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June 5, 2026

To:
President Gail Gilman
Vice President Stephen Engblom
Commissioner Willie Adams
Commissioner Steven Lee
Commissioner Ken McNeely

From:
Michael Martin, Acting Executive Director

DocuSigned by:
Michael Martin
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Subject:
Informational presentation on the Port of San Francisco Blue Economy Initiative.

Acting Executive Director's Recommendation:
Information Only – No Action Required

EXECUTIVE SUMMARY

After recent new business discussions with the Port Commission and at the request of Port Commission Vice President Stephen Engblom, Port staff have formed an internal working group and developed a report regarding a Port of San Francisco Blue Economy Initiative (the Report). The Report includes the history of the Port of San Francisco's sustainable initiatives, similar port-centered blue economy efforts, market landscape assessment, and recommendations for next steps.

Port staff looks forward to further feedback from the Port Commission at the June meeting as part of an effort to finalize initial program criteria and incentives for approval at a future Port Commission meeting.

THIS PRINT COVERS CALENDAR ITEM NO. <u>13A</u>

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STRATEGIC PLAN OBJECTIVES

This item supports the Port's 2026-30 Strategic Plan by advancing the following goals:

Economic Growth
Grow portfolio and expand partnerships to contribute to San Francisco's long-term prosperity.

- Launch a Blue Economy Incubator Program to support the Port portfolio and City economy and attract new, innovation-driven waterfront tenants.

Evolve
Enhance the waterfront experience and adapt the Port to be an equitable, accessible, and economically successful destination that supports San Francisco and the region.

- Partner with other governmental agencies, the private sector, Port tenants, and non-profits to bring new activities and economic benefits to the waterfront and adjacent neighborhoods.

Sustainability
Combat climate change, protect San Francisco Bay, and improve waterfront industries and the quality of life for people.

- Support innovation and foster sustainable business development.

BACKGROUND

As noted above, Port staff have organized an effort to develop and launch a new blue economy accelerator initiative to take advantage of the entrepreneurial ecosystem in San Francisco to foster new tenants aligned with the port's broader mission. These efforts will have multi-benefit outcomes as the Port seeks to advance its business goals while growing its leasing revenues.

OUTREACH AND INITIAL ANALYSIS

This effort has led to robust external engagement and information gathering with blue economy partners in San Francisco and beyond. Some of the partners engaged include the Port of San Francisco Maritime Commerce Advisory Committee, Executive Director of the San Francisco Department of the Environment, Restore America's Estuaries (RAE) 2026 Coastal & Estuarine Summit, Center for Sea RiseSolutions, Innovation Norway in Oslo, Norway, Buoyfish in San Francisco, Reefgen in San Francisco, Snowline in San Francisco, Blue Economy Incubator at the Port of San Diego, AltaSea in Los Angeles, Braid Theory from Los Angeles, Maritime Blue in Washington State, Whale Spotter from Boston, and other partners. The Port will continue external engagement with many additional partners as this initiative moves forward.

The Port of San Francisco defines the Bay Area blue economy as the sustainable use of Bay resources to deliver economic, environmental, and community benefits for Bay

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Area residents. The Port of San Francisco is uniquely positioned to lead the development of a Blue Economy initiative that advances economic growth, environmental stewardship, and community impact. Located at the center of one of the world's most dynamic innovation ecosystems, the Port has the opportunity to leverage its 7.5-mile waterfront land, maritime infrastructure, partnerships, and convening power to support blue economy organizations. The proposed actions would position the Port as a strategic partner for early-stage blue economy ventures by offering concierge services, including high-touch services to support navigating through City and Port processes, strategic leasing opportunities, regulatory coordination, and partnerships with AI and venture capital firms, philanthropy, academia, and more partners. The effort is intended to focus on the Port of San Francisco's strengths, bolster the Port's long-term portfolio, make existing Port divisions stronger and aligned, while advancing San Francisco's sustainability and economic goals.

