

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

**MINUTES OF THE
SPECIAL PORT COMMISSION MEETING
MARCH 13, 2018**

1. CALL TO ORDER / ROLL CALL

Port Commission President Kimberly Brandon called the meeting to order at 3:15 p.m. The following Commissioners were present: Kimberly Brandon, Willie Adams, Leslie Katz and Doreen Woo Ho.

2. APPROVAL OF MINUTES – February 27, 2018

Amy Quesada - With regards to the approval of minutes, due to a glitch in the agenda posting, the minutes plus the disclosure information item will be presented at the March 27, 2018 Port Commission meeting.

3. PLEDGE OF ALLEGIANCE

4. ANNOUNCEMENTS – The Port Commission Affairs Manager announced the following:

- A. Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

5. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

6. EXECUTIVE

A. Executive Director's Report

- Port Commission President Kimberly Brandon, 2018 Madam C.J. Walker Corporate Award Winner - National Coalition of 100 Black Women, Inc.'s Annual Women's Empowerment Luncheon, April 6, 2018 at the San Francisco Marriot Marquis Hotel

Elaine Forbes, Port Director - I would like to congratulate our esteemed Commission President, Kimberly Brandon, who will be honored at the

National Coalition of 100 Black Women, Oakland-Bay Area Chapter's annual Women's Empowerment Forum. At this event, President Brandon will be presented the Madam C.J. Walker Corporate Award for her outstanding leadership and tireless effort in the local community. This is an event that will be held on April 6, 2018.

The National Coalition of Black Women's mission is committed to providing programs that increase the participation of African American young women in economic, civic, entrepreneurial and human service arenas of their prospective communities through education, scholarship and collaboration. It is the vision of the organization that it be the choice for today's African American woman who understands the needs of her community and has the requisite skills to develop solutions to provide effective networking for African American women leaders, to enable African American women to be visible forces in economic, social and political arenas, to assist the next generation of women through role modeling and mentoring and to reach career opportunities and to develop African American women in leadership roles within the community. We're very proud of you for being honored by what sounds to be a very important organization. Congratulations to you.

- Informational presentation on the Disclosure Responsibilities of the Port Commission under Federal Securities Laws – This item will be presented at the next meeting.

B. Port Commissioners' Report:

Commissioner Woo Ho - I'm going to cede the floor to my other fellow commissioners because, unfortunately, I missed the Mission Rock signing ceremony, but I'm sure there was something for you to report on and congratulations.

Commissioner Adams - I want to congratulate Madam President Brandon on your distinguished award.

I had an opportunity to go down to the Orton project and that project is really coming together at Pier 70. I was able to go into one of the tenant's space - Uber. They've got a new department down there. I got to see the driverless cars and was fascinated with how the builders are coming along in that area. It's almost like, if you don't go down there for a while, you don't realize how much is happening in the Dogpatch area and how the Port was so involved especially Elaine, Mike, Byron and everybody.

I walked around Pier 70 and it was good to hear what Orton thought about what was going to happen. I know we're going to put another RFP out but talking to the Orton group, they figure at some point they're going to have to 1600 new jobs down there. There could be some union jobs. There are going to be some tech jobs. I'm looking toward the future. I don't think we're going to be able to

replicate the old shipyard but I see a new Pier 70 with good jobs, the future and a thriving neighborhood.

The Port will have its input in it but I'm really impressed with the Orton group and Eddie Orton and James Madsen, the work that they're doing down there. They really have a commitment to the Port. I know Eddie is a little rough around the edges but he really cares about the city and speaks very highly of you, Director Forbes and the Port staff.

Perhaps, the other Commissioners can please get down there and see what's going on with the new Orton project. You will see all these young people and these buildings. It's lit up. It's not like the days where you sat down at a desk. Most of the young people for Uber -- they're standing up on their computer. They've got drinks. It's just like a different vibe. It's cool. It's casual. It's real techy. I think this is part of new San Francisco. I would encourage you to please get down there, and they would love to see your face to show your support and love.

Commissioner Woo Ho - Director Forbes, schedule it for us.

Commissioner Katz - I go down there regularly.

Commissioner Brandon - I did have the opportunity to attend the Mission Rock signing at city hall with Mayor Farrell, Board President London Breed, Supervisor Jane Kim, our own Director Forbes, Larry Baer and the whole Giants staff. It was a great event. Thank you to the community representatives that showed up because they put so much time and energy into making this project a reality. After 10 years, we actually had a signing. Now, we just have to have a groundbreaking. It was an historic event. I want to thank everybody who had anything to do with the Mission Rock project that is coming to fruition.

7. CONSENT

- A. Request approval to issue a Request for Proposals to solicit an Environmental Consultant to provide California Environmental Quality Act (CEQA) review of the Waterfront Plan Update Project. (Resolution No. 18-20)

ACTION: Commissioner Katz moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 18-20 was adopted.

8. ENGINEERING

- A. Informational presentation on Planning & Engineering progress for the San Francisco Seawall Earthquake Safety and Disaster Prevention Program (Seawall Earthquake Safety Program, or SESP) from Port staff and CH2M/Arcadis.

Steven Reel, Seawall Program Manager - This is an informational presentation on planning and engineering progress for the San Francisco Seawall Earthquake Safety and Disaster Prevention Program. Joining me today are Stacey Jones and Summer Bundy from the CH2M/Arcadis team. Thanks to the leadership of the commission, the late Mayor Ed Lee, the City Capital Planning Committee and Executive Director Forbes, the Seawall Earthquake Safety Program is firmly underway.

This is a generational effort projected to cost up to \$5 billion and last 30 years to complete improvements for the entire three miles. Phase one will complete flood and seismic risk assessments, develop the overall program and construct initial improvements focused on the most critical and vulnerable assets.

Phase one is currently budgeted at \$500 million with completion by the end of 2026. The program goals are to act quickly to improve disaster preparedness for the city and the Port, reduce earthquake damage to facilities and infrastructure, improve flood resilience, enhance the Bay and city, preserve historic resources and engage the community in the process.

In 2012, the Port completed a sea-level rise study revealing current flood risk of the Ferry Building and emerging flood risk downtown and Port facilities. In 2014, the San Francisco Lifelines Council completed a lifelines interdependency study, which identified the seawall as one of the most critical lifeline assets in the city. In March 2016, the city released the mayor's sea-level rise action plan, which established guidance and an aggressive agenda for tackling sea-level rise.

The Port's COO Byron Rhett currently co-chairs the mayor's sea-level rise coordinating committee. In July 2016, the Port completed the Seawall Earthquake Vulnerability Study, and staff reported findings including widespread life-safety and damage risks due to earthquake-induced seawall failures, liquefaction and lateral spreading. This study is a screening-level study.

In November of 2016, the United States Army Corps of Engineers issued a positive federal interest determination for advancing a flood-protection project along the seawall under the Continuing Authorities Program, or CAP 103.

In November of 2017, Port staff issued a notice to proceed to CH2M/Arcadis for planning, engineering and environmental consulting services for the seawall program. For phase one of the program, the program team is organized around the following disciplines: engineering: land-use, environmental and urban design: economics and finance; legislative and external affairs; and stakeholder engagement. We've hired dedicated program staff: myself; Matt Wickens to lead engineering; Lindy Lowe to assist with resilience planning; Carlos Colon for program controls; and Kirsten Southey for communications.

We've assigned Port operating staff to lead roles and brought on the two major consulting contracts: Civic Edge for community engagement, whom you've

heard from last month; and CH2M/Arcadis for planning, engineering and environmental services.

The CH2M/Arcadis consultant team is led by: Stacey Jones who functions as the project manager. Summer Bundy, who leads stakeholder engagement; Laura Harnish and Hugh Roberts, who lead the risk assessment; Emilio Cruz as the program implementation advisor; and global executive sponsors Patrick King from CH2M and Peter Wijsman from Arcadis.

The team includes many great local and LBE firms. This is the dream team from my perspective. We've also established an independent seismic peer review panel composed of academic and industry leaders with technical expertise in earthquake engineering, geotechnical engineering and structural engineering.

The panel will provide technical oversight of approaches and decisions and includes the UC Berkeley faculty chair in earthquake engineering excellence, Professor Jonathan Bray. The panel has already met. They've toured the seawall and weighed in on preliminary approaches to geotechnical investigations and seismic analysis approaches.

The CH2M/Arcadis contract includes services throughout the entire phase one of the program including planning, preliminary design, environmental approvals, implementation strategies for final design and construction and technical assistance during final design and construction.

The planning phase scope includes the following key areas: stakeholder engagement and community planning, which the commission was briefed on last month; existing conditions assessment, which is underway; and multi-hazard risk assessment, which is also underway; and alternatives analysis and program selection.

Summer Bundy with CH2M – My role in the project is stakeholder engagement. I'm calling myself the engineer interpreter. We've got underway with this data collection task with three-and-a-half miles of seawall and a multidisciplinary effort. This is a large undertaking. We've identified the data and are synthesizing it in a project database and a project GIS.

We've identified data gaps to go out and find additional information to get us ready to perform that seismic and flood-risk analysis. We've developed a range of geotechnical field investigation options, which is really critical task to help better reduce the uncertainty that we have around the performance of the seawall and the surrounding area in a seismic event.

We've held kickoff meetings with our city and regional infrastructure agencies including SFPUC where we're talking about the transport and storage boxes, the north shore treatment plant, the outfalls and the rest of that system, the CSDs, MTA where we talked about the muni tunnel and their surface system, parks and DPW.

Moving forward, we're going to be initiating a geotechnical field investigation to collect additional data to reduce uncertainty. We'll be finalizing our asset inventory and our GIS, which will provide the tools that we need to perform the economic assessment of risk and finalizing an existing-conditions report that will incorporate the information that we gather during the geotech investigation.

