

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

**MINUTES OF THE REGULAR MEETING
TUESDAY, MARCH 27, 2007**

1. CALL TO ORDER / ROLL CALL

Commission President Ann Lazarus called the meeting to order at 2:05 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon and Rodney Fong. Commissioner Michael Hardeman arrived at 2:15 p.m.

2. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Commissioner Lazarus deferred the announcement until the Commission reconvenes in open session.

3. APPROVAL OF MINUTES - March 13, 2007

ACTION: Commissioner Brandon moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor; the minutes of the March 13, 2007 were adopted.

4. PUBLIC COMMENT ON EXECUTIVE SESSION

5. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

The Commission Secretary announced that Item 2b (Piers 27-31) has been taken off the calendar.

At 2:08 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (DISCUSSION & ACTION ITEMS).

a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code section 67.10(d):

- Specialty Crushing, Inc. (debtor) (U.S. Bankruptcy Court, Northern District of California, Oakland Division, Case No. 05-43167) (Discussion Item)
- Platte River Insurance Company v. City and County of San Francisco (San Francisco Superior Court Case No. CGC-05-446355) (Discussion Item)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

This session is closed to any non-City/Port representative.*

- Property: Pier 70
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*BAE Systems: Ira Maybaum
- Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried
This item has been taken off the calendar.

6. RECONVENE IN OPEN SESSION

At 3:17 p.m., the Port Commission reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any other information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commissioner Lazarus announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. The Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report. Executive Director Monique Moyer reported the following:

- Commissioner Michael Hardeman has been nominated by Mayor Newsom for reappointment to the Port Commission. The Mayor has also nominated Stephanie Shakofsky to fill the seat vacated by Sue Bierman. The appointments could be in front of the Board of Supervisors Rules Committee as early as April 5, 2007 at 10 a.m. Stephanie is the Executive Director of the Center for Creative Land Recycling (CCLR). The CCLR is a statewide non-profit organization dealing with land use and development issues. They focus on community revitalization. They do a lot of brownfield work. She also has held several other positions. She was the executive

director of the Middlesex County Soil and Water Conservation District in Connecticut. She was a committee consultant to the California State Assembly Environmental Safety and Toxics Committee. She was a research hydrologist for the United States Geological Survey, Water Resources Division in Menlo Park. She has a bachelor's of science and masters of science in geology. A lot of people in San Francisco know her from her volunteer work with the CA Environmental Revitalization Fund. We are looking forward to having her on the Port Commission. The Mayor nominates and the Board of Supervisors confirms her appointment. If she is confirmed, the earliest she would be able to join us would be in May.

- Seatrade Cruise Shipping Convention – March 12-16, 2007 – Peter Dailey, Michael Nerney and she attended the Annual Seatrade Conference, the conference for the cruise industry. All of the world convenes in Miami Beach for this conference such as the Port Directors from Dublin, Ireland; Cork, Ireland; Haiti, etc. It is like no other convention she has ever experienced. The best way she can describe it is that the exhibit hall is definitely amplified. Most of the countries come and they have exhibit booth that are as big as anyone's office or even larger. They spent a lot of money to promote their product. All of the officials from the cruise industry are present. The Port of San Francisco shared a booth with some of our sister ports in California. There are Irish dancers, Italian café mochas, Chinese egg rolls and all kinds of gimmick that go on in an effort to capture the cruise business. It's quite a treat to go and see the frenzy of it. In addition, there's a lot of conversation about where the cruise ship industry is headed. There's a lot of discussion about the Panama's plans to enlarge the canal which effectively means creating a second passage way. There was a lot of conversation about the growth of the Asia market for cruise and the demographics of the cruise business. Currently, Americans account for \$10 billion of the industry. There is an expectation that Europe is going to grow exponentially for about \$3 billion. After that, we will see tremendous growth from China and thereafter, India. The cruise industry is extremely bullish, primarily in Europe but there is discussion about the viability of the West Coast for post Panama ships and thereafter if the Panama Canal expansion goes through.
- American Association of Port Authorities Spring Conference and Board Meeting – March 19-21, 2007 – This was a very important meeting. Secretary Chertoff and Admiral Allen from the Coast Guard attended the various aspects of the meeting. There was a lot of discussion particularly as it relates to security in the industry but also the ongoing discussion that the maritime industry, ports in particular, are economic engines for their regions and it's important that we don't lose sight of how important that is in the world's trade particularly as China and other nations are growing exponentially.
- San Francisco Business Times Real Estate Deals of the Year Awards – March 22, 2007 – The Piers 1½, 3 and 5 project won an award from the San Francisco Business Times as the best San Francisco Rehabilitation Deal of 2006. There were 150 nominations for lease or development transactions, which resulted in 400 pages for each of the judges to study and read. The criteria is that the transactions, if they are a lease transaction have to closed in 2006 and if they are a development transaction, they have to have been completed in 2006. The projects are eligible from 5 counties:

San Francisco, San Mateo, Marin, Contra Costa and Alameda plus the City of Palo Alto which is in Santa Clara County. To be selected as one in 8 categories was a tremendous acknowledgement of not only the efforts of the Port but the efforts of the developer and its team. Commissioners Brandon and Fong were able to attend the event with Port staff and the developer. It was quite a nice occasion. The project was recognized primarily for its restoration of the historic bow arch structures for the one acre of public access and for bringing back the colorful maritime history of the pier. We are anxiously looking forward to having the project completed in terms of having it utilized by restaurants. The office space is quickly becoming utilized. We're starting to see more and more pedestrian traffic there. She thanked Byron Rhett, Bijal Patel, Jennifer Sobol, Diane Oshima and everybody that worked on the project for a job well done! What a great opportunity to be recognized in perpetuity. Congratulations to all and to the Commission, particularly Commissioners Hardeman and Brandon for having the foresight to approve the development project way back when.

- Dedication of the Fisherman's Wharf Seaman's Memorial Chapel – March 30, 2007 at 12 noon at Pier 45 – As you may recall, there was a fundraising effort to revitalize the chapel which included the installation of a campanile which plays a long laundry list of songs which will rival the Ferry Building tower songs. The dedication of the chapel will take place on Friday, March 30, 2007 at 12 p.m. Mayor Newsom will be attending. It will be a great celebration of thanks to not only the fishermen who have dedicated their lives to the San Francisco waters but also to the great craftsmen who built Fisherman's Wharf and enhanced it with the chapel.
- One of the Street Entertainers in Fisherman's Wharf appeared before the Police Department Commission to bring to their attention some concerns he has with respect to the relationship between the San Francisco Police and the Street Performers in Fisherman's Wharf. There are a lot of activities in the area. There are some people who are illegally selling their wares. There's a lot of impasse that gets created during high traffic times so that pedestrians are forced to walk out into the sidewalk. Port staff have been working internally with the community on new guidelines for managing that aspect. Apparently, at a late January meeting of the SFPD, one of our constituents brought forward our draft plan. SFPD Commission has seen the draft plan but unfortunately, the Port Commission have not. It's certainly far from complete but she wanted to apprise the Port Commission that conversation is happening. It is of interest not only to the Port Commission but also to the Police Commission and the Board of Supervisors. Port staff will report to the Port Commission as soon as we can with a more concrete plan and ideas of how we can marry our needs with freedom of speech and freedom of access needs as well. Port staff and Commission have looked at this in terms of policy ten years ago. Ultimately, it did not adopt one because of the complexities. We think we have a plan that can work for everybody.
- Tenant Project Repair Costs associated with the Facility Assessment Program – Uday Prasad will respond to a question that Commissioner Fong raised at the last Commission meeting related to the presentation on the facility assessment program. Specifically, Commissioner Fong inquired as to what tenant paid work has been done as a result of the facility assessment program. Commissioner Fong indicated that his

