

# CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

## MINUTES OF THE MEETING MAY 27, 2008

### 1. CALL TO ORDER / ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 2:01 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman, Ann Lazarus and Stephanie Shakofsky.

### 2. APPROVAL OF MINUTES - May 13, 2008

The Commission Secretary announced that Commissioner Hardeman made an amendment to the minutes. Page 15, second paragraph, first sentence should read, "Commissioner Hardeman indicated that his thoughts are towards the Oracle event which draws 45,000 people and leaves 70-100,000 million dollars behind."

ACTION: Commissioner Hardeman moved approval of the minutes as amended; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. The minutes of the May 13, 2008 meeting were adopted.

### 3. PUBLIC COMMENT ON EXECUTIVE SESSION

### 4. EXECUTIVE SESSION

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

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

At 2:02 p.m., the Port Commission withdrew to executive session to discuss the following:

- (1) 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.\***

- a. Property: Pier ½  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development  
\*Equity Office Partners: Harout Hagopian
- b. Property: Pier 80

Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime  
\*PortsAmerica (formerly known as Marine Terminals Corp.): Don Wylie

- c. Property: Piers 15/17  
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning &  
Development  
\*Exploratorium: Dennis Bartels

## **5. RECONVENE IN OPEN SESSION**

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

**ACTION:** Commissioner Fong made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

**ACTION:** Commissioner Fong made a motion to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

## **6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

The Commission Secretary announced 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 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:

- Annual Potrero Boosters Dinner – May 27, 2008 from 7:00 to 9:30 p.m. at UCSF Mission Bay Conference Center: The annual Potrero Boosters Dinner is scheduled for tonight beginning at 5:30 to 9:30 p.m. at the UCSF Mission Bay Conference Center at 1675 Owens Street. At the dinner, they will install the new Executive Committee and recognize some of the hardest working people who volunteer as part of the Potrero Boosters. The Boosters is one of the oldest neighborhood associations in San Francisco. They were founded in 1926 and are celebrating its 82<sup>nd</sup> year of service. Their mission is to protect and improve the district, to review and study zoning, planning, improvement and development programs to promote the best interests of the Hill. She indicated that members of the Boosters attend Port meetings on a regular basis and are very grateful for some of their volunteer work on our Central Waterfront Advisory Group.

- SPUR Bay Discovery Cruise – June 2, 2008, 5:30 p.m. reception, 7:00 p.m. cruise: This year marks the 10<sup>th</sup> Anniversary of the SPUR Bay Discovery Cruise aboard the elegant San Francisco Belle. There will be a reception at 5:30 p.m. at Pier 3 and the boat departs at 7 p.m. sharp and returns at 9 p.m. sharp. Take in San Francisco’s amazing waterfront from a fresh perspective as you cruise south along the coastline for a close-up view of the many changes occurring along our waterfront. This particular tour will run the shoreline from Pier 3 to Mission Bay with a stop in McCovey Cove during a Giants’ game.
- KKSF Sunday Brunch Program at Fisherman’s Wharf: This summer, the Port will partner with the Fisherman’s Wharf Community Benefit District to sponsor the KKSF (103.7 FM Radio) Smooth Jazz Sunday Brunch at Fisherman’s Wharf. Every Sunday starting June 1<sup>st</sup>, they will have a jazz brunch series between the hours of 11 a.m. to 2 p.m. Every month, one of the Fisherman’s Wharf merchants will participate in the series. The participating venues are:

June	Alioto's
July	Castagnola's
August	Hilton Hotel
September	Bistro Boudin's
October	Cioppino's
November	Capurro's
December	Fog Harbor (PIER 39)
January	Neptune's (PIER 39)

The Port will be featured on promotional spots each month as well as receiving two 60 seconds "live" on-air interviews per month. This is a great chance for us to talk about many of our issues such as the history of the Port, Facts About the Port, the Cruise Business at the Port, the GO Bonds, etc. She commended Renee Dunn for her work in getting the Port involved in this important series.

