lee: Right.

Acting Director Martin: But we'd love to sort of, as we talk through that budget next time sort of think with you about the right strategy to reach those tenants and to get them into those conversations.

Commissioner Lee: Yeah. I think there's plenty of opportunity. There's people that do want to come. They're just scared of the rent, because 30 days comes up really fast and we don't want to go there. So, yeah, I think that should be 2026. If we're going to rely on local to feed us, then we have to convert our spaces to be more local friendly then. So, I mean, I think Real Estate team knows now, and I can help.

President Gilman: Thank you. Commissioner Adams.

Commissioner Adams: Director Martin and Meghan, thank you for the presentation. It says everything here that I need to go. It says, "To review the Port's high-level priorities, policy direction and financial considerations for the proposed budget," and it's laying it out here. I appreciate that. Also, aligning the Port's Strategic Plan with the Mayor's Core Principles, but the most important thing that it says is that we're being asked to navigate, navigating economic pressure. That's what we're talking about here. And I clearly understand that.

And we all, from the Commissioners to the Port staff, everybody here, we're stewards of the Port. And we've got some times, and we're asking to get through this storm. And I clearly get it and we're asking to be very creative in our thinking, make some sacrifices. And we're being asked more than anything -- and I think Director Martin said it -- we're being asked to meet the moment. And that's what we have to do. We're asked to meet the moment and to rise to this challenge. And I think this is so important.

But also, I think it's important, having been on the Commission 14 years, and I know the Port staff and the Commissioners understand this -- we understand this probably better than anybody -- there's a perception out there that we're rich. And we're not. And so this is why we're having this plain conversation right here so everybody understands, we're not L.A. Long Beach, right? We don't have that. And we don't have, like Seattle and Oakland and Portland that have the port and the airport and the airport makes more money to help fund the port. We don't have that.

And so I think what we're doing here is we're laying it out. And I appreciate -- like I said, Director Martin and Meghan, you laying it out like this -- that we understand what we got. And there are some sacrifices that's going to be requested. But also, we have to make this in layman's terms so the public understands. Sometimes things are about perception. So, I really appreciate this. Thank you for the first step in understanding this. And we also have to explain this to the public so they understand, because we want the public to support the Port, but also, we've got to make it plain that they can understand it, not talk over their head, and they're understanding that we're in this together. So, thank you both very much.

President Gilman: Vice President Engblom.

Vice President Engblom: Great. Mike and Meghan, thank you for the presentations. Very helpful and I think I'll just limit my comments to, I know it's really helpful to see the rapid steps that we're working with the City on the budget, I think the, I really appreciate the framing of this. I hadn't heard this term before, "the in-between economy." I think that's a really interesting idea.

And what I keep hearing and something we talked about last Commission meeting is, how do we put in context the investments that we're talking about against things that people -- people tend to know about the rebuild of the Seawall. It's like, sort of, it's really big and -- and I think one thing that I think would be really helpful here is to maybe use this idea about the in-between economy as a framing for everything we're doing is prudently considered in the longer context.

Because a two-year budget is a hard thing to sometimes talk about. It's very operational. We have to, we're, as stewards, we're ensuring that we're having short-term success. But everything we're doing is considered in a larger context about, "How do we build long-term value?" So, short-term success, long-term value. And anything that we're doing, especially, you know, this number is mind-boggling. The \$1.9 billion deferred maintenance number. That, you could just panic and stop. But we can't. And so we don't have the deep coffers that you're talking about. We're not rich so we can't just do it. But, so we have to be smarter about it.

And I think, you know, the resilience program that we're doing with the Army Corps is an example of us being smarter than, being smart enough to be out there and leading a dialogue that's getting attention nationally. So, good attention. And I think that what we should do is keep getting credit for that, you know, good work that we're doing and so, we don't have deep pockets to -- you know, I was very impressed by what Port of L.A. announced this week with their cruise terminal. I mean, that's a gorgeous, amazing project. You know, so what's our next big thing like that?

We've, you know, we're reaping the success of Mission Rock right now and how amazing that, in partnership with our development partners, was and how the whole city's celebrating that. Everybody's talking about that as the next best, that is the exemplar of a waterfront neighborhood in our country right now. So what, but what's next? And so, as we talk about Pier 80, let's not just talk about, "Oh, we're going to electrify it." Fine. Yes, we need to electrify it. But how can we do something that maybe is low cost but big, big splash?

Because, during these next two years, we're being very careful with our budget and not overspending on things. We're doing what's critical for keeping business continuity, for keeping security and safety. And I think all of those words are key, so maybe we, you know, don't have to emphasize resilience and long term. We talk about the short-term need for continuity and security, those are important words right now.