Today, we met with SFPUC and we'll be moving forward this week with MTA to dig into the details on what the risk assessment will look like for those shared systems that are located within the Embarcadero. I have the honor of sharing with you a video of what this existing information looks like. This is a preview of the type of tools that we'll have available to us as we perform our analysis, develop alternatives and communicate with the public.

This is a 3D model of the data that we have available. Only half the city is rendered because of the processing time to create the rendering. This is just elevation data showing different elevations within the city followed by a slope analysis so we can assess overland flow and slope within the area. Then, we're going to zoom down to the rest of the city and show -- this is just a liquefaction GIS layer from the USGS that shows a high level of liquefaction areas.

The work that Steven has led and that the Port continues to perform will help refine that analysis. The blue shows existing Port assets. That yellow wall feature shows the area of influence of a failure of the seawall. That's our seismic study area.

Then, we start to look at potential areas of inundation so the low points along the Embarcadero where sea-level rise and wave overtopping will pose near-term concerns within the vicinity of the Ferry Building, headed up towards Piers 5 & 9.

Then, it's going to zoom us up toward the historic finger piers to show us some potential areas of inundation with a 24-inch static sea-level rise. We think that these tools will help us communicate the risk and the urgency of the project to stakeholders as well as allow us to develop and present some alternatives.

So those are the low points in the northern reach. Those are 24-inch static-sea-level-rise inundations. So that blue wall is how we're trying to show the area of influence of a 66-inch level static sea-level rise, which is a 2100-type prediction with storm surge.

As we focus in over the Ferry Building with a 12-inch sea-level-rise event combined with a 100-year storm surge, you start to see the area of inundation in front of where we are today.

The giant thumbtack is the muni tunnel. The big giant thumbtack back there is Embarcadero Station. If we were to not mitigate the risks of sea-level rise, we would continue to see the coast back toward First Street.

Now, it's going to zoom in a little bit more. So this is the perspective showing the muni tunnel and that potential inundation risk, which is a near-term inundation risk, and the Embarcadero entrance. We're actually able to drive around in the model at different perspectives and capture these views, can be working toward making these Web ready so that people would have the opportunity to look at what their street might look like in a future sea-level-rise event.

This is just bathymetry data, which is important for wave modeling. We're getting to my favorite part where we have a street-level view of the Embarcadero, which allows us to zoom in. We're going to dive underground and look at the important assets that we have within the Embarcadero.

This is a laterally correct version of the sewer and storm-water assets. We're working on nailing down what the vertical locations are. But this allows us to perform analysis where we can quickly calculate the inundated sewer networks under the piers and work with SFPUC and others to more carefully understand the impacts of any projects along the Embarcadero.

The green shows the areas of the Port properties that are designated as emergency response, which right now all Port assets serve some function in an emergency whether it's an immediate function or something that happens a month or so out. We're working right now with Diana Bartram and others to better characterize what performance we need from those Port assets in the event of an emergency. The evacuation routes include the Embarcadero and Market Street. That's an important consideration as we think about different disaster scenarios and how we need the Port assets to function following a disaster event.

We're going to show the parks and open spaces which is an important consideration for the urban form. The fire station locations, an important part of this project is how the system is going to respond in an emergency. The fire stations combined with the neighborhood emergency response centers will provide important information on disaster response. These are just the seawall segments.

We're looking forward to further developing this to make it be a useful tool for you all, to make it publicly available so that students or the public could better understand the risks as well as the opportunities.

Stacey Jones, project manager for the CH2M team - Data collection is a very important activity as a part of this project. The geotechnical field investigation is a very critical activity and milestone for the seismic hazard assessment. So the geotechnical investigation development was based upon the understanding of the previous vulnerability study and data collection that was done under that effort as well as additional data collection by the engineering team and combining that information into a GIS and a digital tool that allows us to better understand what the gaps are in terms of the overall project and understanding the geotechnical characterizations. We also developed goals that we wanted to

accomplish as a part of this investigation. Those include a better understanding of the seawall geometry and also the foundation stratum underneath that seawall.

There's very little information there. So that is a major aspect of our investigation. Better quality data -- not all the data that we got was of high enough quality to be able to use but also coverage along the seawall, spatial coverage to fill in the gaps.

A better understanding of the young Bay mud, a layer of soil that is highly compressible and not necessarily have high strength but we do think that there are some opportunities there to better understand exactly what that strength is because we think that it's maybe been conservatively represented due to the lack of sufficient data.

Understanding improved characterization of the liquefaction susceptibility. As we know, liquefaction is going to play a key role in developing mitigation measures in terms of our vulnerability and consequences. This additional geotechnical characterization will ultimately reduce the conservatism that we have today because we have a lack of data. But also, that will translate into a reduction in construction costs.

The next three slides I'm going to take you through are going to be explaining two of the major activities in the phase that we're currently undergoing. One is the development of the multi-hazard risk assessment and the alternatives analysis.

I'm going to talk about the purpose, the outcomes and the status of where we're at on these activities. I want to draw your attention to those items on the left side of your slide. These are the important components and analysis that will be undertaken as a part of the multi-hazard risk assessment. They are really the underpinning of our work in terms of developing recommendations from this effort. Our purpose here is to provide a transparent, transparent means a very active stakeholder engagement to both solicit input and to educate.

We're working jointly with Civic Edge. Summer is leading that effort with us. It's very important. It's a risk-based decision tool to inform the investment in our prioritization of projects. It's based on hazard probabilities, damages and economic losses through the monetization of damages and consequences of inaction. The characterization of the seismic and flood risk including sea-level rise is a major purpose as well.

The outcomes is a quantification of life safety, damages and disruptions from seismic and flood scenarios and identifying the land-use, environment and urban constraints and opportunities which will also be an important aspect in the prioritization of the projects.

We've initiated the seismic assessment methodology approach for both the flooding and the seismic. We actually have presented some preliminary

approach to the seismic peer review panel. We've gotten some feedback that we're going to be incorporating into that. Another that I forgot to mention in terms of the seismic investigation that was also reviewed by the independent seismic review panel and we received comments back, and it was endorsed by them.

We're in the process of developing a GIS asset inventory for not only the economic analysis that will help drive our analysis of the direct and indirect consequences that are eventually monetized. But also, it will be used to encompass all of the important critical data for geotechnical investigation, documents, drawings and studies that will be a part of our deliverables and that can be used in the future for further work. We've developed draft reports for the infrastructure systems and exposure analysis. This is to facilitate the conversations with the city departments and understanding the vulnerabilities of their systems and what those consequences are. We've developed a GIS data standard so that all of our team members are using the same standards and that we're providing you with a quality product.

Our look ahead is kicking off the seismic and flood-hazard analysis, continuing our work with the infrastructure agencies to assess critical assets and consequences. Today we met with the SFPUC and are advancing that quite nicely and conducting a public-life survey to inform the urban constraints and opportunities.

It helps to define the urban form in such a way that they're going to be taking observations of the activities and the public uses along our waterfront and that will provide us with a better understanding of the existing conditions and how to better shape our waterfront through public life.

We're very excited about that and working with Gail and CMG in terms of developing part of the existing conditions and then, initiating the land-use, urban and regulatory tasks as well. We've already developed a CEQA options technical memorandum for review by the Port that will help drive our approach to compliance with CEQA. The multi-hazard risk assessment will be in part help drive our formulation and analysis of alternatives to address both seismic and flood.

We can't emphasize the importance of engaging our stakeholders in the process of developing criteria that will be used in the formulation of our alternatives and eventually the selection of those alternatives. The components of the alternatives analysis again is on your left in addressing the needs, risks and aspirations that we learned from the multi-hazard risk assessment and how we can integrate those in terms of criteria and alternatives analysis and ultimately recommendation of initial improvements.

Some of the outcomes of this will be an adaption toolbox. That adaption toolbox could include seismic retrofits, ground improvements for the seismic. But also for flooding, we'll be looking at soft solutions, more like earthen berms and living shorelines.

On the hard-solution side for flooding, we'll be looking at seawall, gates and deployable barriers. The outcomes will be endorsed phase one improvements that not only address the near-term projects but also a project-wide and long-term vision and framework for the overall program.

We'll also be developing some financial strategies that will take into consideration the critical aspects of this program, which is what's driving its schedule, ensuring that we'll be able to utilize the general obligation bonds if and when they're approved and also looking at how the schedule will impact the financing and vice versa.

We're developing tools and processes for Port-wide applications and then being engaged and having an informed stakeholder base that will help us to be able to make the critical decisions that we need.

Steven Reel - We've been advancing the effort with the Army Corps under the CAP 103 authority. Port staff and the Army Corps conducted an initial charrette to define problems, objectives, opportunities and constraints. This charrette included SFMTA, SFPUC, BART and BCDC members. A major decision milestone in the CAP 103 project is scheduled for late June. A major decision milestone is Army Corps lingo for a major decision. In this case, it's the feasibility study recommendations.

The general investigation is the much larger effort that we're looking for that needs to be authorized by Congress. The CH2M/Arcadis team has developed a draft strategy for assessing the various approaches to the general investigation.

Next up is the high-level meeting at Army Corps headquarters in Washington in two weeks. We have a schedule that we've developed and this is currently under consideration. Our major goal is to be done with our first phase construction the end of 2026. The schedule is in draft form. It's currently being vetted.

I'll conclude by just saying where we were 30 years ago with the Embarcadero Freeway and how much was accomplished when we put our minds to it before -- what we have out there today -- and the fact that it's possible for us to really move this program forward and achieve great things over the next 30 years.

Next up for the commission, there will be an action item for the general obligation bond, report in April and commission updates in June and September and, hopefully, the general obligation bond election in November.

Commissioner Katz - Thank you both very much for the thorough presentation. I love the visual presentation. That will really go a long way to demonstrating to the public what we're facing and the impacts of no action. It's actually a little frightening with how significant an impact there is with a relatively small rise in the sea level. I had one question. On the map -- and I know we're talking about seawall but in terms of impact on our southern waterfront, do we have anything that demonstrates some of the impact there?