- Pier 52 Public Boat Launch Grand Opening – June 14, 2008 at 11 a.m.: She was asked by Corinne Woods to promote the June 14<sup>th</sup> ribbon cutting ceremony of the Pier 52 boat ramp. It will be officially reopening. It looks remarkably different from what was there before. Kudos to our engineering staff and our contractors. The event starts at 11 a.m. Both the boat clubs, the Mariposa Hunter’s Point Yacht Club and the Bayview Boat Club, will have open houses. Corinne is working hard to entice a marching band to the event.
- SWL 337 RFP: The Request for Proposals for SWL 337 has been issued to the two short-listed development teams. The proposals are due on August 27, 2008. There will be a presentation to the Commission targeted for the September 9, 2008 meeting and a public workshop anticipated for September 15, 2008, similar to the workshop that was done on the RFQ. We expect that review and discussion and scoring will result in staff being back before the Commission on an informational presentation at our December meeting and back for an action item at our January meeting. She commended Diane Oshima, Phil Williamson,

Jonathan Stern, Byron Rhett and others for their great efforts. We look forward to getting the submittals at the end of the summer.

- Tina Olson, Deputy Director of Finance and Administration, on Friday, May 23, 2008 was named Alumnus of the Year by San Francisco State's Department of Public Administration. Tina has been recognized for all the great work that she's done not only on the capital plan but with the GO bonds. She couldn't have achieved all that without the Commission's help.

B. Informational Presentation Regarding the Proposed Charter Amendment Related to Pier 70 Redevelopment

Brad Benson, Special Projects Manager, apprised the Commission about a proposed Charter amendment that was introduced at the Board of Supervisors by Supervisor Maxwell, representing District 10, for the November 2008 ballot. We are in a two-month window of time during which the public, the Port Commission and staff have an opportunity to comment on the proposal. It would take six members of the Board of Supervisors to submit the charter amendment for the November ballot. Last year, he was honored to serve with Commissioner Lazarus, other Port staff and a number of folks in a SPUR working group that examined the waterfront and some of the financial and regulatory hurdles that the Port faces. This proposal arises out of that working paper, which recommended that for places like Pier 70 growth and taxes be captured to make public improvements.

Pier 70 is a 65-acre site on the central waterfront. It's a brownfield site. It's poised after the build out of Mission Bay to become one of the City's most unique new neighborhoods. Port staff and tenants want to retain BAE Systems operating the drydock on a 16-acre leasehold. The State's Historic Preservation Office and the Port have identified 40 historic resources that collectively are eligible for listing on the National Register of Historic Places as a district. Since 2006, Port staff have been working with the Commission and the community in a master planning process that is expected to be done at the end of this year. The major objectives are continued ship repairs, creating a national register district, pursuing compatible in-fill development, creating exciting new waterfront open spaces, integrating with the surrounding neighborhoods in the central waterfront, finding public financing and a development phasing schedule.

Mr. Benson talked about the underlying private/public partnership concept in the Waterfront Land Use Plan (WLUP). The Port relies on private development partners to provide private equity for our projects. The return on investment required for these projects tends to increase as entitlement risks for project increases. The number of discretionary approval and the time required for those approvals by policy bodies of the city or our regulatory partners can increase entitlement risk. Public consensus will result in reduced entitlement risk. One of the ways we have been seeking to reduce entitlement risk at Pier 70 is to bring public financing like the GO bond financing for the waterfront park concept at Pier 70 to the extent that increases in the public benefits of a project tend to reduce the entitlement risk.