And I guess I have a couple, a quick question. I think it's really powerful to hear how we're aligning with the City, but I guess I just have a question. How do we, what is our responsibility for aligning with the State priorities as well? Because I think we play a very important role for the overall State. And I think that, you know, maybe we should just think about that. Just a prompt to, that was one note. And then everything, I don't want to go on too long, but those are my thoughts. I really appreciate it.

And I think if we just push ourselves a little bit on, you know, maybe, "What are the State priorities that we're helping to champion?" will be really important for us getting, you know, we partnered with our other Sister Ports during the downturn in the economy. So how do we partner with them during this, you know, I'm really glad to hear how we're being smart about the Blue and Green economy right now, because there's already so many amazing things happening, even by starting the conversation over the past couple months, like we're hearing more and more examples. So we, that's a really low-cost way to get more credit for what we're already doing. Thanks.

President Gilman: Thank you. Well, Meghan, I just want to thank you on behalf of the Commission for bringing forward, sort of, the policy alignments. I think many departments just present a budget, they present the numbers, revenue in, revenue out, expenses. And I think really tying it back to our values and the values of the Mayor's administration I think is really important. And I think to

remind the public that this is, you know, in some ways this is our day-to-day budget separate from our overall capital planning, separate from the Harbor Fund, calling out its restrictions. And that we're not a General Fund department.

So I think it's really key as an enterprise department to understand that we live and breathe on the revenue that we generate through a variety of sources. So I just want to thank you for breaking down the high-level intention of it and giving us the opportunity in February to really dig into those numbers, keeping in mind all of our strategic priorities.

And in that in mind, I just want to always remember that -- it's mentioned in the report, but I think it's really important, particularly since this meeting today is all about the public, and hopefully there are so many people in the public on the phone. I have a little bet going on public comment for the next item, how many callers, or people, are going to speak -- is, that we're a waterfront for everyone. You know? I'm excited about our next mega-projects. You know, the public access at Mission Rock is amazing. The individuals living there, incorporating our housing from everywhere from 30-80% of AMI to have an onsite affordable component helps bring an economic diversity to an emerging neighborhood.

But we also just need to make sure that we're creating opportunities for all. So whether that's encouraging businesses to continue to accept cash or making sure that we have offerings like we do in the Ferry Building where folks can get lunch for \$8 or folks can get lunch for \$38. So I just think it's really important that we remember that economic diversity when we're doing development. So when we look at Piers 30-32 which is coming next, you know, when we look at kiosks in our parks, I just really think we want to create an inclusive environment where our waterfront is not just for out-of-towners and tourists, but for locals alike from every economic background.

So thank you so much, and we look forward to having the budget come to us in February.

Meghan Wallace: Thank you so much.

President Gilman: Next item please.

## 7. EXECUTIVE

### A. Informational presentation by Berkeley Search Consultants regarding the Port Director recruitment and selection process.

President Gilman: Thank you. Before we have Julia come up to make her presentation, I just wanted to do a slight framing of this for the public. Today's opportunity is to hear about the mechanics of our search process, to introduce to you the amazing recruitment firm that was selected to run this search, and hear from the public -- you can comment on anything you want related to this item, but

what we're hoping we'll hear comments about are traits, attributes, talents that we should consider when we're screening applicants.

Julia will go over it, but I just wanted it to be clear that the candidate profile and job announcement is posted and listed. So we are not taking critique on that. That is set and done. But what we want to hear are things so we can, while we are looking at candidates, screening them -- which there's a multitude of processes which we'll walk through -- that we have your feedback rattling around in our minds and on the public record so we keep it front and center while we're doing this important search.

I felt it was important to frame that before we go into our presentation. So Julia, I'm turning it over to you.

Julia Morse: Thank you. And just to clarify, do we want to pause for public comment before I start?

President Gilman: No. You're going to do your presentation first, then we'll do public comment.

Julia Morse: Apologies. Thank you.

President Gilman: No. No problem.

Julia Morse: All right. Thank you so much. So, thank you everyone for having me here today. My name is Julia Morse, and I'm the Vice President of our Public Sector Practice at Berkeley Search Consultants. So, Berkeley Search, as Gail prefaced --

President Gilman: Can you talk more into the mic?

Julia Morse: Oh, my apologies. Berkeley Search, as Gail prefaced is assisting the Port with this recruitment. So today, I'll be starting off with a very brief introduction of who Berkeley Search Consultants is for those who aren't familiar with us, a little bit of an update of what we've done so far on the recruitment, where we are right now and what to expect as we continue through the process. So, without further ado, I'll be jumping right into that presentation. Thank you.