Are we also working on that? For example, I know Pier 70 has accounted for it and is addressing in their plans some of the sea-level rise and Mission Rock similarly. But for some of the spots in between, are we looking at those areas as well on the impacts on Port property?

Elaine Forbes - The CH work is focused on the seawall and the areas around the seawall, so we can prioritize work to fix that infrastructure. In terms of the southern waterfront, the city is working on a vulnerability assessment citywide.

The Port is providing inputs to actually CH again. They won the contract with planning to work on the vulnerability assessment and that will show the inundation areas for the southern waterfront as well as entire city so ocean side and to the bay side as well.

We also are not running, but we're watching very carefully the Resilient By Design competition, Islais Creek is the selected site. There is a designer working on adaptation options for Islais Creek.

we anticipate that the city's sea-level rise work, after the vulnerability assessment is done, there will be more work on the Islais Creek area as well as other inundation areas in San Francisco. We have a planned update from the sea-level rise work that Byron is leading on behalf of the Port.

We're going to look at whether to put that in the summer when we have early results or in the fall when we have more formal results. we're talking through when is the best time to come back to the commission.

Commissioner Katz - Thanks. I was concerned there's a couple piers that I know are right past the edge of the wall there that I want to make sure they don't, no pun intended, fall into cracks in the planning.

There's a lot to sort of incorporate or digest. Here's one question in terms of providing some of the tools for the public, the pros and cons with some of the detail. Do we have to be careful if there's some detail that should not actually be made available to the public? Or do we assume that people can pretty much get everything online anyway? Our sewer systems and the vulnerabilities underneath the street, is that some of the detail we may not want to make totally accessible?

Steven Reel - That has been an issue for all of the efforts for the vulnerability study effort, for what Lifeline Council has been trying to do and the Market Street effort. Folks don't want to share. Particularly private utilities do not want to share their information if it can be sunshined and the public can get their hands on it. Homeland Security has a way to actually keep that sensitive information concealed and so that's the method we plan to use.

Commissioner Katz - So when we release the tool, it'll be scrubbed, so to speak?

Steven Reel - That's right.

Commissioner Katz - For the digital model, were there any surprises?

Steven Reel - During the data-collection effort? Any surprises? I don't know that we've got any surprises at this point. When we get into field work, we may have some surprises at that point but right now, it's been an effort to collect information without going into the field. This is everything that's in paper and they built a digital model. I don't know that, at this point in time, we've really assessed everything that's been collected to understand if there are any surprises at this point.

Commissioner Katz - Thank you for the presentation. It was really strong from everybody.

Commissioner Woo Ho - Very interesting presentation and obviously something that's very much on our minds as far as the critical aspect and priority to us in the long term. I think the digital model is very interesting but I hope that we find a way to message it because it was very confusing to follow. If you're not someone who understands anything about the waterfront, it needs a lot of marketing effort to make it simple and easy to understand if that's what we're going to use, whether it's on a website or if it's going to be published in some fashion. I think it's just too technical for some people. I think that needs some work. I'm just giving you kind of my feedback. I, who presumably follows some of this, found it kind of hard the three digital (3D) aspect of it. I think you need to make it simple. You have to have a message that's simple so that's what I would say about the digital model and everything else.

I appreciate that we're studying this thing to death. I wonder if there's a way to simplify it and to make this timeline a little faster because we know something has to be done. It's not like we have to justify that something has to be done. We want the public to support it because we need their votes to support the bond. I'm wondering whether we're kind of going over -- the analysis and the analysis and the analysis.

I'm wondering because we're not going to get into construction until a later period of time. My question and challenge would be this is only phase one. I don't even know what phase two and three look like.

I think it's a question of is there a way to simplify this so that we can move a little faster and maybe save some money instead of trying to be so detailed and understanding everything? We just said that there were no surprises so far in the data collection. I'm not sure at this point. When can we move to action versus study?

Elaine Forbes - It's a major policy question about how much study we do in this phase versus when we call it enough and make selections. One of the words that Stacey used is conservatism in what we're saying about the three-mile soil

condition. What she means is we're assuming it's all really bad and that's what the study showed. But part of the additional data collection may show us that some areas are less bad than we thought, which will reduce the cost and also reduce when we would address that area.

It is a major policy question that we'll continue to come back to you with balancing study versus timeline and action because part of what we're trying to do is lay out 30 years of programming in this first phase and to know enough about the conditions to be prioritizing phase one, phase two, phase three for a program over 30 years. We want to know quite a bit to be able to do that. But we also agree to act quickly.

Commissioner Woo Ho - I would challenge you not to say that 30 years is the right timeline to begin with. I think our job is not to say, we're going to give ourselves 30 years to do this. I think our job is to figure out how to get this thing done in a reasonable timeline.

Elaine Forbes - True. That question about acting quickly versus knowing enough to make the most informed decision is going to be a constant challenge as we move through this project.

Steven Reel - It will be a constant challenge. I'll focus on just one aspect, the geotechnical aspect. The vulnerability study that was done and so far made use of existing geotechnical information, did so in a very smart way, was peer reviewed and have a lot of confidence in what was done. How much more do we need to do? We asked ourselves that right from the start. How much more is needed? One way to figure that out is to do parametric studies around the engineering property.

There were some parametric studies that were done right off the bat around around the geometry of the rock dike which is generally unknown so you make some assumptions. How much does that impact the analysis? A lot of information is out there on engineering properties of young bay mud. We kind of know what the best stuff is. We kind of know what the worst stuff is. We don't exactly know what this stuff is. We have to actually test it in place. Does that make a difference if it's on the good side or the bad side? And the same thing with the liquefiable fill.

There are parametric studies done. When you add up all the uncertainty and the conservatism, it can actually make a pretty big difference. It can reduce displacements by half, which means that, under some earthquake scenarios, we may not want to do an expensive ground-improvement technique in a particularly area.

Commissioner Woo Ho - We're assuming no disaster has happened, then we have to answer to the public of why we weren't more prepared. I am able to sit in this chair and say that very easily. I understand the responsibility that you have,

and I'm not trying to be difficult but I'm just saying these are the things that we all have to think about.

Steven Reel - That is a real concern. We've spent a lot of time on how quickly can we get to the point when we can identify, here are the projects we want to do. Here's how we want to do them. Let's go with the preliminary design and environmental clearance. We think that June of next year is the quickest that we can do it responsibly. We're focused hard at trying to hit that date.

Commissioner Woo Ho - I trust that you all are expert. I'm not trying to challenge your expertise or how much technicality because obviously you all know it in far depth. I'm just saying let's see what we can do. If there is a way to simplify, move faster, whatever, we know what the problem is. God forbid that no disaster happens in between.

Steven Reel - Can I go back and answer your question on the GIS model or the video that was shown? The real purpose of assembling all of the information in GIS database is not for a visual representation for the public. That's sort of a side benefit. The real purpose is the engineering analysis that we can do with that data in GIS form like they do with buildings now, if you've heard the term BIM, building-information model. This is essentially a model of the Embarcadero. It's very useful during analysis and during alternatives, development cost estimating. It helps with speeding that along so that's the primary purpose.

We put this video together at first for our executive steering committee to show what we'd done. We thought there may be some benefit for public consumption for a video like this. We haven't spent any time to make it really nice for the public but we really appreciate your comments on that.

Commissioner Katz - I'm a big fan of the GIS system. Perhaps some other departments like DPT and planning and building inspection could take note of using it to address some of the parking and transit problems we have because you see how effective it is with the overlay.

Commissioner Woo Ho - I am pleased with how much integrated this work is done with everybody else in the city and the other agencies. We may be better off in this city than some other places because it is a very integrated effort from the mayor on down and that's very important because it's obviously not just left to us alone. I do compliment the team for that.

Commissioner Adams - I'm kind of like Commissioner. You can see our patience. It's kind of different. From my perspective, this is a very complicated issue. It's like a helicopter. It's got so many moving parts, so much complexities to it. I know that our staff and Director Forbes and President Brandon are going to be in D.C. next week. Are there certain senators and people you're going to be talking about on this project? It sounds like we might be leading the way -- San Francisco, like we do.

One thing I do agree with Commissioner is that video I think is really good. I would get some of the younger generation to help you because I'd like to know, across the city, how engaged people are with this project. What do they know about it? The name is just so-so. It's not a hip name or nothing like that but it's something that's going to save our lives and it's something that we need. It's a necessity that we need.

As you're selling it and getting it out there, as I had said before, I think that the Giants ought to have something one day and get it more out there in the community, so people really know and we market these things. If Tom Steyer can do these commercials to impeach the president, I'm sure he can do some commercials to talk about our living city and what we have here in San Francisco and the sustainability why we need this.

This is really, really important. I could care less about Trump but I really care about the city. I care about the seawall. I'm talking about the ramifications and I agree with Commissioner. Heaven forbid something happens and not being prepared. I appreciate all the work. I know there's an urgency there. I appreciate all the hard work but I know sometimes you've got to go slow. I got that.

Steven Reel – We heard your comments last month and getting people to speak on behalf of the seawall project. There has been some movement to make that happen. So there's a work plan. There's a list of folks. There's been some initial outreach. I don't have anything to report back yet on successes but we're certainly moving in that direction. It was a great comment and we took it to heart so moving that way. The name of the project is definitely not sexy.

When you look at the Rebuild by Design effort that was done in New York, there was a name of the Big U and everybody remembers the Big U. Arcadis is a Dutch firm. Some of us went over there to see some of the projects almost two years ago now. Room for the River was the name of the project. They had good marketing terms. We've kind of fallen back to what we know in this city and what's worked before regarding earthquake safety.

There's the Water System Improvement Program, the Sewer System Improvement Program, the other earthquake safety programs. We have that as the name. I think we just keep hitting it, Seawall Earthquake Safety Program, because it is of primary importance. We want to move this thing forward before the earthquake gets us.