There are 12 approvals by 8 regulatory agencies. The approvals will take years which means there is significant entitlement risk for Pier 70 and a good portion of this proposal is aimed at reducing that entitlement risk. Staff know that there will be extraordinary cost in the form of seismic retrofit and historic rehabilitation consistent with Secretary Interior Standards. There's also quite a bit of known environmental contamination at Pier 70 due to the former industrial uses that will drive up the costs. This is not an average development project. The proposed charter amendment was introduced on behalf of the Port by Supervisor Maxwell, co-sponsored by Supervisors Ammiano and Alioto-Pier that provides two new tools for Pier 70. Currently under the charter, the Board of Supervisors has to approve all Port leases that are not maritime leases. That lease approval typically occurs at the very end of a project. This charter amendment will give the Board of Supervisors the option to approve a Pier 70 plan instead of the lease approval. That could happen earlier in the public process and reduce the entitlement risk. This will provide optional new financing for waterfront parks, maritime terminals, environmental remediation and historic rehabilitation, all things that we expect to pursue at Pier 70. This optional new financing tool works in the following way: The Port would have to demonstrate to the Board that lease revenues and property tax growths are not sufficient to fund public improvements. After meeting that test, the Controller and the tax collector would measure growth in payroll and hotel taxes expected from Pier 70 and the Board could finance waterfront improvements up to 75% of that projected growth. The general fund would still see some benefit from tax growth in Pier 70. There would be a maximum 20-year financing period. There are a few technical provisions to the measure. It would allow the Port Commission to enter multiple year agreements with other City departments and modernize the flow of fund provisions of the Charter in anticipation of issuing bonds next year. Port staff will pursue broad public outreach going forward. Port staff is holding a public workshop with the Central Waterfront Advisory Group on May 28, 2008 at Pier 1. Port staff expect to come back to the Port Commission for policy direction at its June 10, 2008 meeting. The first of many meetings at the Board of Supervisors would be June 20, 2008.

Commissioner Lazarus appreciates the presentation because she liked the way Mr. Benson was marketing the project. She thanked Mr. Benson for the innovation and creativity that he and other Port staff continue to bring to these projects. Since she's been on this Commission, staff has come up with a series of proposals to look at the Charter, to look at State legislation, whatever it takes to uncover pots of money that will enable these projects to go forward. She knows that Pier 70 is one of the piers that everybody is most excited about and one of the biggest nuts to crack financially. She thanked Mr. Benson for his continued dedication to figuring out new ways to get things done.

Mr. Benson thanked the staffs from the Planning & Development Division, Finance and Administration Division and particularly Robert Bryan and his staff who have put up with him over the last couple of years.

Commissioner Brandon concurred that this is great work. She announced that the next Pier 70 workshop is scheduled for July 17, 2008.

## 8. CONSENT

- A. Request authorization to issue Request for Proposals for a Concrete and/or Asphalt Batching Plant at Seawall Lot 352 with a Bulk Maritime Terminal at Pier 94. (Resolution No. 08-35)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08-35 was adopted.

## 9. PLANNING & DEVELOPMENT

- A. Informational Presentation on SWL 351 Development Criteria (The Embarcadero at Washington Street).

Kathleen Diohep, Planning and Development Division, indicated that included in the staff report is a compilation of work that staff have done over the last nine months. In February, staff made a presentation to the Commission and made a recommendation to move toward a development solicitation after undertaking an outreach process. At this time, staff are proposing draft development criteria for SWL 351 for discussion by the Port Commission and asking for direction on next steps for this site. She will provide an overview of the area, draft development objectives, summarize some of the key points of the community input we received, talk specifically to some of their request for open space on this site, walk through the time line of where we've all been on SWL 351 and present policy choices for the Port Commission. She indicated that the Mayor's office staff is also here and we've coordinated with the Planning Department on this project. She acknowledged Danielle Borden, Port Planning intern, who, over the last year, did a lot of graphics on this project. SWL 351 is the Port controlled and owned parking lot, roughly two thirds of an acre. A lot of the things that were discussed with the Commission in February were the development potential for this site, what the Waterfront Land Use Plan calls for, the constraints of this site and the opportunities. It's important to understand that the Port does not own nor controls the tennis club next to SWL 351. The tennis club site is being considered for reuse and redevelopment which will affect the Port. We're talking about this in part because of the plans for change by our neighbors but the Commission can only address the SWL 351.