question was the ratio of capital funds from tenants and the ratio of Port's capital funds. Mr. Uday Prasad, Senior Civil Engineer, provided the Commission a copy of the Tenant Repair Projects initiated by the Facility Assessment Program. The first project on the list was substructure deck and pile repair for the Fisherman's Wharf J1 and J3 repairs. Out of the total construction cost of \$1.4 million, the Port paid about \$900,000. The Port paid 100% of the substructure deck and pile repair for the Pier 43½ parking lot repair costs. So far since the program started, the tenant has spent about \$1.12 million for the Pier 39 substructure deck, piles and seawall repairs. The tenant is allowed rent credit of about \$100,000 every year for the seawall repairs (adjusted annually by CPI). For 2006, the rent credit allowance was \$133,028.97. Other small projects are Cal ShellFish at Wharf J9 which tenant paid 100%. The also tenant paid 100% of the Pier 23 substructure deck and pile repair costs.

- Commendation for Deputy City Attorney Bijal Patel – Ms. Moyer indicated that it is not with pleasure that we commend our friend Bijal Patel who is going off to greener pastures. Robert Bryan, Port General Counsel, indicated that it is with sadness that Bijal Patel has announced that she will be leaving the legal office which will be a great loss to the City Attorney's office and to the Port family. It's a time that he wished he could turn back and jump over and never have to confront. Bijal joined the City Attorney's office in March 2001. She came to the office as a perfect fit for the Port's legal team. In addition to a JD, Bijal, a Full Bright Scholar, brought a masters of City Planning and an experienced tax accountant with Deloitte & Touche to the team. Her training and acumen were well suited to the Port's efforts to improve the waterfront while needing to secure the full benefit of each dollar spent. Bijal's passion for real estate development, public policy, and the Port can only be matched by those who are truly devoted to public service. He's only had the pleasure of working directly with her for the past year but during that time, her love and concern for the Port and its future are shown through very brightly. She's an exceptional, experienced attorney who is also very caring and compassionate. In her time at the Port, she's made very important contributions to the City Attorney's office and the Port such as her work on the Pier 70 Master Plan, the Rincon Restaurant project, Boudin Restaurant in Fisherman's Wharf, the negotiations for the Piers 27-31 Mixed Use Recreation Project and the Piers 30-32 Cruise Terminal project. We are indeed sad to see her go but we look forward to hearing wonderful things about her in the future.

Commissioner Lazarus read the following excerpts into the record and presented Ms. Patel the proclamation:

WHEREAS, Bijal Patel has served more than 5 years as a Deputy in the City Attorney's Office, and, during her tenure, has been a truly effective advocate and counselor for the Port, successfully representing the Port Commission in numerous significant real estate transactions and land use projects that have greatly enhanced the economic vitality of the City's waterfront properties and the quality of life for the citizens of our City; and

WHEREAS, as a Deputy City Attorney, Ms. Patel has demonstrated extraordinary intellect and leadership in advising the Port Commission and the City in the development of public trust properties and in devising creative, practical and effective

solutions that achieve the Port's objectives in complex real estate transactions and in matters of general municipal law; and

WHEREAS, Ms. Patel has distinguished herself among her peers in the area of waterfront development in San Francisco, advancing the Port's interests in relation to the tidelands trust, and historic preservation, particularly in her research which led to the Port's efforts to chart its own course for preserving the extraordinary Union Iron Works buildings, and facilitate its efforts to produce a Master Plan for Pier 70, which will have lasting benefits for the City and Port of San Francisco and,

WHEREAS, Ms. Patel's adherence to the highest standards of ethical conduct has ennobled public service, her strong work ethic has set an example for others, and her legal skills, calm demeanor, and thoughtfulness have inspired the respect of her colleagues, clients and peers; and

WHEREAS, Ms. Patel's colleagues in the City Attorney's Office and Port of San Francisco have valued her for her skill and work proficiency, and for her astute counsel, good judgment, commitment, productivity, perseverance, efficiency, calm demeanor, thoughtfulness, wonderful sense of humor and – most of all – her friendship, and they will dearly miss having her in the Office; now therefore, be it

RESOLVED, that the San Francisco Port Commission hereby commends Bijal Patel for her invaluable service to the Port of San Francisco, the City at large, and its citizens.

Ms. Patel indicated that the work at the Port is so great and so formidable that no one person can deserve any honor because it's really as a team that we work and we accomplish things. It's only with the dedicated Port staff that she's had the honor to work with, her super talented colleagues, and the City Attorney's office and because of them, she has been able to contribute in some small part at projects at the Port. As she was cleaning through a pile of papers in her office yesterday, she came across a chronology of Rincon Park that her predecessor had done. In 1980, the Port Commission had approved the Rincon Park South Beach Plan. 26 years later, in July 2006, she had the pleasure of working on the closings for the final element of that plan which is the Rincon Park Restaurants. She's sure that her predecessors never imagined that it would take a whole generation to fully implement that plan. Without their early efforts, she would have never been able to do her small part on that wonderful waterfront project. She thanked everyone at the Port for allowing her the honor of leaving her own fingerprints in innumerable projects across the waterfront. She hoped that her successors can use those as a guidepost as they helped the Port continue its invaluable mission of protecting the waterfront. It's been a real privilege to work with the Port staff, the Executive Director, the Commission and all of her colleagues at the City Attorney's office. She will miss everyone.

Commissioner Hardeman thanked Michael Nerney for taking a crew from Taipei and Taiwan on a tour of the Port this morning. They were very delighted and they were very influential people that might do some good for the Port.

Commissioner Lazarus indicated that the Port Commission has been receiving some very well put together and timely financial reports. She thanked Tina Olson and her staff who have been supplying them with the information. It allows them to keep track of where we are against budget and a little bit of what the forecast looks like. She wanted to assure staff that the reports are being read and appreciated.

B. Informational presentation by the Department of Emergency Management regarding the City's Emergency Text Message Alerting System.

Monique Moyer, Executive Director, introduced Sarah Tyler, the emergency planner at the Department of Emergency Management. She has been with the city for two years working on this program. This project was launched about six months ago.