Commissioner Adams - Maybe this should be to Director Forbes. I know you and President Brandon are leading a delegation to Washington next week. Is this a part of your presentation with the chamber and all our partners in the city? Can you elaborate on that a little bit, please? Thank you.

Elaine Forbes - We are leaving on a delegation next week and we're working with our federal lobbyist, Eve O'Toole. She's setting up key meetings for us. We have staff that will be going to the headquarters of the Army Corps of Engineers

to work through some of the technical issues that we need resolved to continue to make headway into our CAP 103 but beyond our \$10 million CAP 103 in a larger study.

In terms of who we will see at the capital, schedules fluctuate a lot. So Eve is working on our final list. But we will tend toward members that are on the infrastructure and appropriations committee because those implicate Army Corps of Engineers and their appropriation but also the infrastructure bill.

We're setting our schedule now. When we come back, we will certainly report to you who we met with. Last time, we met with Leader Pelosi's chief of staff. We met with Senator Carper, who is the chair of infrastructure. We met with Congressman Garamendi, Senator Harris and Senator Feinstein. It was really productive and that time, we were briefing people for the first time on the Seawall Earthquake Safety Project. Now, we have more knowledge under our belt. We're moving into deeper technical conversations about specific pots of money. As we continue to advance the conversation, we should be making more headway.

Commissioner Katz - Just had one quick question as a follow up on all of our concern that something happens before we get to shoring everything up. In sort of the life-safety and pilot-projects phase, I don't know if that's hard and fast. If something were to come up where you could see a clear fix that might have a significant impact sooner, is that where it would fall in?

Steven Reel - That's right.

Commissioner Katz - Is that something you're keeping an eye on?

Steven Reel - That's exactly right. That's what we term the life safety project. This is when we're out there doing our investigations and doing our analysis and doing our alternatives development, if there are some clear things we can get approval to do quickly that have a meaningful impact on life safety, we want to move those forward. The pilot project piece at this point in our thinking, is primarily centered around ground-improvement techniques. When you do these things, you're working completely under the ground.

You're trying out equipment, trying out techniques. It's not something that you can just go and put a big contract out for. You do pilot projects, figure out how it works in these conditions. You provide that information to folks who are going to bid on the larger projects and that's great information. That's what we primarily see is the pilot-project piece. Where possible, we would do pilot projects where it would be incorporated into the final area so that the pilot-project work would be a benefit.

Elaine Forbes - I'm sorry. If we were to do everything, all the soil improvements, we need up to \$5 billion for sea-level rise. So this phase doesn't have nearly the budget to handle the entire project. In addition to earthquake disaster prevention

that we're trying to roll out through this program, we will be working with our tenants and ourselves on disaster preparedness and to understand that balancing because we're going to hit the lowest worst-hanging fruit first and move up the list but to understand how to be prepared knowing the conditions we have because that will be a reality that we're balancing those two for some time until we have the entire budget for the project in hand.

Commissioner Adams - I know we have a mayor's race coming up in June. Are any of the mayor candidates have this on their platform? Have they been talking about these issues? You always lay out what your vision for the city is. Do you know if any of the candidates have said this is something that they're running on, what's important for San Francisco or anything? Have you heard anything like that? Or maybe Director Forbes, do you know? Are they aware of this issue? Or is it something that's not on their radar screen?

Elaine Forbes - We've briefed all the members of the Board of Supervisors including Board President London Breed and Supervisor Jane Kim. I know they're both aware of the project. I have not personally briefed Mark Leno. We could certainly provide a briefing and there are other candidates as well in the race.

Commissioner Adams - Had any of them spoke on it when they're talking about their platform when they're out there in the community talking to people, and they're saying, "This is what I'm running on. I'm running on homelessness. I'm running on crime"? This is something very paramount. This is a big issue. This is something that Mayor Lee had really had his hands all over. I wanted to know if they are taking it forward. Because I'd like to know where candidates stand on these issues before I vote for them. This is a very important issue.

Commissioner Brandon - Steven, Summer and Stacey, thank you so much for this detailed report. This is great. As you see, it raised a lot of questions. I tend to agree with all of the commissioners' questions and concerns.

Starting with Commissioner Woo Ho, looking at this timeline to me does not spell urgency. Suppose more funding came into consideration, what would we do with it? Could we do it within these first seven, eight years? To me, this is saying we don't need any additional money till 2026, which I don't think is what we're trying to convey. We are doing a lot of studying, which is a good thing, in the early years. But we do have to put a shovel on the ground and start really fixing things hopefully sooner rather than later.

On the southern waterfront, understanding that the city is doing a vulnerability study for the surrounding city, but the southern waterfront is part of the Port so just wondering why it's not included in our study. Once we understand what the vulnerability is, then how will that be funded? How does that work in relation to this?

Elaine Forbes - The reason all Port property as well as the ocean side is part of the city's overall study is all public property touching water is part of the city's vulnerability assessment. We happen to know more about the seawall because we've done this vulnerability assessment. But all of our property is included in that study. The reason this project isn't also assessing southern waterfront and southern waterfront improvements is because we are trying to get to the urgency issue in trying to address the seawall as quickly as possible.

The southern waterfront has sections of seawall but no contiguous massive rock dike the way that the northern waterfront has. It also have, in many places, a softer urban edge. The types of improvements we will make are not exactly the same because it's smaller sections of seawall, more runway in terms of when to respond in some areas because of this northern part of the waterfront implicates major transportation systems and muni and BART. It implicates a lot of heavy city infrastructure underneath the Embarcadero that's why we're focused on making construction improvements here without delay and why the study is focused on this three-mile stretch.

Commissioner Brandon - But all of the time and money that we're spending on analyzing and studying, why not include it?

Elaine Forbes - The reason why we're taking time to study this section is to know what the worst soil conditions are first, so we know where the life-safety risk is the worst so we tackle it first. Some of that screening will show areas are better than we thought. So we can move them further down the list.

My expectation, though this is not yet on the GO bond schedule, but City Administrator Kelly has indicated she thinks it ought to be. I certainly think it ought to be, that there will be a sea-level rise bucket of funding every 10 years.

We are coming forward in 2018, November, for our sea-level. Ten years later, I suspect there will be another bucket. And every 10 years, we will be on the bond rotation schedule. That is going to be City Administrator Kelly's request and we're 100 percent behind it.

I would see improvements for the southern waterfront as well as ocean beach as well as other areas coming through future phases. The city, when it finishes its vulnerability assessment, we have some very low-lying areas. Mission Creek is one of the lowest lying areas. I anticipate that we'll see some real vulnerabilities in the southern waterfront that we need to start tackling. Some of that may implicate other city infrastructure. We'll partner with the PUC in some instances.

It will be very specific to the location we're talking about. In the summer when we come back to talk about what the vulnerability assessment has found, that will give us a clear understanding of where the urgent areas are that need more investigation relative to sea-level rise. The first phase is a seismic project. It's to tackle critical life safety as it relates to earthquake, whereas the southern-waterfront work and the sea-level-rise work is really looking at flood more.

Of course, we'll make seismic improvements as we go along. But is it fair to say, Steven, the seismic risk of the northern waterfront is especially critical?

Steven Reel - It's especially critical because of the amount of infrastructure that sits over the poor soils and is protected by the seawall.

Commissioner Brandon – Is there no seismic in the southern waterfront?

Elaine Forbes - There's some but not as critical.

Steven Reel - There is seismic risk in the southern waterfront.

Commissioner Brandon - I'm trying to figure out how we can move this along together so that we are looking at the total Port and not pushing one part out to a city study versus what we're focused on. I'm trying to figure out how we can come along the same path to make sure we're getting the same results.

Steven Reel - Under the alternatives development portion, one of our outcomes is tools and processes for Port-wide applications. Although we're doing geotechnical exploration up here, we're going to get information out of it that's beneficial for down there and will help inform a seismic assessment in the southern waterfront.

Commissioner Brandon - I hope we call it the Port and not here and there. The Port, that's what we're worried about, right?

Steven Reel - To go back to your point around sea-level rise and earthquakes, USGS tells us we've got a 72 percent probability of a major earthquake in the next 30 years. That's a near certainty. In the next 30 years, are we going to see significant flooding? Under the high-sea-level-rise scenarios, we're going to start to see more flooding. We're going to start to see it here first near the Ferry Building, BART and Muni tunnel entrance. That's at risk today. But we're also going to see it in Mission Creek and Islais Creek areas. We think we've got a little bit more time to figure out appropriate strategies for dealing with that flood risk. We're really running out of time to deal with the earthquake, as you've pointed out earlier today.

Commissioner Woo Ho - This is a broader comment. It was great to hear that the city's credit rating has gone up.

Elaine Forbes - Yes. It was.

Commissioner Woo Ho - That's not something to take lightly, which means that the voters have to approve the GO bond. But when you actually go to market, the city will not have trouble raising those bonds once the voters approve it both in terms of the interest rate as well as the interest.

When you said there's a schedule of every 10 years, you would hope it's a broader comment to say that the city would consider if you have a better bond rating now. You can go to the market at a lower interest rate. It's a lower-interest-rate environment now. Relatively, we don't know what's going to happen. These are other variable factors that should be discussed among all of you as what the city should be doing in terms of financing.

So to say we're only going to do it every 10 years, it seems to me it's like formulaic. It seems like you have to be opportunistic and understand what the circumstances are. I'm just pointing that out because we have apparently one of the best credit ratings in the country now so let's not discount that.

Commissioner Brandon – Steven, this was a really great report. We really appreciate everybody coming out and discussing it with us.