The Port Commission should be proud of the magnitude of things that the Port has accomplished at the Ferry Building, the reconnecting of the City with the waterfront, opening up the Embarcadero and the Ferry Building. To step forward, in the Ferry Building Area in the Waterfront Land Use Plan, there is only a couple of undone projects called for: SWL 351 and redoing the Agriculture Building and the removals of Pier ½ and Pier 2. To a large extent, the Port has accomplished much of the goals laid out in the 1997 Waterfront Plan in this area.

The proposed development objectives for SWL 351 are: (1) design; (2) the development program; (3) the land uses; and (4) finance. SWL 351 is a fairly constraint site. We want to put out a development RFP that would excite people about

this phenomenal location on the waterfront that gives them enough flexibility that they could respond and address the site. With respect to design, we took many of the cues from the Waterfront Design and Access Element, to reflect Embarcadero, to open Jackson Street and enliven with street activities. The height of the building has been one of the most controversial on the design side. Staff are proposing that the height be in context with the neighborhood's range of heights: Embarcadero Center at 550 feet, the bulkhead buildings at 40 feet. Staff's proposal, specifically as a design objective with respect to height, is to build height and massing that fits within the neighborhood context formed by the Golden Gateway apartments, which are 220 feet, and the heights of the historic Piers 1 through 5 bulkhead buildings, which are 55 feet at the top of the arches and 38 feet to 40 feet along the bulk of the bulkhead buildings. On the development program, we are calling for use that brings people down to the waterfront for public enjoyment of the waterfront. We are asking for 90 parking spaces, which fulfills our commitment to the Ferry Building in serving this area and continuing to meet those needs and foster the Ferry Building area. We are also looking to provide revenues to meet other Port objectives. This is a revenue generating project for the Port.

With respect to land use, we looked at what uses should be allowed. We decided to include both public and non-public trust issues. If someone proposes a use that is not a public trust use, she knows that from the work we've done the last few years, the concept of public trust use is well known to the Port Commission but to walk through the public trust uses that bring people to the waterfront and support maritime. Part of the reason we suggested that we are willing to entertain proposals for non-trust uses is we've seen interest from developers and the community in non-trust uses. In addition, the Waterfront Land Use Plan identified this as a site that may be non-trust use e.g. residential might be appropriate. We are allowing consideration for residential use, a general office use and private recreation. Early this year, the Friends of Golden Gateway showed an alternative proposal of SWL 351 of a hotel and a private club. A private club would not be a trust use. Given there is an interest in that, we wanted to include that as one of possible options. We've also heard calls for local serving public recreation such as top lots, public gardens and public tennis courts. Not all parks would be public trust uses; some are local uses. The waterfront is held for the State. The combination of the use interest from the community and the interest from the development sector and the broad sense of wanting to offer a broad development opportunity that would excite interest suggest that we allow non-trust use but require any developer to tell us how they propose to address that and work with us and the State Lands Commission.

On the land use or required uses, any submittal would have to respond with ground level retail and restaurants. We want an active, exciting ground level on the Embarcadero, visitor parking of 90 spaces. The uses we would encourage are restaurants, maritime office, hotel, general office, residential, non-water dependent recreation. Highlighted with asterisks in the slide she showed the Commission are the ones that would be non-public trust uses but are still encouraged uses as shown in the draft development objectives.

Part of this informational presentation is to seek Commission's and community's thoughts before moving to the next step.

Financial objectives – the project respondent would have to incur all the costs, pay a guaranteed minimum rent to the Port, lay out a participation rent, incur all the cost of development of securing the permits, handling any hazardous materials, geotechnical evaluations, any conditions on the site. We would put available everything we know about this site. The private sector would evaluate that information and evaluate what they would be proposing. They would also be responsible to comply with any flood plain restrictions, CEQA and secure EIR. On the financial perspective and objectives is that the developer comes in and takes the project forward. It's not a Port development project as we've drafted these development objectives.