Sarah Tyler, Emergency Planner with the Department of Emergency Management, formerly OES, indicated that she's the administrator of the AlertSF System. Currently, the City has a couple means of communicating with the public in time of a disaster or emergency. People are probably familiar with the Emergency Alert System if they have a TV or a radio, they've heard a broadcast interrupted or seen something scrolling along the bottom of the screen giving them some sort of warning. In the City, people are probably aware of the outdoor public warning system – the Tuesday at noon siren. The problem they are encountering with those two systems working together was that the Emergency Alert System got people who were watching TV or listening to the radio and the outdoor public warning system got people who are outdoors but what happens if they are not outdoors and they're not listening to the radio or not watching television. Let's say they're inside their house and don't have any idea that anything is going on. AlertSF comes in to attempt to fill in that gap. It is an emergency text alerting system for the public. It's open for anybody who lives in, works in or visits San Francisco. People can choose to register themselves on the AlertSF.gov website. To get the message to people, they provide at the time of registration means of contact. Because this is a text messaging system, they will provide their cell phones that are text messaging capable, text capable pagers and email addresses and any other wireless device like a PDA that is capable of receiving text messages. When people register for the system, they collect a certain amount of information. They are not trying to be a big brother but in addition to the wireless contact information and email address information they are collecting, they want to get a good idea of the information that they might want from them. They ask people for zip codes of interest. The idea behind zip codes of interest is that if someone is interested in things that happened in the outer sunset and the marina but nowhere else in the City, they don't want them to be inundated with messages that don't pertain to them. At the same time, they don't want them to be missing out on things that are happening specifically in their neighborhoods. When people register, they are asked to think about where they live or work, where their children might go to school, etc. Along the same lines, they asked for addresses of interest to be a little bit more specific. The idea is that down the line if there was a gunman on the loose in the outer sunset they can notify people who are interested in that area either by choosing the zip code that corresponded with that area or by choosing the central point at which the incident was occurring and drawing a circle, a mile or whatever distance around that specific point of interest. Three other pieces of information they ask people for are whether or not they live in the western region, tsunami inundation zone, whether or not they are employed by the City and what language preference they have for receiving messages. Currently the system is set up

internally to send out messages about tsunami watches and tsunami warnings using AlertSF. They want the system to tie in with the other means of public communication that they have. If they are sending a message on AlertSF, they would want it to be the same message as it is going out on the outdoor public warning system and out on EIS. Luckily all those messages would be stemming from the same office. The other primary use for AlertSF is post-disaster messaging. After 911 and Hurricane Katrina, text messaging was up and running before people could use their cell phones and before people could make a call on their home phones because it takes a lot less bandwidth to send a text message from one phone to another and a lot less time being connected to a cell phone tower. Not everybody is trying to take over the lines all at the same time. In terms of post-disaster messaging, they are looking at giving people information about opening shelter sites, food and water distribution sites, boil-water orders, etc. Other jurisdictions across the country are using this system. The vendor is Roam Secure. They adopted as best practices from Washington, DC. Other jurisdictions are using it for crime alerts, school lockdowns, etc. Things that are specific to AlertSF that make it a stronger system in terms of public notification, they can target the users who receive messages by sending everything to everyone in the City. If there is some sort of City message that they want to issue citywide, they can do that. By zip codes of interest, if somebody lives in the Presidio and says they are interested in 94129, they could get a message of they could decide that everything within a mile of the southeast corner of 94129 could receive a message. They can deliver messages to every device that people have registered. If it's something important that they really need to get now or they can just selectively only deliver something to someone's email address in the event that it's not information that they absolutely need to get in the middle of a meeting. They can also choose to deliver messages in different formats. If you have cell phone and you receive text messages on it, sometimes the text message can be too long and it gets separated into three or four messages. They tend to keep the messages going to a cell phone short and messages that go to email addresses would get the complete story. Currently there are a little over 7500 registrants. They are still in the beginning stages of actually sending out messages because they are making sure that all their internal protocols are squared away and they have all their ducks in a row. They are going to be looking to work with on-scene first responders so that they can, in conjunction with the other public information systems they have in the city, so they can actually use them to send out targeted messages from the scenes of incidents.

Ms. Moyer thanked Sarah Tyler. She mentioned that she has signed up for this service; it only takes 20 seconds provided that you enter a zip code. However, the system does not recognize the Embarcadero or the piers as addresses. You have to use the zip code if you're signing up the Port as a workplace. It is worthwhile. The last message she got was related to the landslide on Telegraph Hill. They are not all that frequent and they are overwhelming. Lastly, Commissioner Lazarus happened to be at Pier 1 when the public address system ran its every Tuesday noon address, not only did the alarm sound off but also the voice over, which is very helpful. The acoustics of that have improved dramatically in the last ten years. It will be a great resource for us in the event of an emergency. The Mayor can control the message. It is quite clear and we have used it. She commended the department for bringing us into the current century, at least technologically. She encouraged everyone to sign up.

C. Informational Presentation Pertaining to Proposed State Legislation Terminating Trust Use Restrictions with Respect to Eleven Underutilized Port Seawall Lots.

Brad Benson, Special Projects Manager, indicated that this one in a continuing series of presentations on the public trust. For the benefit of the public, he explained what the public doctrine is. It derives from Roman law through English common law and originally to the 13 colonies of the United States. Each state as it was admitted to the union received some form of public trust rights with respect to either riverine or coastal areas. In California, the public trust applies to areas between mean low and mean high tide whether those areas are filled or unfilled. Most of the Port's jurisdiction is subject to the public trust. It exists in the form of the Burton Act which governs the uses to which the Port can put this property and also in common law. It acts as a type of zoning restriction. It tends to favor maritime types of uses, access to the water, fishing, shipping and visitor serving uses. The Port holds this property in trust for the people of California so hotel uses, restaurant uses, small retail are considered to be public trust uses, environmental restorations, parks and alike. The Port at some level has been in a dialog with the State about public trust issues since the Burton Act was adopted in the late 1960s. More recently, we've been working for the last couple of years on public trust issues as a way of unlocking some solutions to the Port's ten-year capital plan. This started with SPUR UC Hastings workshop that occurred a couple of years ago. The Port's then General Counsel Noreen Ambrose, Jesse Smith from the City Attorney's office, Byron Rhett, Diane Oshima and others participated in the discussion about the public trust and its application to the waterfront. That kicked off our latest round of discussions with the State Lands Commission.

Generally, the seawall lots are areas that are on the other side of the Embarcadero. They tend, in the northern waterfront, to be triangular shape lots right on the Embarcadero. These areas are mainly surface parking lots from Seawall 314 right across from Pier 35 down to Lot A which is the Giants Parking Lot in Mission Bay. The current shoreline of San Francisco is much different than the original shoreline. He showed a picture of the first seawall. The filling of the bay and the creation of the seawall were conducted according to a series of statutes in the 1850s. They found that while there was a lot of berthing space, there was a little bit of engineering problem because the tides which slow down and eddy in these triangular shaped areas, there's a dredging problem. There's a lot of siltation as a result of that. To address that engineering problem, they designed the new seawall adopted, pursuant to Statutes starting in 1878 and constructed over a generation and this is a new curvilinear seawall intended to provide for better tidal flow down the waterfront and less of a siltation problem. In the course of constructing this new seawall, seawall lots across the street were filled. This is part of an overall program of harbor improvement which is one of the criteria that will be important to this legislation if it's considered by the State's legislature. In the Mission Bay area, south of the current AT&T Park, there was a different fill history starting in the 1900s. Based on the George Allard survey of 1869, they were mapping the lots and blocks and streets as they planned to create them after filling. China Basin was an open water area at this point in time. We are using these incredible waterfront locations as surface parking and mainly as commuter parking. It's not generally parking that is oriented towards a trust use. There are specific exceptions such as Seawall lot 351 across from Pier 1 which serves as parking for the Ferry Building. Seawall Lot 314 across from Pier 35 provides some parking for some cruise terminal workers. The Giants utilize Lot A in part for the ballpark. In our view,

there are 11 underutilized seawall lots without structures on them in the area north of Pier 50. They range in size dramatically from just over a couple of thousand square feet to over 600,000 square feet. Looking back at the history of the Port, the Embarcadero elevated freeway really divided the Port from the City and also divided the Port from seawall lots on the other side of the freeway. The Embarcadero roadway is the \$750 million expenditure by the state and the federal government. This cemented the separation, four lanes of traffic with light rail down the center. There's no functional access from the seawall lots to the water. This is a second criteria that is important for State legislation. That land is not functionally associated with the water. The seawall lots represent a relatively small portion of the Port's overall trust grant, 4% or so. That is a criteria that the State legislature would be looking at.