- B. Request authorization to award Construction Contract No. 2790, Marine Structural Projects IV, (Piers 29 & 31½ Substructure Repair) to Power Engineering Construction in the amount of \$6,833,425 and authorize a contract contingency fund of 10% for a total authorization of \$7,516,768. (Resolution No. 18-21)

Jonathan Roman, project manager for the Marine Structural Projects IV. On October 24, 2017, the Port Commission authorized staff to advertise for bid for the substructure repair of Piers 29 and 31½. Today, we're requesting your authorization to award as detailed in this presentation.

This is a vicinity map of the project. Pier 31 is on the left and Pier 29 is on the right. The Embarcadero is down at the bottom. Pier 31½ is currently occupied by the Alcatraz Ferry Embarkation Service. Pier 29 is currently unoccupied. The purpose of this project is to repair pier substructure soffits, beams and piles to remove load restrictions.

The Port bundled the two piers together as MSP IV to leverage their proximity for mobilization, construction management and economy of scale. The project has several objectives. It will help with the vitality of the northern waterfront.

Alcatraz Ferry Embarkation Service runs from Pier 31½. Our investment facilitates site improvements and long-term Alcatraz operations. The repairs will give them the freedom to build their new above-deck facilities, which will be limited by current restrictions. It will also help with the renewal of the northern waterfront.

Pier 29 is currently unoccupied. Real Estate has potential tenants that could occupy this location. It will also help to extend the life of the piers another 30 years if not longer as well as help to minimize future repairs, which will become less accessible due to sea-level rise.

This is an overview of Pier 31½ from our project drawings. The blue area is the project footprint. The Embarcadero will be at the south. Pier 31 is on the left, and Pier 33 is on the right. Of course, they extend eastward into the bay. The Alcatraz ferry is at the top of the screen. The blue color represents the footprint. The colors and lines indicate the repair types and locations. We've also solicited for two alternate areas at Pier 31 and 33. However, due to budget constraints, we will not be awarding these. They will not affect the tenant operations.

This is an overview of the footprint at Pier 29. The Embarcadero would be at the bottom. Pier 27 would be to the right. The pier then extends into the bay.

As we discussed in October, over time, water can infiltrate concrete. The water then causes the rebar inside to expand, which eventually cracks the concrete causing it to flake off and exposing more rebar. This is called spalling. The cycle then repeats and can cause further damage. This has caused loading limitations at the piers. By removing the unsound concrete, cleaning the rebar or splicing with new rebar when necessary and then applying new concrete, we can then repair the assets to remove the restrictions.

This is under-pier pictures of what you would actually see if you were down there. The lines are the exposed rebar, which were covered with concrete in the past. You can also see that the access is difficult due to the rising tides.

This is specialty overwater work and has these following considerations: safety, coordination and environmental issues. So there's tight spaces. The water changes. It's dark. There will need to be shift rotations to accommodate the work in the timeframe we want the work done as well as environmental issues of preventing debris from falling into the water.

These are some pictures of similar work conditions and methods. You can see that there are curtains to help capture any dust during jackhammering as well as a dance floor, so to speak, which is the term they use for the scaffolding that's underneath and then pictures of lighting.

This will be done during the day and during the night. It will be dark even during the middle of the day. As a summary of the bids, we received authorization to advertise in October. We actually placed the advertisement for bid on December 11, 2017.

Three bids were received on January 25, 2018. The prices range from \$10 million to over \$15 million for the entire scope of work for Pier 29 and 31½. There was an approximate \$5 million spread. However, all of the bids exceeded the engineering estimate and available funding. Power Engineering Construction Company's bid was the low bid as well as the only responsible, responsive bid at \$10,045,000.

They exceeded their LBE goal, complied with local hiring policy and met all other requirements in the advertisement for bid. There were two other bidders, but

they were disqualified for not meeting certain requirements in the advertisement for bid. There were no bid protests.

When we went to advertise, we believed the engineers' estimate was going to be \$8 million. The available funding was almost \$9.6 million. Our low bid for both piers and the entire scope of work was a little over \$10 million with contingency of a million dollars. And then, engineering to date, construction indirects, which would account for construction management and inspection, which is approximately \$1.3 million. The total install cost is \$12.4 million. We currently would have a deficit of about \$2.8 million or almost \$2.9 million. The bid form was broken up into different line items.

Pier 31½, by itself, would cost \$6.8 million and with contingency of a little less than \$700,000. That scope of work to award would be \$7.5 million. We would still have a surplus of about \$2 million and that could be applied towards our engineering construction indirects.

The Port is also looking to seek to appropriate an additional \$2.8 million in the next fiscal year. Again, the alternates would not be awarded. I'm here today to request the authorization to award for Construction Contract 2790.

We would like to authorize the Pier 31½ scope of work for \$7,516,768 to Power Engineering for them to proceed with that work. That would come from the pier repair fund and the alternates would not be awarded.

While we're appropriating the additional money in next fiscal year, Power Engineering said that they would honor their bid for 220 days. Then, we would like to return back to the commission in August if the funding is approved.

Power Engineering has agreed to this split funding. We've also made it clear to them that the appropriation is not a guarantee. They would still honor their bid. Also, we also have our regulatory approvals in place.

Elaine Forbes - Jonathan, I'm confused by something you said. You said we would come back to the Port Commission to authorize Pier 29. I'm not reading the resolution that way.

Let me just clarify. As this is written, you would authorize both scopes of work. Isn't that right? I'm just reading the resolution. You've already approved and recommended the additional funding for Pier 29. If the Board of Supervisors and the mayor signs off on that, we would execute a change order in the contract to see that work done. If you would like us to come back on Pier 29, we need to rework this resolution because that's not how it's currently drafted.

Jonathan Roman - I might have to review that with Legal Counsel Tim Yoshida.
Elaine Forbes - I just wanted to clarify that point.

Commissioner Woo Ho - Elaine, doesn't that require that you find the \$2.8 million in your budget first for next year?

Elaine Forbes - We put it in the capital budget. It was part of Ananda's presentation to you. You've recommended it. We just haven't got it approved through the process yet.

Commissioner Woo Ho – Okay, I got it.

Jonathan Roman – if we received the approval to start today, then we would issue a notice to proceed in May and start the work at Pier 31½ and then issue a notice to proceed for Pier 29 in the August timeframe. Then, we would have substantial completion done in April and then final completion in June of 2019. That concludes my presentation.

ACTION: Commissioner Adams moved approval; Commissioner Katz seconded the motion.

Commissioner Katz - Thank you for your presentation. I'm glad we're going to see these piers move towards getting rehabilitated. In terms of the solicitation that went out and the way the respondents replied on their bid for Piers 29 and 31½. You have it broken down just for Piers 31½ and 29. Did they break it down themselves? Or did we have them just bid on Piers 31½ and on 29, and then we added the two together?

Jonathan Roman - The bid form had specific line items for each pier.

Commissioner Katz - And then, we added it together?

Jonathan Roman - Then, we added it together.

Commissioner Katz - I know this might delay the process a bit but it seems to me that might be an inaccurate number because the economy of scale, they've broken it out for two separate piers. That'd be very different than if they were bidding on the two simultaneously so that they would have both crews there.

They could order materials at a potentially discounted rate or in advance and get all the benefits of that. What I'm concerned about is that may not actually reflect the cost just by adding the two together as opposed to if we had said, and what would your bid be for the combined piers?

Jonathan Roman - I do understand that. Let me talk about the economy of scale of what would occur. What we would be saving is, for example, the mobilization would be \$450,000. If they were to be split up, there would potentially be \$450,000.

Commissioner Katz - That's the reverse of what I was saying. You had them bid on it split up, not combined. Instead of the combined total of \$10,045,000, it should be approximately \$9,600,000.

Jonathan Roman - What you're saying, if we did it as one complete line item, there might have been more economy of scale that was realized.

Commissioner Katz - I don't know if there's a way of going back to them and asking that. Right there, that was almost half a million dollars that we could potentially be saving.

Rod Iwashita, Chief Harbor Engineer - This project was bid as a combined Piers 29 and 31½. We consciously made this decision to pair them together to save on the mobilization fee. But we did split out the work by piers. In the end, the low bid price was for the two combined projects.

Commissioner Katz - That's my question. Did we do the math for them by then adding the two up? Or did they submit their total that the two combined would be \$10,045,000?

Jonathan Roman - There were individual line items but they all added up to \$10,045,000.

Commissioner Katz - But did they add them? Or did we add them?

Jonathan Roman - They added them. There was a line item in their bid form. It was always intended for these two to be done together. It was just the funding issue that was a wrinkle. We wanted to proceed with Pier 31½.

Commissioner Katz - That's what I was wondering. I just wanted to make sure we didn't have them break it out, and then we did the math.

Jonathan Roman - No. It was always meant to be combined. This is still the intent trying to do both combined.

Commissioner Katz - So their two bids did include that economy of scale in it.

Jonathan Roman - Yes. They would still honor it in this fashion without the guarantee. We believe that the economy of scale is built into it then.

Commissioner Katz - I know we're looking at them rebuilding it with concrete and rebar. With all the technological advances we've had in building materials recently and I know there hadn't been many until probably the last couple of years. But have we looked at any other options? Or are there other materials? Did we specify the materials they were to use? Or did we give them some flexibility in indicating there might be some better materials available?

Jonathan Roman – We were prescriptive in terms of cast-in-place concrete, which we believe gives a more durable finish and can be easier to apply. There

were other items like shotcrete that we gave them the option for so there was a range. We haven't included any specific, for lack of a better word, any kind of space-age type of technology.

Commissioner Katz - I'm not thinking of anything specific. I'm just wondering if rather than rebuilding it to the way it was, if there are some other opportunities. It may be pre-cast versus poured in place, as you pointed out, is certainly one advance.

Jonathan Roman - For this project, we did not do that. Although, we are wrapping the piles, which is a newer construction method where they put fiberglass around the outside and pour a grout instead of some other method. It's pretty simple actually when you see. There's videos online on how to do that.

Commissioner Katz - So they were given flexibility or we at least had something built in not be too prescriptive on the materials required.