The report identifies several priority focus areas where the Port can play a catalytic role, including sustainable fishing and seafood systems; ecotourism; clean energy; Bay health; digital transformation and AI partnerships; workforce development; and cross-sector partnerships and innovation. These interconnected sectors represent significant opportunities for job creation, investment attraction, and environmental improvement.

The Port is not starting from scratch. For nearly two decades, the Port and City have advanced climate adaptation, sustainability, and maritime innovation efforts through initiatives such as the Mayor Lurie Administration priorities, City Climate Action Plan, Port Strategic Plan, Waterfront Plan, and the Waterfront Resilience Program. Some efforts include California's first cruise ship shore power installation, support for the world's first commercial hydrogen-powered ferry, renewable diesel conversion efforts for regional ferry fleets, living seawall ecological restoration pilots, clean trucking initiatives, and more. These efforts demonstrate the organization's proven ability to convene stakeholders, pilot emerging technologies, and deliver measurable public benefits.

The report also highlights successful blue economy models on the West Coast of the United States, including the Port of San Diego's Blue Economy Incubator, Maritime Blue Ventures in Seattle, and AltaSea at the Port of Los Angeles. While each model differs in structure and scale, they collectively demonstrate the long-term economic and environmental value of port-centered blue economy ecosystems built through phased investment, strategic partnerships, and focused program development.

Market analysis further confirms the opportunity for San Francisco to launch and expand its leadership in the blue economy. California's marine economy contributes more than $50 billion annually in goods and services and supports hundreds of thousands of jobs. In San Francisco, opportunities exist across waterfront tourism, seafood economy, maritime decarbonization, resilience infrastructure, environmental monitoring, workforce training, and AI and technology innovation. The Bay Area's concentration of research institutions, climate-focused venture capital, entrepreneurial talent, and waterfront infrastructure creates a strong foundation for future growth.

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PROPOSED PHASED IMPLEMENTATION FRAMEWORK

The Port's competitive advantage lies in its combination of strategic waterfront assets, operational expertise, public trust responsibilities, and extensive stakeholder relationships. Through high-touch concierge services to help navigate City processes, strategic leasing support and land access, regulatory coordination, and partnerships, the Port can reduce barriers for emerging ventures while creating pathways for long-term implementation and investment.

We know from other models that this initiative will take time to establish and develop. Accordingly, we recommend the Port of San Francisco's Blue Economy Initiative have a phased approach. The phases recommended below are grounded in research of blue economy implementation pathways from other initiatives. The report outlines a three-phased approach.

	Phase 1	**Phase 2**	**Phase 3**
Focus	Launch initiative	Grow ecosystem	Build capacity
Duration	2026-27	2028-30	2031
Milestones:	Commissioner support Resolution passed	Positions/programs included in Port budget. Facility planning.	Strive for brick and mortar facility
	Port interdivisional program management established	Sources of external funding established	Diverse revenue streams secured
	Leasing incentives approval by Commission	50+ member ecosystem established	100+ member ecosystem established
	Market research and procurement for third party administrator	Grow program offerings	Multiple tracks of programming established
	3 transactions deployed by end of 2027	5-7 transactions launched	10 transactions, including investment returns

Through phased implementation and strategic collaboration, the Port of San Francisco Blue Economy Initiative can help shape a more sustainable and prosperous future for San Francisco.

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STRATEGIC LEASING INCENTIVES

The Commission is already aware of a potential $250,000 allocation for a Blue Economy Initiative through prior budget presentations. Current Report recommendations call for completing three or more transactions within an 18-month period and fully deploying the allocated $250,000 funds during that timeframe. Internal discussions regarding strategic leasing incentives have identified three potential incentive tiers, which may include rent reductions, tenant improvement allowances, or a combination of both, depending on the needs of prospective tenants and the objectives of each transaction.

Port staff looks forward to Port Commission and public stakeholder feedback on the above and the Report at the June meeting to inform a subsequent item to authorize the initiation of this important program to define a key aspect of the Port's future.

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Attachments:
Port of San Francisco Blue Economy Initiative Report