Seawall Lot 314 is located across from Pier 35, the Broadway parcels which was the subject of the Port's recent efforts to build a hotel, SWL 351 is located across from Pier 1. In the southern waterfront, the second largest seawall lot is the location of the Watermark Condominium development across from Piers 30-32. A set of piers and a couple of smaller parcels that would be hard to develop particularly SWL 347 south would probably have to be assembled with an adjacent parcel. He acknowledged Alan Nevling of the Engineering department for his amazing work with the maps. He showed an overlay of the current shoreline in the China Basin area. SWL 337 was filled by a rail company, Hutchinson and Topeka, pursuant to State authorization right after the 1900s. Dealing with Lot A, there is a portion of this lot designated with the words BCDC Seaport Plan Priority Use. In BCDC's planning documents is a reserve area to serve as backlands for Pier 48 and Pier 50. Port staff believes that designation doesn't currently have very much meaning. It's our hope that in the SWL 337 planning process or subsequent to that planning process, we can work with BCDC to lift that priority use designation. The proposed legislation would authorize the termination of trust use restrictions with respect to these undeveloped seawall lots and authorize leasing subject to State Lands Commission approval for up to 66 years. Sale would not be an option. It would be good for the Port to hold on to its property resources. It would direct the revenues from such leasing to historic preservation or other purposes described in the ten year capital. State Lands staff have been responsive to the Port's efforts to develop that capital plan and also provide for judicial validation of the leases. It's a way for the court to bless that everything is legal and proper. There would be some preconditions to lifting the trust use restrictions. He mentioned BCDC Priority Use designation on SWL 337 would have to come off the portions of 337 before State Lands would agree that trust use restrictions would be removed. The Port would have studied the available public trust uses that could go on SWL 337 which is an exercise that we are pursuing in the Port's planning process. Where could hotel go, other restaurants that could look out over the water, other retail opportunities and also study the transportation needs of the Giants. We've been working with Jack Bair to accomplish that. With respect to SWL 351 and 314, we would try and replace parking with transportation services or facilities. Staff has looked at the surrounding zoning that governs the site and the types of uses and worked with James Hurley in our Planning and Development Group who did a great job in putting the projections together to come up with some ground lease estimates. Most of the revenues would come from SWL 337 or SWL 330. Those are the two biggest locations. We are also projecting if the Board of Supervisors agreed that there might be some tax increment that could come to the Port in terms of the infrastructure financing district. This would be a healthy amount of revenue to the Port to help deal with its capital plan.

Consistent with the Waterfront Land Use Plan, we would set up a community planning process to develop proposed use programs for the seawall lots. We normally conduct a competitive solicitation for prospective developers except when sole source may be appropriate. Port staff will perform CEQA analysis, zoning restrictions can be imposed by the Board of Supervisors at any time. Leases are subject to the Port Commission approval, the Board of Supervisors' approval and under this proposed legislation, State Lands Commission approval and a judicial validation action. There will be quite a lengthy public process to figure out what would actually go in these locations if we're successful in getting State legislation.

We've gone through a lot of public outreach to each of the Port's advisory groups. He's meeting with the Potrero Hill Neighborhood tonight and has received additional invitation to meet with the Barbary Coast Neighborhood association. We're trying to get to the Telegraph Hill Dwellers. We've been working very closely with the environmental organizations that have been following public trust law. This has to be a broad public consensus. He thinks that if we are successful, it's an exciting opportunity. The Octavia Boulevard area in the Hayes Valley neighborhood had a freeway go down and some parking lots come available for potential development and they had a rejuvenation of that neighborhood and a lot of interest from architects in constructing and designing those areas. It's that kind of opportunity that we would be looking at if we're successful.

Commissioner Hardeman complimented Mr. Benson for his presentation and commented that he likes the plan.

Commissioner Lazarus indicated that the objective is to remove some of the trust restrictions on the seawall lots but at the same the proposed leases and projects must still be reviewed or approved by State Lands Commission. Mr. Benson replied affirmatively and added that State Lands would be interested in making sure that leases have a fair market value in particular. If trust use restrictions are being lifted from the land, they want to ensure that Port's Harbor Fund receives the benefit of the dollars through a fair market lease.

Commissioner Brandon indicated that if the trust were lifted on the seawall lots, she asked if they would be moved somewhere else or would they be totally free. Mr. Benson replied that often in the City we pursued the kind of trust swap that the Commissioner is talking about. That was what pursued for Treasure Island, low lying areas were swapped or proposed to be swapped under Yerba Buena, in part around the shoreline areas of Treasure Island. The same holds true for the shipyard in the Mission Bay, there was a trust swap associated with it. In this case, we're talking about eliminating the trust use restrictions which is similar to what was done for Delancey Street and Steamboat Springs. That was for two seawall lots. This is a bigger area.

Commissioner Brandon asked if these are the only seawall lots that the Port owned. Mr. Benson replied that we own other seawall lots. We've talked about what might be accomplished along these lines in the southern waterfront area. Port staff have been talking with the State Lands Commission staff in particular about the Pier 70 area where we are undergoing that planning process. That looks like it has a hopeful trust exchange. The public trust does not apply to all of the current site. There are some areas that were

never submerged or acquired after the Burton Act. It looks like there's more flexibility there. It gets a little bit more difficult in the very southern most part of the Port's jurisdiction because that's all designated in the Waterfront Plan and the BCDC Seaport Plan as a Port priority use designation right next to operating terminals. There may be additional studies and work that we could do in those areas but it would be more complicated and time consuming than this effort has been, which has taken a couple of years.

Commissioner Brandon asked if SWL 337 is not near an operational pier. Mr. Benson replied that in terms of a need for a backland designation, the idea is you have a functioning pier like Pier 80 and in addition to the berthing locations, you need some warehouse space to support that. In Pier 48 and Pier 50, Lot A has not had that particular relationship to Piers 48 and 50 for quite a long time since H&H Shipping.

Commissioner Brandon indicated that her concern is that we tend to focus on the northern waterfront. Since this has been discussed, she's been asking why we aren't including all Port seawall lots to see what we can come up with. She knows that there are other seawall lots that can be included but for some reason they are not. Mr. Benson indicated that we are focusing in the Pier 70 area and we have a good plan to deal with that area. It's not part of this because it's a trust exchange. Legislation related to a trust exchange actually comes after about a year of administrative work.

Commissioner Brandon asked where we would swap. Mr. Benson replied that you could swap internal to Pier 70. Staff can bring back a specific presentation on this. We've been working with Bill White on how we could possibly reorganize the trust in the Pier 70 area. It's a little irrational right now. We can put it over the shipyard and the shoreline areas and the proposed crane cove park. It may generate a lot of significant revenue. There is always the option to take the revenue that is generated by this and invest it in the southern waterfront area for a variety of purposes. That remains available to us.