So starting off with, "Who is Berkeley Search Consultants?" So, Berkeley Search is an executive search firm that's been in the Bay Area for 36 years. We have a long history of recruitment and history within the Bay Area, being founded in Berkeley, California. And throughout that time, we've also gained a lot of expertise within the public sector as well, having the privilege of working with San Francisco and also throughout the State of California and across the country as well.

And, a bit about our process and what really drives our philosophy. So we're definitely a search firm that really puts humans and relationship at the center of what we do. If you've ever met a recruiter, have a recruiter in your life or you've been in the space yourself, you'll probably have heard the phrase, "Recruiting is a people business." And the reason why we say that so much is because it's absolutely true. We keep that in mind throughout our process because these are huge decisions that are being made. For the candidates we're working with, they're making the decision to uproot themselves, their families, move across the country or the world, leave their positions behind. And for the hiring teams that we work with, they're making a huge decision to entrust, especially a role like this, to someone that's going to make a huge impact on the community for years to come. So that's definitely something that we really prize as important and keep in mind as we approach any recruitment.

So getting into this specific recruitment. As Gail shared, the position has been posted. Where we started was going through a lot of discovery of research, requesting information, extensive conversation with the Commission, various stakeholders to really understand, "What are the specific needs of the Port of San Francisco for this position?" Because no two recruitments are alike.

So, we took that input and collaborated with the search committee and DHR to develop this brochure and our overall strategy. So I'll briefly flip through the brochure, but if anyone would like to take a deeper look at it, it is publicly posted on our website. So, we have a bit of information about the City, the Port, the position, the Commission, the ideal candidate, the minimum qualifications and a brief summary of the compensation and benefits and application instructions of course.

And in addition to just making a glossy brochure, we also have actively posted on 15 job boards, including popular general job boards like LinkedIn, government-focused career job boards, diversity job boards, and niche professional associations like American Association of Port Authorities. And of course, another big facet of what we do is reaching out to the passive talent market. So for this position, we are conducting an international recruitment. So reaching out to leaders, not just across the country, but across the world as well.

And then I also want to direct attention to the graphic on the left slide, left side of the screen. So you'll see 400+ contacts, 20-25 top applicants, and 6-12 interviews and all resulting in one hire of course. So those are average numbers that we see for recruitments like this and also a projection, just based on what we've received so far since we started this period of advertising and outreach, which is roughly about 150 so far combined of inbound inquiries and also our outbound efforts too.

And lastly, just sharing a high-level overview of the full process. First, I referred to our process of aligning with stakeholders and leadership and defining that ideal candidate. I did just want to draw our attention briefly back to that to

say that there is still opportunity to share overall input today in this meeting, and there is a survey going out as well. The deadline for that will be February 16th.

Right now, where we are is that sourcing and application window. The deadline for that will be February 20th, leading us up to targeting interviews for the months of March and April with a final offer going out shortly after that.

So that's a brief snapshot of where we are, but now look forward to hearing everyone's comments. Thank you so much.

President Gilman: Thank you. So I'm going to open up for public comment in the room for anyone who would like to make comment on the Executive Director Search for the Port of San Francisco. Just make your way to the dais.

Public Comment on Item 7A:

Ellen Johnck: Good afternoon Commissioners, I'm Ellen Johnck.

President Gilman: Yes, Ellen.

Ellen Johnck: I'm here in two roles today, mostly personal given my history here in the city and professional life over 55 years, and around the bay and the State of California, but also as, I've introduced myself before, I'm Co-Chair of the Port's Maritime Commerce Advisory Committee.

I feel like I kind of should write an essay about this, and I think I still will, about his hiring process. And I did look on the survey form, and I filled that out. I'll address some of the questions that you asked. But I think, if I could just, my preface is this. Whomever this person is going to be, that person has to have in their DNA, or have the answers to these three points, these three themes. The Port is the City. It's the birth of the City. It's the history of the City. Without the Port, there would be no City, there would be no, practically no history. And the City is the Port. And the integration, the relationship of the, of those entities is so crucial to where the Port is going economically, socially, recreationally. So that person's got to have that idea in their head.

If that person was asked, "What is the largest volume of cargo that the Port has?" It's the people. Somebody mentioned people before, here today. The people. It's the person who is driving the boat up and down the bay, making sure the ships don't hit the bridge. It's the person cleaning the toilet in this and every building. It's the waiters at the restaurants. It's the workers at the shipyards. It's the maintenance workers who are driving around in the Port truck. I mean, it is so many people. It's the passengers. The passengers in and out of the Port. And is of course all the tenants and all the activities and it's the people from all over the city that come to this Port and they finally discovered that there is a Port here because now we have, the freeway is down.