Port staff held a workshop in the Ferry Building Commission Room on April 14, 2008 on this project. The key things we heard are: open space and parks. 80% of the people in attendance were identified as being members of the Golden Gate Tennis and Swim Club. The other finding was it was hard in the public mind to distinguish the Port controlled parcel from the Tennis and Swim Club parcel. There were questions about whether or not the Port needs revenue. There's also a strong voice in the community to preserve the Golden Gate Swim and Tennis Club. We can build on our site. Our site operates daily as a public parking garage on the open side of the fence. We can build on our site and not have any effect on the Golden Gate Tennis Club. There were questions about the timing of the project. Since then, we've received additional comments from citywide perspectives calling for us to remove a surface parking lot at the intersection of our two grand boulevards, the Embarcadero and Market, to allow for development and reuse. We've also received concerns about parking in the Ferry Building area and recognition that there aren't that many sites that you can provide parking in this area.

The Port has identified in the Waterfront Land Use Plan a series of parks and open spaces. SWL 351 was not identified as one of these sites. The Waterfront Land Use Plan identified this as a development site which included open spaces in the mix. We expect any projects would meet or exceed the planning code requirements for open space. It would be included as part of the mixed-use development. We wanted to identify how much open space is in this area. The Port's open spaces are: Harry Bridges Plaza, Ferry Plaza, Herb Caen Way, Pier 7 and Pier 15. The Rec & Parks parks are: Justin Herman, Sue Bierman Park and Maritime Plaza. Walton Park is a privately owned, publicly accessible open space. This is one of the areas with the highest concentration of parks and open space in the city.

We heard concerns that District 3 was one the highest need areas for open space in the City. Rec & Park recently did an update using 2000 census data of demand for parks in the high need areas as they developed acquisition criteria in 2005. They came up with a systematic way to score. As you can see in Embarcadero, this is an area with more open space than most. It's not a high need area as identified by the various used with respect to seniors and children. It's not a high need area for open space.

In 1997, the Waterfront Land Use Plan identified SWL 351 as a site and included the development standard to explore combining the site with the Golden Gate Tennis Site. About five years ago, the Tennis Club site was under consideration for proposed development opportunity. That project died at the Board of Supervisors. In May 2006, San Francisco Waterfront Partners made an informational presentation to the Port Commission. Included in the staff report are minutes of the various Port Commission meetings that have happened. In November 2006, San Francisco Waterfront Partners made a proposal to the Port. In December 2007, the Port did not act on that proposal and chose not to engage in negotiations to act on that proposal but allowed San Francisco Waterfront Partners to begin the CEQA analysis on a number of conditions. One of them being it will be at the developer's cost and it includes analysis of alternatives where our site is developed separately from their site. We would have a benefit of those studies and understanding. In December 2007, the initial study was published looking at a possible project on the 3-acre site of 170 condos, parking garages and six tennis courts. In December 2007, San Francisco Waterfront Partners made a presentation to the Port Commission, their proposed project and also the project they would build if they were not able to include the SWL 351 which includes more buildings and fewer tennis courts. In January 2008, public comments were received by the Planning Department on the initial study. We saw an alternative development scenario that the community wanted analyzed in the EIR which called keeping the club and building a hotel on our site. In February 2008, staff made a presentation where we analyzed the Waterfront Land Use Plan development capacity that identifies three policy options. First, to initiate a competitive solicitation process, direct negotiation, sole source or do nothing. Staff recommended we move toward the development solicitation at that point. We also made available a number of information about the site and the project. In March 2008, we started outreach. We put up a website and mailed 1200-1500 people about the workshop. We had a discussion at NEWAG on April 2 about the project and the outreach. The community workshop was held on April 14, 2008 and we put a lot of information together about the building heights and other uses and parking demands in the area. All the information provided at the April 14 community workshop was posted on our website on April 21, 2008. On May 16, 2008, we posted the draft development objectives and criteria, the land use constraints summary and the summary of the April 14 workshop and all of the public comments received at that point. Today is another informational presentation to the Commission. Next week staff will return to the Northeast Waterfront Advisory Group to discuss the information in this presentation and the directions received from the Port Commission.