Jonathan Roman - There is some flexibility.

Commissioner Woo Ho - What I heard from Director Forbes is the question of the extra funding is subject now just to the budget process that is pending at city hall?

Elaine Forbes - I want to clarify what I said. Jonathan was actually correct. I was not correct. The way that this is written, though not fully clearly, is that we are only requesting your authorization for the scope of work related to Pier 31½. As Jonathan said, we're asking, should the budget be approved, to come back to you to authorize a change order to the contract. While this is not required, we could have done it differently, that is not what staff intended here.

Jonathan expressed it the way it was intended. I would have one quick suggested edit to the resolution. The resolution currently says Piers 29 and 31½ so that's why I was getting stuck. But the numbers are just for the allocation for the Pier 31½ piece of the work. As staff is proposing it, this would be subject to the Board of Supervisors and mayor's office approving the allocation you've suggested in your capital budget to add dollars to complete the Pier 29 work and also subject to your review and approval in order for us to execute a change in our contract.

Commissioner Woo Ho - The reality is the contractor is not going to wait 220 days to find out whether he gets the second part because it's really the budget process timeline that determines when they will know that we have the ability to give them the second part of the project. Is that correct?.

Jonathan Roman - That is correct.

Commissioner Woo Ho - I wanted to be clear on that because it seems like for someone to hold prices for 220 days is quite a lot. I think they weren't really expecting to fully have to ride that timeline.

Commissioner Katz - And just to follow up, by calling it a change order, will that impact us in any way? Are there any added costs when something is a change order versus included in the contract?

Elaine Forbes - Is this a contract modification or amendment? How is this proposed? Or would it be a typical change order?

Tim Yoshida, city attorney's office - Technically, when there is an increase in scope or duration of a construction contract, we call that either a change order or a contract modification. In the industry, the vernacular is to issue change orders. But the administrative code for the city specifically refers to contract amendments that increase the scope, time or duration more than 10 percent as a contract modification. That requires commission approval.

The question before you is whether that approval for the later scope, subject to budget approval could be given prospectively or not. Typically, the prices are negotiated with the contractor over the change in circumstances. Then, staff come back to you asking for express approval of that change. Here, we're deviating a bit because the scope is being reduced due to lack of funding but the contractor has agreed to hold prices until the funds are available through the city's budget process. That work for Pier 29 would then be added by way of change order or contract modification.

Commissioner Katz - I guess what I'd be concerned about and maybe when we draft the agreement is some language that would not have this change order coming back to haunt us if we get into any disputes later with the contractor since, usually, those are over change orders and the increased scope of work and the delays, etc., always blamed on the new change orders.

I want to make sure that, by change order, contract modification or amendment, whatever we call it, I want to make sure that doesn't come back to us down the line as a delay in the project that increases costs by the contract. I imagine that can be done and that we could waive that with respect to this particular item.

Tim Yoshida - Yes. We've anticipated that. I believe staff have negotiated with the contractor to hold prices firm for the deferred scope at Pier 29. We anticipate adding language.

Commissioner Katz - And agree to release any claims they might have for delay damages down the line because of the modified scope of the project? That's where I'm going is not necessarily now but down the line if things are delayed or whatever, that this would not be added onto potential claim -- delay damage claims.

Tim Yoshida - We can certainly add that language into the contract. I didn't anticipate and I don't think staff anticipates any claims for extended overhead or field expenses. From what I understand, Power Engineering has been very flexible. They are already mobilized in the area. They're working on numerous maritime projects.

Commissioner Woo Ho - Generally speaking, you gave us a little more background on the contractor. Have they worked on Port projects before? Have they worked on other city projects? Executive Director Forbes will remember that my typical question is have we checked their references and track record in terms of their performance?

Jonathan Roman - There was a requirement in the bid document. I can't remember exactly what it was or how it was phrased but a number of years of Port marine projects as well as city-related projects. I can forward you that language. Power Engineering has done the substructure work for the Exploratorium. They're actually doing all of the work right next door at the downtown ferry terminal.

Commissioner Woo Ho – So they've worked on Port projects?

Jonathan Roman - Yes.

Commissioner Woo Ho - So we've had good experience with them before?

Jonathan Roman - That's correct. I believe they also did the substructure repair at the Ferry Building and I think that's where some of those pictures came in.

Commissioner Woo Ho - We always have 10 percent contingency. We all understand the concept behind it. But in essence, does that mean the contractor automatically gets another 10 percent because that contingency is always utilized? Or how often do we know whether the 10 percent doesn't or even just a portion of it's utilized? I understand the concept of why we put it in but does the contract really end up costing us 10 percent more?

Jonathan Roman - If things are presented that are not in scope, for unanticipated things, then they would be negotiated.

Commissioner Woo Ho - I understand that's the rationale for it but in reality, do we end up finding that is always utilized?

Elaine Forbes - No. We do not always use contingency. We can actually run a report to show that. I think that would be beneficial for the Port Commission to see how often we dip into contingency, how often we actually go over the 10 percent and need additional approval. We do not always spend all or even some of the contingency. We will run a report to show you. It's not an absolute. No one anticipates getting the dollars. We just set them aside for those things that are

unanticipated, so we have room to keep the project moving because, as you know in construction, there are those events that occur.

Commissioner Woo Ho - Hopefully, in this case, this contractor is fully aware, since they came in over what we budgeted, that they're very careful in terms of the actual utilization of the funds that we are giving them since we're sensitive to the amount.

Tim Yoshida - I may add, the genesis, if you will, for the 10 percent contingency arises from the city's administrative code, which allows the commission to prospectively delegate to staff the ability to increase a contract in scope, price or duration by no more than 10 percent. So granting the Port staff flexibility in not having to come back to you for anything below 10 percent, this is typically included in the resolutions at your discretion. I can say from experience in reviewing the Port's construction contracts, there are many contracts that are completed under budget in which there are budget savings as a result at the end of the day.

Commissioner Adams - I am more confused than when we started. I don't quite understand it but I think you said that he was right.

Commissioner Woo Ho - I think Executive Forbes might want to phrase exactly how this resolution should be. That might help us.

Commissioner Brandon - Let me ask my questions first. Why did the responses come in 50 to 100 percent over the engineer's estimate of \$8 million?

Rod Iwashita - Powers' bid was \$10,045,000. The next lowest bid was Valentine and they were less than \$11 million. Dutra was at \$15 million approximately. We asked ourselves what was happening or why we had such a gap. The best answer is that Power and Valentine are set up to do this type of work, the work underneath the piers with the scaffolding, jackhammers. Dutra, I believe, is a larger, heavy equipment company that is not quite as set up for this. To do this type of work, it just gets priced in that way. I'm sure you all know that marine contracting repair work like this is a very small and specific field.

It's not surprising that you would get two bids or one bid that's low because it fits somebody's equipment and work style. It's not surprising that you would get another bid that's 50 percent over because they're not exactly set up for this type of work.

Commissioner Brandon – Right, but if our estimate was \$8 million including everything and the lowest responsible bidder is at \$12,500,000.

Jonathan Roman - I think part of the confusion is the \$8 million didn't include the engineering to date, construction indirects though.

Commissioner Brandon - Nor the contingency?

Jonathan Roman – Correct. That might not have been clear in this slide.

Commissioner Brandon - They're \$2 million over what we thought it should be and that's because it's specialized?

Rod Iwashita - The construction industry is quite hot. I believe that demand for the work gets priced into these bids.

Commissioner Brandon - So we're comfortable with the bid that we received thinking that they can come in on or under budget?

Rod Iwashita - Personally speaking, I've been around or exposed to Power for over 20 years. I know that they are a good company and they're very conscientious. I have a feeling that, barring some completely unexpected discovery, that we will come in very close to budget.

Commissioner Brandon - Why were the other two bidders disqualified?

Rod Iwashita - One of the requirements that we had was a safety rating, an experience modification rate. This is a very energetic location on the waterfront, lots of boat wakes, lots of wave action. We have conditions where the workers are going to be exposed to that. We have to deal with the tides and such and it's a constrained space. In the beginning, we had a very tight deadline that we were trying to meet to satisfy real estate's tenants who were going to move in.

Having a lower experience modification rate, or EMR, means that you are likely safety conscious and you are also planning your work. We set that value as a requirement for this contract to be 0.8. The other two contractors were above it. One of them was just slightly above. And the other one was at 0.93.

Commissioner Brandon - How much are we saving by putting these two contracts together?

Jonathan Roman - The mobilization cost is \$450,000. With contract management, we'd also be saving that by having one contract manager. We're looking to get a contractor to do that work for us. That's part of that \$1.3 million. That could be anywhere from \$200,000 to \$400,000 in savings as well as any other economy of scale on purchasing. There will be anywhere from \$450,000 to \$800,000 in savings, maybe even more.

Commissioner Brandon - I think this is a good deal. I'm just not sure because it's over our estimates and we don't have the complete funding for it. There's a possibility and I'm not quite sure if we should do it or not that we should just go with Pier 31½ and rebid Pier 29 later when we know what actually needs to be done.

Elaine Forbes - I understood from the team and from legal that bidding it again was not an option?

Commissioner Brandon - How could it not be an option if we're not committed to giving them the additional funding?

Tim Yoshida - The city's administrative code in chapter six specifically addresses a situation where a department receives multiple bids, as in this case, but there's only one responsible, responsive bidder that is above budget. In that instance, under 6.23 of the administrative code, the department with the commission's approval is permitted to negotiate scope and price for reduced amounts with the sole bidder.

Commissioner Brandon - Our budget is \$7.5+ million.

Elaine Forbes - Can they just award Pier 31½ and de-scope Pier 29?

Tim Yoshida - Allowing staff to renegotiate for a lower price and scope requires that staff and the commission find that rebidding it would not result in substantially lower bids due to two factors: one, a finding that the bid qualifications and requirements were too stringent so it requires that you find that the bid requirements were not too stringent. Two, that the flaws in the non-responsive bids could not easily cure it. This determination was made internally based on policy considerations with the time sensitivity.