And then the third theme is that the relationship of this person to the City is so important. And the bay, the environment, this history, and right here at the core, the staff. Enabling, the person has to say, "This is what I'm going to do to build the staff to carry out the program of the Port." So, actually, fine, I'm done with my time. But those are my themes, and I did respond with more detail in the survey. So thank you so much.

President Gilman: Thank you. Thank you, Ellen. Is there anyone else in the room who wants to make public comment on this? I am so losing my bet. There is no one else in this room who wants to make public comment? Okay. Are we flooded? How many people are on the phone Jenica?

Jenica Liu: We have no callers on the phone. I'm sorry.

President Gilman: Oh, I have lost this bet for sure. Okay, one more call for public comment. Public comment on this item is closed. Commissioners, if you have any comments that you would like to add for the search, this is your opportunity now to do it. Commissioner Lee.

#### Commissioners' Discussion on Item 7A:

Commissioner Lee: I was very impressed with what she just said, because it's true. I mean, the Port, I mean, we're not Oakland. I mean, we make money on serving the people and the staff and everybody that runs around this place. And you know, during COVID, people came to the Port, you know, while other places couldn't come. I mean, they didn't want to go. And so that's very important. So, yeah, that leader has to be, you know, right on. It has to be a people person and I think I've discussed that with, you know, Berkeley Search.

So, I don't really have comment. We'll just have to see what they come up with. But I kind of, of course, they have to have some small business knowledge or wants because we can't just rely on the big bucks. So I'm looking forward to see what they come up with.

President Gilman: Thank you, Commissioner. Commissioner McNeely.

Commissioner McNeely: I'll just add, I mean, I agree totally with Commissioner Lee and our speaker. You know, we're in the people business and so that's critically important. And I've been very impressed with Berkeley Search and the work that you're doing and the process that you've created. And I feel confident that we will find that person for you. Thank you.

President Gilman: Thank you. Commissioner Adams.

Commissioner Adams: This decision will probably be one of the biggest decisions we will have had to make this year. You're talking about filling the hole of the next person that come in, the leader, a visionary. And you have to manage

a staff of over 250 people plus, maybe. But also, too, you have to work with the Commissioners, and you're the face and the voice of the Port of San Francisco. And this is something that can't be taken very lightly. Yes, this is a people's business. I was a part of the process 10 years ago when our past Director Elaine Forbes was chosen. And you can interview a lot of people, but I've always learned that the cream rises to the top.

And, we've had success, but we've got some challenges ahead. And the thing about leadership is, it's not leading when everything goes right. Leadership is when everything goes wrong, and then all those things that come your way that you don't know that's coming your way. Because one thing about leadership, you're always in trouble. That's leadership, being in trouble. The job ages you. The stress. And then the collaboration with the City, the Mayor's Office. And then, trying to highlight our Port. We still have to do the Seawall. We've got some big projects ahead of us, and so who's coming in, this Commission, the staff, we're going to have to embrace that person. And they're going to have to learn from us as we learn from them.

And, nobody is like the leader that you had before, but I always say whoever the next leader is has to meet the moment for where we're at in the history with the Port of San Francisco in 2026. The budget, and the things that we have to get done, the pressing issues in our country, the funding. You know, we're living in some pretty crazy times in this country right now. So whoever is coming in has got to have a calmness about them, not get rattled, because we will have some challenges. We just got done talking about the budget. And we're all going to have to make some sacrifices. So they're not coming in with everything going to be okay. They're going to come in and they have to hit the ground running, full speed ahead.

And I want to thank the search firm. I appreciate your effort. I think Commissioner McNeely said it in your time. And I know this is a very, very stressful process, but I believe it will work out. And I hope that the Commission, that we will do our job and interview and screen the candidates. And then eventually, I guess it will be up to the Mayor to make the final decision that we will do what's best for the City, County and the citizens of this city. But this is a big responsibility.

And I am a little disappointed. I will say this. I wish more of the public would've been here today. They're a part of this Port. This Port belongs to the citizens, not the Commission, not the staff. This Port belongs to the citizens, the men and women and kids of San Francisco. Even the dogs. I mean, this is their city. We're just like the stewards. We're just like the trustees. But we have that responsibility.

So I hope that we take our time and we think about this process. Let's enjoy this process. Let's learn from this process, because it will help us to be not only better Commissioners, better staff, but to understand the process of what it

takes in leadership. And no leader is going to be able to come in and do everything overnight. Leadership grows over time. And that time includes having challenges, ups and downs, and how you deal with them. And how you deal with the staff. So thank you.