Our policy options at this point which staff is asking the Commission to discuss and ask the community for feedback and direction would be to move forward with the development solicitation process using objectives as proposed or as modified by the Commission's recommendation, a direct negotiation sole-source with San Francisco Waterfront Plan, not take any action at this time, do a Port project of some sort where we would look at the Port investing in building in trying to meet the objectives. Lastly, a park or open space use. In the open space, it wouldn't be a Port park, but a City or a local park. If there was a proposal, the Port could consider that we would transfer the land that would require State Lands Commission's review.

She mentioned that Rich Hillis is in attendance from the Mayor's office who would be able to address some issues.

Dave Stockdale, CUESA Executive Director, shared a letter written by one of their farmers. It states, "Dear Commissioners and Director Moyer, as a small farmer who relies on the Ferry Plaza Farmers Market for my economic survival, I urge you to move forward with the issuance of a RFP for SWL 351. Our children, both young adults and active partners in our family farm, represent the fourth generation on the farm. Over the past 40 years, most of the family partners in our neighborhood have gone out of business and moved off of their farms. A dead end road along the bluff of the Kings River that was once a thriving community with families now consist of two resident farmers, one other business besides us, renters and a couple of houses that have been demolished, one because it had become a meth house. Ferry Plaza Farmers Market and other farmers markets opportunities like it are significantly helping to sustain our rural communities. Small farmers need marketing outlets. The consolidation of the wholesale market has squeezed most small farmers out. These direct markets have encouraged us to grow special varieties in different ways seldom seen and probably not viable in the wholesale market. They have kept us in business and I believe have provided a win-win for our farmers and our urban customers. Without these direct marketing opportunities we would have likely sold out to large farms around us and cannot in good conscience support our children's decision to consider a viable life for them. Like my fellow farmers and food artisans who sell at the market, I depend primarily on the patronage of local residents who do their regular food shopping at the market. Unlike the tourists and other visitors who drop in on the market as a special occasion, these are customers who purchase in large quantities and most them need to find convenient parking. Unfortunately, the farmers market is unable to accommodate the needs of many of our customers as parking options are already severely limited in the area. This situation will become even worse with the elimination of parking at Pier ½. Despite its popularity, the Ferry Plaza Farmers Market may not be able to continue in this location without solving its customers' parking needs. SWL 351 presents an opportunity to both ease this shortage of parking and bring in new customers, thus keeping our market viable. Those of us who work and sell at the market are hopeful that the Port will allow for residential units, plus require some significant public parking at this location especially if Pier ½ parking is eliminated. We further hope that the Port will pursue a waterfront project work that would not eliminate the one adjacent parking lot until this potentially next closest parking access is completed. Sincerely, Ted Loewen, Blossom Bluff Orchards, Ridley CA."

Jane Connors, Ferry Building Property Manager, indicated that on behalf of the retail community of the Ferry Building, she reiterated the Equity Office's concerns from the May 13 Port Commission hearing. She urged the Port to find both interim and long-term solutions to satisfy not only the parking needs of the retail community and the Ferry Building but also the Ferry Plaza farmers market, local and visitors who come to the waterfront.