Commissioner Brandon – Right, but we don't have the funding. So either you have to come back to us for approval for additional funding or ...

Elaine Forbes - You've budgeted for it.

Commissioner Brandon = I don't understand what you're putting before us.

Elaine Forbes - Let me try to clarify what's before you. First of all, the funding for Pier 29, you've put into your capital budget. It's headed toward the Board of Supervisors and for a signature by the mayor this summer. That's when the funds would become available should they take our recommendation on the capital budget, which typically they do. We anticipate that the funding will be available.

Commissioner Brandon - But if it's not?

Elaine Forbes - If it's not, what we're asking for you to do today is to approve the contract for the improvements for Pier 31½ in the amount of \$7,516,768. We're asking that, in the summer should the budget become available as we anticipate it would, we would come back to you to ask to execute a contract amendment or a change order depending on your lexicon for the work at Pier 29.

In awarding \$7.5 million for Pier 31½ today, we'll have a surplus money set aside, \$1.8 million. It's already in the bank. The new budget, which would come in late summer for an additional \$2.8 million would give us the total cost of Pier 29, which is \$3.532 million. You'll have future approval rights over Pier 29.

Commissioner Brandon - So today, we are approving Pier 31½ for \$7.5 million?

Elaine Forbes - And that's it.

Commissioner Brandon - And it's our decision when you come back in the summer if we want to approve the remainder?

Elaine Forbes - It would be their full decision. They could choose not to do the Pier 29 work. Correct?

Tim Yoshida - Well, as currently proposed, the resolution would award the contract for the scope of work at Pier 31½ for the amount stated. If funding is approved by the Board of Supervisors and those funds become available to the Port, then the contract change order would presumably be awarded to Power Engineering.

Tim Yoshida - If you grant and approve the change order.

Commissioner Brandon - I guess that's why the resolution is kind of hard to understand.

Elaine Forbes - Does the commission have latitude to deny the Pier 29 work in the summer?

Tim Yoshida - Yes.

Elaine Forbes - The commission has the latitude to vote up or down the additional work. To reflect that correctly, I think we need to make an amendment to the final resolve clause where it discussed Pier 29 and 31 substructure repairs. We should strike it to just say Pier 31½ substructure repairs to clarify this resolution is not related to the work at Pier 29. It's just related to the \$7.5 million for Pier 31½. That provides better clarity.

Tim Yoshida - Certainly. Given the tenor of the discussions and comments from the Port Commission today, it would be appropriate to add something to the resolve clause that says subject to the appropriation of funds and Port Commission approval the additional scope would be negotiated with Power Engineering. Because up until now, the assumption has been that Pier 29 was an important enough asset that the Port desired to move forward with those improvements.

Commissioner Brandon - We definitely want to move forward. We just want to make sure we're getting the best deal.

Elaine Forbes - But if we're coming back to the commission, they have to have an affirmative yes or no. We wouldn't come back to them if it's automatic.

Tim Yoshida - Correct. Under the administrative code, any contract amendments in excess of 10 percent require your approval. So it's subject to your approval and discretion in any event. We need to make that clear with the contract.

Commissioner Katz – I guess they have locked in the added scope regardless of what we do today. They've locked in the price. Power Engineering has agreed to that \$3.5 million price for the work at Pier 29 regardless of what we do and they'll hold that for 220 days?

Jonathan Roman - Yes. They will hold that price. It's clear to them that there's no guarantee that the funding could become available. With that added clause and the commission's approval, that wasn't made clear but that's the clarification today.

Commissioner Katz – It's kind of implicit anyway. But that won't change the price for Pier 31½?

Jonathan Roman – None.

Commissioner Katz - Only because, if you were trying to get the economies of scale, that price won't go up, and there won't be any change orders as a result.

Commissioner Woo Ho - So what have we agreed to?

Elaine Forbes - Before you approve this resolution, we're going to change the language on the final resolve clause where it says Piers 29 and 31½, we're just going to have Pier 31½. Also, we're going to add an additional resolve clause to clarify that future action is subject to Port Commission approval and budget appropriation.

Tim Yoshida - I stand corrected. The way the resolution is currently written, I don't think it requires an additional revision. The 10th whereas clause makes it clear that, "if Port staff secure the future appropriation for such additional funding, staff intend to seek commission approval to amend the proposed contract with Power Engineering to add the Pier 29 scope --" there's a grammatical error there -- "as described in the accompanying staff report."

It's clear that they intend to come back to you for your approval if the funding is appropriated. The resolve clauses simply award the contract for the Pier 31½ scope. It doesn't say anything about Pier 29. So it's not binding.

Elaine Forbes - So only one small change required.

ACTION: Commissioner Katz moved an amendment to remove Pier 29 from the resolve clause. It would just read Pier 31½ substructure repairs. Commissioner

Adams seconded the motion. All of the Commissioners were in favor. Resolution No. 18-21 was adopted.

9. MARITIME

- A. Request authorization to issue a second Request for Proposals (“RFP2”) for the Lease and Operation of the Shipyard located at Piers 68 and 70 and Seawall Lot 349 near 20th Street and Illinois Street, including Dry Dock Eureka and Dry Dock #2 (the “Shipyard”). (Resolution No. 18-22)

Jeffrey Bauer, Senior Leasing Manager for the Port - I’m requesting for Commission’s approval of the second request for proposals to operate and lease the dry dock. In the summer of 2017, this commission authorized Port staff to issue the first proposal for the shipyard. The RFP was issued on August 15, 2017. We received three respondents. Only one of them was actually responsive. The other two were letters of inquiries.

The respondent was from Vigor. The other two of interest were from Bay Ship and Yacht and Mare Island. Set forth in the RFP, the Port is seeking a tenant that can demonstrate the ability to modernize and operate the shipyard and its assets through the life of the lease and to achieve the Port's strategic goals of renewal, stability, economic vitality, engagement and livability.

The key revised terms of the RFP, in the new RFP, a smaller footprint, which would reduce the operator's maintenance and repair costs of the buildings that are not actually required to operate the shipyard, Building 6, for example, Building 111 and the demolition of Building 38.

The Port has potential capital and financial support for the shipyard. Again, demolishing Pier 38, dredging under Dry Dock 2 and potentially doing ongoing maintenance dredging in the future as we do with other facilities, Pier 27, for example, Pier 80, potential asset transfer.

Learning a lot from the process where, not only from Vigor but Mare Island and from Bay Ship and Yacht and community or industry professionals, there is a need to do some investment in both of these dry docks. One is 70 years old. The other one is 47 years old. What we're suggesting is that the Port would offer some type of asset transfer and that could be the Eureka, for example.

We could do an asset transfer of the Eureka. It could be scrapped. It could be rebuilt. It could be moved. It could be bought and those funds would be used to retrofit the shipyard, particularly Dry Dock 2, which is really the moneymaker of the dry dock.

The respondents also propose asset transfer or other uses ancillary to the dry dock. We're seeking to do more outreach. That could be metal fabrication, construction within the dry dock, labor, vessel husbandry, ferry excursion and repair, etc.

The RFP requires, as the first one did, the sequel to the Dry Dock 1 requires the respondent to do a brief presentation before the commission along with staff. As you recall, Vigor did a brief presentation. This is the reduced footprint. You can see that Building 6 is taken out. It's more of an economic dry dock.

This is the timeline from the first offering. We are very aggressive with this offering. You saw it as an emergency. We are very aggressive. I think the timeline was too short, too condensed but we did learn a lot. We learned a lot from the tours that we conducted, from interviewing industry experts and that has been translated well into the sequel of the second offering.

This is some of the potential investment. We are doing an electrification separation of the electricity and we talked about possible asset. We would be able to issue the updated RFP as early as tomorrow.

For submission and approval, we're looking at June 15th so we're giving about a two-month period of time. It's a longer period of time for respondent presentations to the Port Commission. We're also going to cast a wider net and send it to other industries as well as other dry docks and operators. Scoring is similar to the first offering.

Commissioner Woo Ho - I understand the reduction in footprint. Two questions on the reduction of the footprint -- what would we do with the other buildings? Secondly, did we get feedback from possible interested parties that, by reducing the footprint, they would have more interest in bidding?

Jeffrey Bauer - We did. Absolutely. That was a concern when you go back to BAE even that, well, are they a ship repair dry dock operator? Or are they a developer? For example, Building 111 takes \$10 million to get it up seismically.

We got feedback that they wanted to be in the ship repair business. They did not want to be a developer. We have had interest in Building 111. I've shown it to a company that's a subtenant of Orton Development. They may be interested in developing it.

Elaine Forbes - I just want to clarify a couple of things. We're focused right now on finding a ship repair operator. We did hear from the ship repair operator say these buildings are putting a drag on the financial viability of the yard. With this reduced footprint, operators can also say we would like more of the buildings included. As you'll remember from BAE operations, many of these buildings were once part of their ship repair business, fabrication shops, etc. but over time, the buildings fell into disrepair. They turned their back on some of these facilities. We have not in earnest began to reposition the buildings. It will be a major effort for us. We'll come to you to talk about some of the strategies there.

Our first priority has been to find our ship repair operator. Then, we'll know which buildings we have to reposition and come to you to talk through different request

for proposal processes, etc. where we could find a development partner for the buildings.

Jeffrey Bauer - I did gloss over the fact that those buildings are optional. They could propose Building 6 or Building 111 to include those into the lease.

Commissioner Woo Ho - Okay but the minimum would be the reduced footprint.

Jeffrey Bauer - Correct.

Commissioner Woo Ho - How much have we invested so far? We're offering more in this RFP, right?

Elaine Forbes - We've made several investments in the facility to date. We've been working on separating the electrical. We've done building demolition.

Elaine Forbes - Are we also going to repair the high-water platform?