With respect to the backlands near Pier 92/96, it's currently designated as a back-up cargo facility but it's operating as a bulk terminal. Through the backlands leasing workshop, we wanted to discuss whether or not, that terminal is operating as a bulk terminal not as a cargo terminal. What would that do to the rationale for the backlands being designated as Port priority use under the Seaport Plan? Those are the kinds of steps that we can and will pursue.

Commissioner Brandon asked if the seawall lot on Islais Creek is part of the backlands area. Mr. Benson replied that he does not know the trust history of 1399 Marin Street. He'd be happy to research it and report back. Commissioner Brandon indicated to research any of the seawall lots that we have that could be included in this legislation. Mr. Benson assured the Commission that staff have been very aggressive in trying to put together this program but we will follow up and make our best efforts as the Commission suggested.

Mr. Benson acknowledged not only Diane Oshima and James Hurley who worked on this project but as well as Bill White from Shute Mihaly and Weinberger. Bill has been working with Robert Bryan and the City Attorney's office and advises the Port on all of its complicated pier projects such as Pier 27-31, Piers 15-17 and has been incredible to

work with these various trust efforts. He thanked Bill for all his work. He's a great resource.

Jack Bair, S.F. Giants, remarked that Port staff has kept them apprised of the developments on this legislative front. He thanked Brad Benson, Diane Oshima and Byron Rhett for doing so. SWL 337 is the largest of the seawall lots that are under consideration. It's currently used entirely for ballpark parking. They recognize that the Port has capital needs and it wants to maximize the use of its properties. They welcome the efforts to increase the possible uses on these properties so that the Port can address these capital needs and also to address community needs that may arise that would not fit within the trust restrictions that now govern the use of those sites. They also appreciate references to the ballpark in the staff report that recognizes the importance of addressing the parking and transportation needs of the ballpark and the surrounding areas as SWL 337 go through a possible transformation. He looks forward to working with the Port on these projects.

Commissioner Lazarus reminded the audience that there is a workshop on April 18 from 2 to 5 p.m. at Pier 1 to do more planning and hopes to get more community input on Seawall Lot 337.

Frederick Allardyce, Barbary Coast Neighborhood Association, indicated that they welcome the Port's consideration of use of these lots for something other than parking. His constituency particularly north of Broadway, commercial residents, tenants, etc. that work at Levi's Plaza and other various office buildings that are today enjoying those parking lots next to their office buildings will be concerned about the removal of those parking lots unless they are replaced with some other type or provide access to their office buildings. It's one thing to be concerned about the better use of a street level parking facility. He is curious to know with the removal of the public trust requirements, what type of facilities might be utilized on those parcels. People have mentioned that housing is allowed, even market rate housing similar to the Watermark Condominium project that has been built or other types of residential uses that are not permitted within the public trust doctrine.

Mr. Benson emphasized that any proposed use for the seawall lots has to come through the community planning efforts so that we are not pre-judging outcomes but there are some areas that have residential surrounding it. The difficulty with residential development on the seawall lots is that the legislation would allow leasing but not sale. While it's common in Europe and Hawaii and other locations to build condominiums on leased property, it's not so common in United State or San Francisco. We're trying to study whether or not that could be a possibility. You could do rental housing. You might do office in areas where office is appropriate. On the ground floor, there would probably be a preference on the Port's part to have publicly oriented uses, restaurants, retail, things that would work well with the pedestrian traffic along the Embarcadero, all subject to planning process.

Mr. Allardyce asked if there are any height issues addressed in that proposal yet.

Ms. Moyer asked Mr. Allardyce to ask his questions during his allotted time and staff would be happy to answer them.

Mr. Allardyce indicated that as a citizen of San Francisco, he noted that in today's San Francisco Chronicle, there was an article about a proposed new football stadium that he thinks would be appropriately located next to AT&T Park which would eliminate the hour and a half struggle of getting in and out of the parking lot to go to the new park but would enjoy all the infrastructure that the AT&T Park affords, which is SWL 337.

Mr. Benson indicated that staff will continue public outreach on this matter and subsequently come back to the Commission for direction and action.

Commissioner Lazarus thanked Mr. Benson for taking this approach and doing a lot of homework. She also thanked Bill White for his expert advice on this item. If we don't take these creative approaches, we're going to be sitting here 10-20 years from now asking the same questions.

8. CONSENT

- A. Request authorization to increase As-Needed Architectural and Engineering related services for the Pier 52/54 Boat Launch Project by an amount not to exceed \$56,710, resulting in a Cumulative Contract Service Order total of \$286,710. (Resolution No. 07-24)
- B. Request reauthorization to advertise for competitive bids for the Pier 33 Roofing and Related Structural Repair Project, Contract No. 2710. (Resolution No. 07-25)
- C. Request authorization to apply for, accept and expend \$300,000 grant funds from the California Cultural and Historical Endowment for Pier 70 consultant studies. (Resolution No. 07-26)
- D. Request approval of sublease of a portion of the Premises located at SWL 318, 1500 Sansome Street, commonly known as "Roundhouse 1", under Port Lease L-13927, to FUEGO NORTH AMERICA, LLC, a California limited liability company, as Sublessee by Miller Kelley Architects, Inc., a California corporation, dba MK Think, as Sublessor for use as office space for a term of five (5) years. (Resolution No. 07-27)

ACTION: Commissioner Hardeman moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor; Resolution Nos. 07-24, 07-25, 07-26 and 07-27 were adopted.

9. FINANCE

- A. Informational presentation on the Port's On-street Parking Study.

Ms. Tina Olson, Deputy Director of Finance and Administration, indicated she and Todd Dykstra from Streetline Networks will be presenting the results of the pilot study of on-street parking. She thanked the following people for their work on this project: Andres Acevedo, Linda Battaglia, Denise Brady, Angel Cabrera, Earl Cater, Tom Carter, Daley Dunham, Leslie Green, Dan Hodapp, Sabrina Hwee, Susan Kearney, Norma Nelson,

Elliot Riley, Rich Rovetti, Alina Vartanyan, Suzanne Wong, John Woo, Marilyn Yeh, City Attorney's Office - Robert Bryan, and Tim Yoshida. Todd Dykstra is the consultant who did a phenomenal job of capturing parking sessions on the Port's property, about 200 parking spaces as well as capturing all the data from the pay stations. He and his staff did a fabulous job for a nominal amount of money. She also acknowledged Diana Hammons from the Municipal Transportation Agency. They have decided, as a result of this study, to team up and go forward with some of the projects.

In Phase I or the baseline study, the Port contracted with Streetline Networks to conduct a study to determine the actual demand for the Port's metered parking spaces. In July 2006, Streetline Networks deployed sensor technology adjacent to about 200 on-street parking spaces and has been continuously measuring occupancy and turnover. The data collected produced a baseline report which the Port used to measure the impact of the introduction of variables in Phase II, including new technology, rates, time limits and payment methods.

In Phase II, the Port extended a formal invitation to the parking vendor community to participate in a pilot study of their parking system solutions. In support of Phase II, the Port Commission adopted a four hour parking limit and a progressive rate pricing strategy. The progressive parking rates: First hour \$3; second hour \$3; third hour \$4; fourth hour \$5 were intended to encourage one or two hour parking sessions with less reliance on enforcement, while adding flexibility for drivers, thereby generating turnover at on-street spaces and encouraging use of off-street garages.