President Gilman: Thank you. VP Engblom.

Vice President Engblom: Thank you for the presentation. I'm not going to say much because I've been very involved, you know, working with you to get this description. One thing, Ellen, thank you. You're really inspiring with your comments. And I would say, just somebody that, one trait that I don't remember us talking about in some of the early meetings, but just sort of an addition to what Commissioner Adams said about being able to hit the ground running, I also think that somebody that is, has demonstrated that they are very focused on the work that they have been doing. And this isn't a steppingstone to something else. It's really, you know, 100% dedicated.

Because I think that's what we had in our last leadership. That's what I see in so much of our staff today, that, you know, just incredible team. And you know, because I think you can get, you can romanticize the past of San Francisco and you can get paralyzed by what we have to do in the future. But I think just staying focused day to day and it will come. But we just need somebody that can, you know, has demonstrated the ability just to be present and focused and you know, is 100% focused on the job that has to be done. Not, you know, thinking about what's next. So that's something I'll be looking for as we talk to the candidates.

President Gilman: Thank you. Well, I want to thank Berkeley Search for the presentation. As someone who is intimately involved in the process, I have no process questions. I do, though, just want to elevate a couple of things that I heard and I do want to say that I share the disappointment of Commissioner Adams, that more members of the public were not here today.

Sitting up here is a businessman, an architect, a union member, a small business owner and a non-profit executive and neighborhood activist. We are just people like all of you. And we are just lucky enough that we put our applications forward, and various different Mayors put us up here. But we have, like, no secret sauce or Batman signal or -- I mean, I don't at least -- like connection to, you know, can't like pick up the phone and call the Governor. We're just people trying to do our best thing.

And it's exactly what Ellen said in public comment. We are stewards of this waterfront, of the seven and half square miles. We are entrusted with the Trust, which I think people forget about, the Burton Act, even though it's been amended 100 times to make it more relevant and up to date. But still, that this is a waterfront for the people. That there is public access. That it is not privatized like other parts of the world or even other cities, which is why we don't have a

skyscraper of condos going up on Piers 30-32, regardless of the environmental reasons why that wouldn't happen.

But it's because of the Public Trust. And it's, these things were very important when the State gave the City and County of San Francisco the authority to run our own waterfront and not be held under State jurisdiction. And that's why we're up here as people to make sure that we're looking out for people. And the fact that we have laborers and we have all the trades and we have, I think like over 100 people who work out of Pier 50.

And so, you know, this isn't just all high-level work happening every day. We are boots on the ground, doing that work, and part of our job is to ensure that we have a leader that understands that and all the people. Who can have that big picture, who can be strategic, who can hit the ground running, who doesn't view this as a stepping stone, but in my opinion, someone who is going to clean up the orange juice and plug in the power cord if they need to. That's what we toggle in leadership.

And so, I really want to encourage the public to fill out the survey. I'm sure it's not that complex. Or to write with the Commission, we can forward it to the search firm, if there are traits, attributes, skills or talents that you think are important for the next Director for the Port of San Francisco. I very much, I'm part of the screening process. I think I'm going to see like 20 applicants. I don't know how many, but I'm on the ground in the beginning of the process. And then there's the later parts of the process that some members of this Commission will be participating in.

But I just want to say, we take this very seriously. And so, those are some of the things I'm going to be looking for in someone. And each of us brings a point of view and a lens that we'll be adding to this process. So thank you so much for the presentation and I'm going to close this item.

## **8. NEW BUSINESS**

President Gilman: So I heard some New Business. Possibly, Michelle, if we could write down. I'm looking to you as it goes to the budget, but I think Commissioner Lee also talked about dividing spaces, how we can be more nimble. So I would see that as an informational item for the Real Estate team. Was there any other New Business from any of the Commissioners?

Okay, before we close today, before I adjourn, ask for a motion of adjournment, we are going to adjourn this meeting. And we are going to continue to do this moving forward at every Port Commission meeting. As we sit around our country and watch our federal government terrorize our citizens for their First Amendment right for Assembly.

And so we are going to start a tradition, until this, until these violent acts by our own government cease, that we are going to close this meeting In Memoriam for the sacrifices of Renee Good and Alex Petti for what they did. And all they did was execute their First Amendment rights of Assembly, of Protest against government actions that they felt were unfair, unjust, racist and wrong. So I close this meeting in their honor.

I hope in February, we do not need to close In Memorandum for any other U.S. or non-U.S. citizens who lose their life exercising their First Amendment rights. Do I have a motion?

## **9. ADJOURNMENT**

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

The meeting was adjourned at 4:25 p.m.