Jeffrey Bauer – No, we're not.

Elaine Forbes - We will provide you a budget to show total spent to date rather than give you an off-the-cuff figure.

Jeffrey Bauer - There's facility repair, like Director Forbes mentioned, but there's also the cost of keeping the facility stable.

Commissioner Woo Ho – Right, but the RFP is going to commit more Port funding, \$3.5 million? Is that correct?

Jeffrey Bauer - That's an ongoing electrification project.

Commissioner Woo Ho - I'm just trying to understand, if I'm a bidder, how much am I going to count on the Port giving me more money.

Jeffrey Bauer - We're going to dredge under Dry Dock 2.

Mike Martin, Real Estate Deputy Director - The big takeaway we took from the first RFP was that the value of the potential restarting of the operation was not enough to defray all of the expenses that come with restarting the operation. One of the things that we heard was, if we have to pay for these buildings too, there's not enough dollars coming out of ship repair that allow us to do that. Similarly, what we're structuring this RFP to do is to say, what are some other costs that we, as the Port, feel like we can perform at a cost-effective rate such as using our dredge program to take that cost off of the operator and have them bid back to us as to what that means to the operation.

Our goal with that isn't to sort of offer a subsidy so much as it is to get operators thinking creatively about can we get ship repair back here and, hopefully, in a

competitive environment when they're each looking over their shoulder and saying, we don't want to lose this because we're asking for too much, hopefully, use the competitive process to limit what they ask for. What we heard was just putting out what we had was not generating the interest that would create that competitive process. We'll be evaluating the RFP responses to say what kind of a support do we need to give? Is that worth it to us to restart the ship repair operation?

Commissioner Woo Ho – In this RFP, we're not designating any minimum rent that we're expecting? What are we doing for financial terms?

Jeffrey Bauer - We are requesting that they propose the minimum rent. We have some escalations that we are proposing and term of 10 years. To answer your question, the answer is no. We're expecting that they will propose a minimum rent.

Commissioner Woo Ho - In BAE's case. I'm not sure I remember whether there was anything else besides just a base rent. Was there some sort of sharing arrangement or not?

Jeffrey Bauer - No. Well, the first RFP, they could propose a percentage rent, a participation rent.

Elaine Forbes – The Commissioner is asking about BAE.

Jeffrey Bauer – BAE's participation rent was 3.3 percent.

Commissioner Woo Ho - We're allowing the bidder in this case to suggest any financial terms and then, we will evaluate that accordingly.

Elaine Forbes - Yes.

Jeffrey Bauer - That's correct.

Commissioner Woo Ho - At some point, what is our contingency plan if the bidder comes back with financial terms that are not acceptable to us?

Elaine Forbes - Once we get the responses, we will evaluate those and come back to you and talk through the tradeoffs of moving forward or repositioning the property in a different manner. We're very hopeful that we can find a ship repair operator who can make a go of the shipyard, bring ship repair back and grow the business and generate revenue for the Port over time.

We also understand that we're going to present with you the policy tradeoff of potentially making Port investment in the facility and contributing to support that business and see if that's something we would like to do. If not, we will start working on plan B. As I've said, we have really been focusing on bringing ship repair back and giving it the best try possible. We went out with

RFP one here. We're trying to provide options that will improve the economics of the facility to bring in more interest. We're hopeful we're able to do so.

Commissioner Woo Ho - Nobody would disagree with the purpose and hopefully the objective to see whether we can. I think it's just very up in the air since we've already tried with a failed situation and an RFP that did not pan out. This would be attempt number three at this point.

We have to be prepared. Hopefully, all of you are preparing a contingency plan so that we can understand and so that we don't do this in sequence. You should be doing something in parallel. You don't have to tell us what that contingency plan is yet but you should be preparing it in parallel.

Commissioner Katz - Thanks for your presentation, Jeff. I had a couple of questions in terms of the smaller footprint. Is that leaving all of the buildings as optional?

Jeffrey Bauer - Not all the buildings. They are optional.

Commissioner Katz - Previously, they would have been responsible for Building 6?

Jeffrey Bauer – Yes, Building 6, this is a demo and Building 111.

Commissioner Katz - But under our prior RFP, that would have included taking responsibility?

Jeffrey Bauer - Yes. It would.

Commissioner Katz - For Building 6?

Jeffrey Bauer – No, at the prior RFP, Building 6 was optional and Building 111 was optional.

Elaine Forbes - One clarification, in RFP1, though the buildings were optional as clearly stated, the responders all came in as if it was their obligation. In this one, we're clarifying what the basic footprint is and what the expansion option is here if they are to take on the additional facilities for operational purposes.

Commissioner Katz - That's what I was trying to get at is what changes we've, in fact, made versus more of a clarification.

Jeffrey Bauer - More clarification. We have some nice, pretty pictures that really demonstrate to them what is optional and what's not.

Commissioner Katz - Are there any other sweeteners then for prospective bidders?

Jeffrey Bauer - Being a tenant of the Port of the San Francisco, I suppose.

Elaine Forbes - The asset transfer.

Jeffrey Bauer - The asset transfer, which if they come in and we're having them make a proposal of it could be Dry Dock 2. It has to stay in San Francisco. It could be a 10-year transfer over a period of time where they eventually, after 10 years, own it. They could use it as an asset to get a loan or a mortgage.

Elaine Forbes - That's really important.

Commissioner Katz - Have we gotten any sense of who the potential bidders might be? Is Vigor interested in coming back at all? I know there were two others last time.

Jeffrey Bauer - We believe so. Vigor is very aggressive, We're hopeful with Mare Island and Bay Ship and Yacht.

Commissioner Katz - You mentioned we're now going to cast a wider net.

Jeffrey Bauer - Yes.

Commissioner Katz - I'm just curious why we didn't do that the first time and how much wider it can be.

Jeffrey Bauer - You know, more bait on the hook, if you will. We went too quickly, I believe. We looked at who are the usual suspects to send this to? At this point, we're casting this wider net of other entities that may be interested in the facility.

Commissioner Katz – But would they still be doing ship building?

Jeffrey Bauer - We hope so. That's the goal.

Commissioner Adams - First of all, I want to tell the staff I support you guys 100 percent. My grandmother always said a car can't move in neutral. I'm going to support this. My reservations is that we've kicked this can down this road.

We keep doing the same thing, getting the same results. I don't know if our history with the shipyard has come and gone but I'm willing to try one more time. I know Vigor every well. They're in Portland. They're in Seattle and Ketchikan. They play games. I kind of like am looking also for a backup plan. I will support this one more time but we're going to get to a point we've got to have this painful discussion. We've really have to move forward.

Where is Larry Mazzola and the unions? What's going on with the different wages and things like that? There's a lot of variables there.

Elaine Forbes - Mr. Mazzola is the leader of the Bay City Metal Trades, which is 13 bargaining units, all of which had employees at the shipyard. He has been incredibly helpful to Port staff, as has the entire council of the Bay City Metal Trades. They understand, like you Vice President Adams, that the economics have changed to the shipyard. We've met with them several times and we've kept them abreast of where we are. They'd love to see ship repair return to San Francisco.

They have labor force to support ship repair in San Francisco. They're hoping that this second RFP will produce different results. While it feels like we might be doing the same thing again and again, we're not doing exactly the same thing. This is a different offering. It is bound by what we learned from the respondents to RFP1. We got really good information from that process about why this wasn't working. What Jeff mentioned about the ability to even get a loan to repair the dry dock, that's important piece of a good financial plan for an operator.

Right now, we own the yard. We own those docks. It's very difficult for an operator to get a loan on something they don't own. That's just one example of something we learned. We wouldn't ask you to do this again if we felt there was no possibility of success. We do feel this may yield a different result so we want to give it another try. Labor has been incredibly supportive of us and our efforts as well as had eyes wide open with us about what we're facing in terms of obstacles.

Commissioner Adams - Jeff, you said that Vigor might be interested again. What, in your mind and the team's mind, do you think is the hang-up?

Jeffrey Bauer - I think that you have some deferred maintenance that is an issue to them. The one thing we've learned is the profit margin in the ship repair business. If they have to invest into the facility, that cuts into their profit margin. When we had met with them, the team raised the issue about asset transfer and they perked up. That was something that you could tell they were very interested in. For example, Dry Dock 2 and, again, over a 10-year period, if every year they started to own a percentage of it, then they could get a loan on that. So that may incentivize] them. That's our hope.

Commissioner Adams - When you guys are back in Washington next week, I hope that, when you're talking to the different politicians about this issue whether Senator Feinstein or Harris or Leader Pelosi or Garamendi, that what we're trying to do here in San Francisco and if we can get any kind of contracts, we're going to have to get work, right, whether it's the Army Corps or the Coast Guard.

We need them to be saying, hey, we need to get some work in San Francisco, the cruise ships, so we can fill that place up because, we can get somebody in there but it may take a while for them. I'm for maritime. I'm somewhat frustrated by this. I know sometimes you've got to keep doing it and I'll support it. But we'll see who approaches. I'm hoping next time Vigor come, they don't send the Starbucks guy, that they will actually send their CEO if they're really serious

about coming to San Francisco. They sent some sales guy that didn't really know what he was talking about and talking about flying people in and out and stuff like that. That's not the culture of San Francisco. If they're really serious, the CEO would show up and make a presentation to this commission. They deserve that kind of respect, so does the Port director, so does the staff and the citizens of San Francisco.

Commissioner Brandon – Jeff, thank you for the report. I'm hoping that this time we do get different results and that we are able to make this happen. Thank you to the whole team.

Jeffrey Bauer - We are optimistic.

ACTION: Commissioner Katz moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution No. 18-22 was adopted.

10. NEW BUSINESS

11. ADJOURNMENT

ACTION: Commissioner Adams moved approval to adjourn the meeting; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Commission President Commissioner Brandon adjourned the meeting at 5:30 p.m.