The Port received proposals from seven respondents and five ultimately put their pay stations on Port property. The pay stations were located at Fisherman's Wharf, Battery Street, Chestnut Street, 1700 Montgomery Street and 200 Embarcadero, in front of the GAP building.

The Port was testing pricing in terms of what was going to be the demand if the price was changed. The Port also changed from a 2-hour limit to a 4-hour limit during the pilot study with the higher graduated parking to see whether we could price to encourage parkers to leave as opposed to just putting a hard hit on it and relying on parking control officers. Staff was testing the higher prices in terms of whether it's going to affect demands, the longer time limits and the progressive rates and the credit card payments. Staff wondered whether a parker would more likely pay for the parking session and be more compliant if they could use a credit card. Staff also looked at occupancy turnover and revenue. The big picture finding was usage was stable. In other words, people parked at the pay stations and paid the higher rates at the same rates that they were parking at the single head meters. For \$3 an hour versus \$2 an hour, the demand remained constant which meant we're sure where the pricing could go to where it would affect impact demand. Revenue was up overall, about 25%. We had some pay stations that were down so when you account for the down pay stations, it's a little over 50% increase in revenue. Compliance was low in some areas and high in other areas. We're trying to understand what was causing some of that. For example, the pay station in front of 200 Embarcadero has, by far, the highest compliance rate. The parking control officers had to use a handheld device in order to determine whether there was non-compliant parker and it broke. For three months, they essentially never issued a parking ticket at 200 Embarcadero but yet it had the highest compliance.

Todd Dykstra, Streetline Networks, thanked Tina Olson and the Port for making this study possible and for their support. This is the first time that this kind of study has ever been done. It has been exciting for them and it hasn't been gratis at all. They've received a lot of positive benefit from this project. He also thanked the merchant community who has been very supportive with the placement of equipment and putting up with the process in general. They put sensors on 16-block phases. As part of this study, they measured 187 metered spaces. There were 13 additional spaces at Terry Francois Blvd. that were not reported on. They collected six months worth of data from August through October and from December to February. November was the month of transition between regular meters and pay stations on these blocks. Overall, they measured usage on about 800,000 hours of curbside capacity. They saw 284,000 parking sessions. A session has anything that has a beginning, duration and an end. Parking fits that description. They saw 363,000 hours of usage, an average of 76 minutes. Duration varied quite a bit and had some lumps on it. During metered hours, they measured usage on 227,000 hours of curbspace of which they saw 93,000 hours of paid usage; 30,000 hours of metered, unpaid disabled placard usages. He pointed out that this was estimated based on a sample taken over 14 days. The rest of measurement from payment to usage was based on something that happened, they saw it, and they measured it. The disabled placard usage, they did the same thing for two weeks and they estimated it based on that information. Overall, one of the prime conclusions is that they ended up with 104,000 hours of unpaid metered usage, approximately \$3 a day per meter of unpaid usage that doesn't have a disabled placard associated with it.

They looked at quite a bit of historical information on ticketing and meter receipts. They don't have actual minute by minute usage and they don't have minute by minute payment for that period. They took a couple of years to make sure that what they are doing was historically consistent. In other words, there wasn't excessive changes and enforcement along through the process. Their study and their baseline looked very similar to the way things have been. The important changes during the study as Tina Olson pointed out were using a different kind of meter, a multi-space meter. They changed the time limit from 2 hours to 4 hours. They instrumented something called progressive rate pricing where hour 1 is \$3, hour 2 is \$3, hour 3 is \$4 and hour 4 is \$5. The other thing that is different than a study period is they have transaction detail for the pay station results. They know exactly when people paid and how much they paid. Throughout the base line and the study, they have session level detail on usage. The nature of the technology they used to collect this information is completely anonymous. They have no understanding of who is using the space, or what sort of vehicle but they have solid information on arrivals, departures and duration.

To give an idea of the kind of detail they get from the sensors, a day in the life of a particular block, 200 Embarcadero, there are few spaces that fill up early in the day and a few towards the end of the block to fill up and sort of the middle takes another hour or so to fill up. This particular day, there are some empty times of about an hour or two spread throughout the day. He picked this particular day because it's one of the busiest days in one of the busiest blocks. Each one of the black marks shows when a car left and/or arrived, i.e. turnover. The two things that many people want to talk about when talking about parking are occupancy and turnover. He showed another print of 200 Embarcadero and the lines show the baseline occupancy and the shaded areas show the study

occupancy. Rather than show a lot of different blocks, this one is pretty representative. It happens to be a busy block. One of the surprising first conclusions they came to was that there wasn't much difference. If you account for seasonality, usage tends to be very consistent from month to month. Even to the extent that arrival times and number of arrivals at certain hours of the day are very consistent from month to month.

They looked at usage by duration and there's a lot of ways to look at this. One of the things they found most interesting in terms of taking any sort of action is how much usage was used by people. What the top graph shows is that if your time limit is 2 hours and this was consistent through both periods, you're accounting for about 90% of uses. 90% of people typically stay for two hours or less. If you change the limit to 4 hours, you've accounted for 97% of users. From the criteria of time limit at metered spaces, people are compliant despite the fact that time limits are not typically heavily enforced at metered spaces. Usually, metered spaces have more enforcement on payment. The bottom part of the graph shows there is some significant variation from street to street. They looked at progressive rate pricing. The idea that brought them to this was the idea that change the duration and then charge more and you'll end up with higher turnover because people would trade off rather than focusing on enforcement to get turnover, use pricing and making it easier for people to stay a little bit longer if they want to and have to. What they found was that it doesn't address peak hour usage particularly well. What makes it a peak is that most people arrive just before it and most people leave just after it. What you end up having with a progressive rate system is that most people pay the lower rate during the highest usage hour. People stay a little longer ended up paying higher rates when demand is lower. This is the opposite of what you want to see if you're trying to balance usage over the day. He showed a slide that depicts occupancy by hour of day from over a 24-hour period, an average weekday on all blocks and the dark shaded portion is unmetered hours. The peak hour of usage is just after metering stops. On the bottom of the slide shows the disabled placard usage, roughly 10% of the total at its highest. The dark green and the yellow are all paid usage. The red area is unpaid with no disabled placard so it's non-compliant usage. The number of people paying, the additional amount under progressive rates is actually quite small. More people are paying the highest rate during the off peak. It turns out to be very much so at some blocks and somewhat less at others.

They looked specifically at payments and placard use. The Port receives approximately \$1.2 million a year from the Department of Parking and Traffic as a result of enforcement activities. Different blocks have different levels of disabled placard usage and different levels of compliance. Overall, about 7% of the usage in the Port areas they studied is disabled placard usage and about 22% is non compliant usage, where people park but don't pay. Battery even was pretty much out of service the whole time. Francisco odd was out of service for one month and Jefferson 100-odd was partially out of service for one month. If they take those three out which also happens to have the highest non-compliance rates, the result is non-compliance is doubled and has doubled the impact on revenue that disabled placards do. One of the challenges in doing the study is they are looking at a large combination of factors relative to a large combination of different factors. They were not able to pull out the impact of a pricing change because they changed the time limits, they changed the equipment, they changed the ability to pay with credit cards. That doesn't mean they can't draw conclusions. The conclusion is that system versus system and they can go forward and try to tease out the different parts.