Ernestine Weiss indicated that she created ferry park across the street as an open space because she saw the need after the Loma Prieta earthquake. We still need open

space here. District 3 is the lowest served area in the whole city. We don't have enough parks. We have thousands of condos going up on the waterfront area at Rincon and Transbay terminal. We don't need another condo; we need open space. We need the swim club; a lot of people use it including children. Besides the aesthetics, it's the worst possible land use development she's ever seen and she's been in real estate development most of her career. As far as excavation, that is an impossible job because there are toxics underneath. It's been proven not feasible when they try to do it under the park, a 600-car garage which she defeated because it's prohibitive in expense. All these are negatives. A 500-car garage in this corner is ridiculous and will not fly. She guarantees it. We have to have balance. This housing will take every inch up to the sidewalk. This is not good planning; it's ugly and not needed. As far as the meeting with the neighborhood, it was unanimous – they want open space. Don't listen to people who do not live here. They are not confronted with all the noise and pollution. She represents thousands of people at the Golden Gate Center, the office buildings, etc. As far as the farmers market, they have plenty of parking. Their main day of shopping is Saturday and there are empty garages at the Golden Gateway and Embarcadero 4 garage. They have the other garage near Folsom Street which is above ground. Nobody parks their car exactly where their destination is. Please consider that this project will not enhance the area. It's a poor project. Public trust does not allow housing on SWL 351.

Bill Benkavitch, FOGG, indicated that he has been living in this neighborhood for over 28 years. He appreciates the opportunity to address the Commission at this informational hearing about 351. He's been following the 351 process for some time, read a lot of the documents and is hard for him to understand why the Port is in such a big rush to do something with 351 at this time. Is picking these seawalls off for development one at a time a wise action? It looks like that by moving forward with an RFP, the Port is giving San Francisco Waterfront Partners a running head start for their 8 Washington Street project while allowing the Port to give the appearance of going through the planning process. Please remember SWL 351 is our land. This lot and the other seawall lots are in the public trust for a reason. He asked the Commission to take more time and think about what they are doing and not to go forward with an RFP at this time. Would we all be better served if the Port took a short break, whatever time is needed, to get some fresh input for the entire northeast waterfront's future, and a 21<sup>st</sup> century view of what should be done here and not think about cars and parking for all of our benefit?

Matt Regan, Bay Area Council, indicated that as an organization, they have spent a lot of time and energy over the past several years to work towards the foundation for the Water Emergency Transportation Authority. WETA's focus and aim is to provide ferry transit across the bay in the event of an earthquake. It's not if, but when the next major earthquake is going to strike. When it does strike, while our bridges are retrofitted for the most part, the roads and the freeways leading to those bridges, a lot of them are in areas that are subject to liquefaction. A lot of the on ramps will collapse. A lot of the freeways will be impossible. The only mode of transit that would be available to most bay area residents will be ferry transit across the bay and up and down the bay. The hub for that whole ferry transit system is right here. In order to expand that hub to meet expected capacity, Pier ½ will have to be removed

and the parking that is currently there would be removed. That needs to be replaced in order for WETA to proceed with its Ferry terminal expansion project. For that reason, Bay Area Council urges the Port Commission to move forward with an RFP as soon as possible. They don't have the luxury to wait and study because the earthquake is not going to wait for the results of the studies. There's an imperative upon the Port to move forward as fast as possible in order for WETA to get its ferry terminals up and coming. There are funds set aside for that ferry expansion project. It's waiting for the trigger to be pulled. He urged the Commission to move with the RFP process.

William Sauro, Barbary Coast Neighborhood Association, indicated that the Embarcadero 4 garage which is unused on Saturdays is closer than SWL 351 to the Ferry Building. If ever there was a time for the Port to follow the law and redo the WLUP, this is it. The Port has a once-in-a-lifetime opportunity to shape the future of the Embarcadero. The one-at-a-time piecemeal RFP approach that the Port has been using in the seawalls lot is not good planning. The Port seemed to have fast tracked the development scheme that will create a monolith on the sidewalk of the Embarcadero destroying the grand boulevard that has not been easy to create. Go back to the drawing boards and do what the law says you need to do by redoing the Land Use Plan and at the same time, save Embarcadero.