System versus system on revenue per space, they ended up with approximately 25% increase overall. Pulling out those blocks where they had some difficulties with the pay stations, it ends up being about 56% increase per space per month. The comparison point for that is that it's about exactly the increase on average cost per hour. 50% increase in price; 50% increase in revenue indicates that we're not getting a huge change in demand at those prices.

Ms. Moyer clarified that when he says revenues, he meant meter revenue and he's not including citation revenue. She does not want to leave the implication that there are no revenues coming from this space. He's focusing on meter revenues. Mr. Dykstra confirmed Ms. Moyer's comments and added that's all the information that he has to work from.

With regard to cash versus credit card transactions, Tina Olson indicated that most people are going to use cash for the first \$1 to \$2 and after that, they use a credit card. As we are pricing the meter spaces at a higher amount, we need to have credit card capability as people are more comfortable using them, they have it as opposed to having the change. About 57% of the transactions were credit cards. 78% percent of the dollars came from the credit cards. Per transaction, we got more dollars when they use credit card versus when they use change. They would probably pay for a little bit more every parking session if they have a credit card instead of change.

Commissioner Lazarus asked how they factored in the ones where you add a dollar to the cost in order not to incur a violation. There was a limitless amount of time you could stay on the zero block of Chestnut Street. Ms. Olson replied that you could pay an all day rate at that location. Commissioner Lazarus wondered if that affected the credit card transactions. Ms. Olson replied that was just for Chestnut Street and people didn't park there all day. We didn't price it well enough; we priced it too high for an all day right. It was \$5 for every hour after the first four hours. It was extremely expensive.

Compliance with time limits is high. People parked for two hours. The four hour limit addressed 97% of usage. People parked within four hours and they complied. The compliance with payment is low at some of the locations and some were pretty good. They identified some opportunities for enforcement efforts. A variation between the blocks is high in terms of the parking sessions. Block-by-block, there's a huge variation in demand for on-street parking which means that we need to have pricing policies that are more specific to a specific block or a geographic areas as opposed to Portwide pricing. 50% increase equal 50% increase in revenue. We learned that the pilot prices are not out of line with demand. We don't know if we had gone higher in the prices and kept demand exactly the same. The progressive rates don't address congestion as Todd Dykstra mentioned. When people are parking in the middle of the day between 11 a.m.-2 p.m and the pricing is just for two hours and the third hour and the fourth hour. We learned that if we want to deal with congestion we have to deal with time-of-day pricing as opposed to straight per hour rate.

Port staff worked with the Municipal Transportation Authority (MTA). A steering committee was established with members from the MTA, Port staff, Controller's office, Dept. of Telecommunications and Information Services. They decided to do a two-year pricing study. They're not sure where the demand would go to in terms of pricing it

higher and demand would stay the same. They need a time frame to test that and need longer than three months to test it. They are asking to go for a 2-year pricing study and to keep it in zones. They would do four zones that would be both the Port and the City blocks included. They have not determined what the exact boundary would be. They would like to walk and try to get a sense of where the demand is. The zone will be AT&T ballpark area. They are looking at game day and special event pricing to capture that demand similar to what the parking lot charges which is around \$20 per event or per game. The Ferry Building is another area. With 20 Embarcadero, there is quite a high demand for on-street parking and people are willing to pay for it. The Fisherman's Wharf area and the South of Market area, they are looking at doing some testing with all day pricing for two of those streets like Terry Francois and Illinois Street. MTA has some streets at the South of Market. Where there's not a lot of people parking for short term parking sessions, they would like to park all day or park for longer sessions but the meters have an hour limit. They're thinking of opening it up and see what happens if they pay for a longer term session. They are proposing to put together a contract to buy pay stations for those four zones. They would take coins and credit cards. The City has the City Smart Cards and they would like all three payment options included. The more pay options, the high probability of compliance. The structure they are looking is that they would do day rates between 7 a.m. and 6 p.m. and evening rates 6 p.m. to 11 p.m. at select blocks. They didn't want to have evening rates in blocks that are near residential areas because they don't want that kind of negative impact on the residents and their visitors. They would stick to the four hour time limit they had in the pilot study and pricing basis would be time of day pricing, special events and all day rates in those underutilized locations. On a quarterly basis, they would have the flexibility to change the pricing based on what the actual demand is. With the target of 80% utilization at all hours and 10% availability at all hours.

Next steps – both MTA and Port staff will present this study to the MTA Commission and get their input. They will have a hearing in front of a Board of Supervisors committee, the Port Citizens Advisory Committee, the MTA's CACs and the next action would be an RFP for the pay station and the legislation authorizing the pricing study. The Port would have authority to do its own legislation but the MTA would need to go to the Board of Supervisors.

Diana Hammons expressed her gratitude on behalf of the MTA for the Port of San Francisco taking a leadership role on this project. Todd Dykstra had mentioned earlier that he didn't believe that a study like this had been done in the past. She can confirm that nothing like this has been done. They've conducted various occupancy studies through the years but this whole idea of utilizing alternative pricing strategies to both achieve occupancy and availability levels for parking and also at the same time optimizing the revenue that can be achieved through the parking meters is a new idea. What made this possible is the significant improvements in technology over the past 5 years. Five years ago, we had a choice of electronic or mechanical. It's truly amazing to see the field how it's grown and they're looking forward to working with the Port on this project and moving it forward to the MTA board, their CAC, the stakeholders and see how they can get a project implemented as soon as possible.

Commissioner Brandon commented that was a very informative presentation. She asked about the RFP process. Ms. Olson indicated that the steering committee identified

preferred attributes in the different meters that they liked and the comments and complaints they received from the user surveys. Any vendor could respond to the RFP, not just the five vendors. They were not looking to pick a vendor that they liked the most. They are looking to test just the technology in general and figure out what we like and didn't like about the different pay stations to put together specs for an RFP.

Commissioner Brandon thanked Tina Olson for leading this study.

Commissioner Lazarus asked how much was staff able to isolate, if it's even relevant, the presence of a nearby garage as an alternative when they looked at pricing. In other words, if she parks for four hours in a garage versus four hours in a meter. Ms. Olson indicated that one of the questions they had in the user survey is if they were willing to pay more to park at a meter spot versus in a garage. The majority would prefer to pay for meter spot than in the garage because it's quicker to get in and out of a meter spot. The two-year pricing study would be able to flush that out a little better.

Commissioner Lazarus indicated that they might look at areas where there is a garage and price somewhat off of that. Ms. Olson replied affirmatively.

Ms. Olson asked if the general direction from the Commission is for staff to move forward with the presentations. The Commission concurred.

Ms. Moyer indicated that after the presentation with the MTA Commission, the Board and all of our CAC's, staff will be back to give the Port Commission an update and to hopefully proceed with the RFP process. She thanked Tina Olson, Todd Dykstra and Diana Hammons. There has been a lot of very creative thinking at looking at parking and it's been a responsive one. We did get a lot of complaints from people about the inordinate amount of coins that they have to have to park. In effect, many of the spaces are empty and there's an event and they're full much to the consternation of either the merchants or the residents. We are looking to address those issues most importantly with the rate of return being a secondary factor.

10. ENGINEERING

A. Informational Presentation on the Status of Contract 2708, Wharf J10 and Fishery Building Demolition Project.

Bill Lau, Resident Engineer, indicated that the contract is for 180 days. Since Port staff issued the Notice to Proceed on January 15, 2007, the contractor has been submitting all twelve technical submittals required and outlined by the contract. Currently 11 of the twelve submittals have been approved on March 15, 2007. The remaining submittal still has to be field check by Port engineering staff. As a continuous effort to notify and keep the impacted tenant and community group informed of the progress of the project, Port staff has conducted a town hall meeting on March 21, 2007. During the meeting, the contractor was able to present the demolition method and site mitigation plans proposed for the project. Port staff and contractor were able to answer questions that has been raised by impacted tenants. Questions raised by the tenant include the demolition method, site mitigation plan, water pollution prevention plans as identified by the technical submittals. There are other questions raised by the tenant including the impact of truck

route, air monitoring plan, hazardous material handling plan and pest control issues. Port staff were able to address those issues through reference to the contract specifications and approved technical submittals required by the contract except that the pest control will be handled by the Port and the pest control contractor before the demolition. Port staff will make sure that the mitigation measure will be in place before mobilization of the contract. There are other questions raised by the impacted tenants regarding the future rebuild alternatives for the Wharf J10 site. Port staff noted that the final EIR has mentioned alternatives and future options for the site; however, the Port does not have any development plan and budget in the Port's Capital Plan to rebuild Wharf J10. The final approval of all technical submittals is planned for March 30, 2007 contingent upon the final approval of the pollution plans by the Regional Water Quality Control Board. The contractor will be able to mobilize as early as April 2, 2007.

Port staff anticipates that the contractor will be able to complete all demolition before May 30, 2007. The substantial completion of the project is anticipated to happen by July 13, 2007. The final completion of the project is expected by August 12, 2007. The construction budget for this project is over \$1.1 million with 10% contingency of approximately \$100,062. It is fully advanced from the Port capital project fund. Staff does not anticipate any change order for this project.

Port staff will continue and manage the progress of the job as the project proceeds to completion. Staff has created project diaries, weekly reports to ensure that the contractor complies with the full specifications and plans. Staff will continue to inform the neighborhood group and community with the progress of the project through monthly progress meeting especially the Fisherman's Wharf Advisory Group. Staff will continue to provide project update to the Port Commission. Staff expect the next update to occur at the May 8, 2007 Port Commission meeting.

Commissioner Fong asked how many days are allotted for the demolition, the noisy and dirty part of the project. There is a hotel directly across the street. He's sure that they have been informed and attended the meeting. Mr. Lau replied that based on the construction schedule, the contractor has proposed that they will be able to do the heavy duty and noise generating operation within three to four weeks. Right after the mobilization, they will be able to finish the heavy duty demolition in four weeks, approximately May.

Ms. Moyer added that the promise we made to the community is that we will suspend on days where there might be significant interruption to the tenants. Previously, we anticipated that the bulk of the demolition would be landside, now it's waterside. There shouldn't be any significant need for interruptions but we are flexible if the need arises. Bob Gephardt, representing Alioto-Lazio Fish Company, indicated that in the process of his preparation of a presentation that he will be making to Mr. Bryan within the next month or so, he has been talking to some of his clients and some of the people who have businesses in the area and he wanted to share that conversation and concern with the Port Commission. Some of the people were not in attendance at the March 21, 2007 meeting; some were and had the impression that this issue may be minimized i.e. amount of rodents and skunks on J10. Apparently, there is a large nest of them and he would hate to see the demolition started and have rodents running away from where the demolition is going to the areas where fish are being rendered or where restaurants are serving food or where tourists are. There's apparently a thought by the people around there that there's

quite an infestation. He also mentioned that once again, the staff report stated that the Port and Alioto are in discussions about payment of the demolition. He does not want their silence to be taken as some acquiescence that they agree with that. The demolition is not to be paid for by them. They have no intention of paying for it. In fact, there are no discussions relating to their paying any portion of the demolition of J10.

Mr. Bill Lau indicated that the Port hired pest contractor to set 120 traps in the near future to address the rodent issue. It is currently in progress. Port staff will make sure that the rodent control is in place before the mobilization to address the neighborhood concerns.

Ms. Moyer indicated that the Port has retained a pest consultant but we have not confirmed that there are actually nests in J10. Mr. Lau indicated that Phil Williamson is working on the contract. Ms. Moyer indicated that staff has not entered the building to confirm the pest issue so we don't know for a fact that there are such nests but we've heard the concerns and we've taken steps that if we encounter that, we will be ready to handle it.

11. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that our next meeting is April 10, 2007. We have cancelled the second meeting in April in deference to our activities for the Sister Port Conference which is shaping up very nicely. For the April 10, 2007 meeting, we have invited Will Travis, the Executive Director of the Bay Conservation and Development Commission, to give his much renowned presentation on bay waters rising. He's making the rounds fairly widely and has received national attention. His thoughts are definitely getting attention from some of our constituencies in conjunction with her and Brad Benson's comments in the public about the seawall. The Port has a seawall that was designed in house in 1877 and has stood the test of time. There could be a nexus between BCDC's forecast and our need to replace our seawall. Mr. Travis has gladly received the invitation and will come to our next Commission meeting. The Bar Pilots have confirmed that they are now ready to comment on the proposed lease terms but they have not done so yet. We anticipate that will be a May item for the Commission. We have continued our negotiations with the Pasha group. We would need to have completed our negotiations by the middle of next week to be ready for the April 10 agenda. It's not clear that it will be completed by then. It's possible that it will get delayed. If it does, the MTC item gets delayed as well. We are negotiating with BAE. We are optimistic that we would have a transaction ready by the middle of next week but that may get delayed as well. One thought she and Commissioner Lazarus had is that if those items are not quite ready next week, we could cancel our regularly scheduled meeting of April 10 and hold a special meeting on April 17 so we don't miss an April meeting otherwise we have to wait until May 8. She wondered if we would have a quorum on April 17. Commissioner Hardeman indicated that he will be in Sacramento but he could come back early if he had to. Commissioner Brandon indicated that she will be in Los Angeles. Commissioners Lazarus and Fong are available for the meeting.

Ms. Moyer drew the Commission's attention to an item at the bottom of the agenda which states Request Endorsement of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Date to be determined). With the locked amendment of those ENA, that item will be presented to the Commission on May 8 so it will be coming back very quickly. We hope that we would be able to come back with a

request to approve the State legislation that the Commission heard about today depending upon the homework we need to do for Commissioner Brandon and whatever public comment we get. On Thursday, March 29, 2007 at 6 a.m. the City's new 311 system goes permanently live which has implications for the Port. We'd like to have the City Administrator's office to present that to the Port Commission at one of the upcoming meetings.

Ms. Moyer indicated that for the time being we would like to stay with April 10th meeting but we should know by the end of this week or at the latest the beginning of next week whether we need to ask for the Commission's indulgence and move the meeting.

Commissioner Hardeman indicated that Ms. Moyer had previously mentioned that she is contemplating in changing the first meeting in January to the middle of January. Ms. Moyer indicated that we could do that one of two ways: (1) we could again amend the bylaws and (2) cancel the regularly scheduled meeting and have a special meeting but we normally adopt that calendar in December. January 15, 2008 sounds like a plan. We will make a note of it.

12. PUBLIC COMMENT

13. COMMUNICATIONS

14. ADJOURNMENT

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

Commission President Ann Lazarus adjourned the meeting at 5:12 p.m.