Robert Geering, Architect & Urban Designer, indicated that he lived through the tearing down of the freeway like we all did and now realizing this wonderful boulevard we have which is the best in the nation if not in the world. He cannot see the use of 75 unit car parking lots sitting on the most beautiful boulevard in the world. He thinks that the Port should move forward with the RFP because this is the only way that something is going to happen with that site. It's not an appropriate site for more open space because it's not needed in the area. It's an opportunity for something great on a very important site. He thinks that the uses of residential, restaurant, retail, although not perfectly designed as public trust, neither is open skuzzy parking lot. One of the things that will be important in the RFP is the height limit. It's important that the views that were promised to the members of the Golden Gateway Commons should be retained. The height limit along the Embarcadero should be 35 feet maximum. The height limits should be no higher than that. Any project adjacent to this parcel to the west should have strict guidelines in regard of use. The pedestrian way that has been proposed as access to the waterfront to make it more porous to the bay is important and it's a good idea. No structure should be allowed north of Jackson Street where the present tennis courts are.

Lee Radner, resident of Golden Gateway center and chair of FOGG, quoted page 2 of the staff report which states: "It is worth noting that public perception confuses consideration of options for change on this site – the current parking lot – with the proposal to change the adjacent privately owned site occupied by a private members only tennis and swim club." There are two misstatements on that sentence. They are not the ones confused. They understand that the issue on the table is Lot #351 but if the Port thinks that lot can be separated in development from the adjoining open recreational space, then it is the Port Staff that is confused. The development of Lot#351 will impact the adjoining property and the neighborhood, which is the densest populated neighborhood in the City. He's not sure when the Rec & Park study

was made but they have not taken into consideration the number of people that live in that area. There is also confusion on the Port's definition of what the Golden Gateway Tennis & Swim Club represents. It is presently celebrating its 40 years of community service, training and support of many worthwhile causes to assist literally hundreds and hundreds, probably thousands, of young people, families and seniors, not only in our neighborhood but throughout the Bay Area. It is no more private than the Y or JCC. The Port's plans are so 20<sup>th</sup> Century...we are in the 21<sup>st</sup> Century. We are facing dramatic climate changes, environmental changes, and higher water levels in the Bay. Where and when will the Port face these issues in today's changing world rather than living and planning for the past. Why are we planning for more automobile congestion and pollution? It is time we connect and together take a long term view of our community problems including the preservation of open and recreational space. In your collective wisdom you must remember the response of so many of our citizens at the April 14 workshop. They cannot and should not be ignored. It is time you stopped to reconsider your priorities, and work with your neighborhood and its citizens to save the northern Embarcadero corridor from blight and massive construction.

Matthew Cohen, resident of North Beach, indicated that he and his fiancée spend quite a bit of time on the waterfront. He thinks of it as part of his neighborhood. He thinks that the city has done a fantastic job over the course of the last ten years in revitalizing this area including the work at Piers 1, 1½, 3, 5 and the Ferry Building. The parking lot at 351 is not consistent with what the image of the city is trying to cultivate. He encouraged the City to consider alternative uses for that land. He thinks that there are a number of uses that could enhance the welfare of people that live, work and visit the area. He encouraged the Commission to proceed with issuing the RFP for 351.

Corinne Woods, Neighborhood Parks Council, indicated that NPC urges the Port Commission to move forward to issue the RFP for SWL 351 using the development criteria proposed by Port staff. They did a nice job on the staff report. Development opportunities for this parcel should provide a mixed of uses that activates and provides public enjoyment of the area, increases public access and connections to open space areas and the bay, particularly the Jackson Street view corridor and help fund the Port's urgent capital needs. While they recognize the Port's obligation to provide parking, the pedestrian and visitor experience will be improved if parking is not emphasized. Parking facility should minimize their aesthetic presence and impact on the surrounding area and any above ground parking structures should be screened from public view by active retail uses.

Ellen Johnck, Bay Planning Coalition, a nonprofit organization representing over 200 members involved in the maritime industry and related shoreline business in the bay delta region. Their mission is to ensure that the economy, recreation and the environment thrive in the region. To this end, they support projects and programs aimed at sustaining local industry and this means sustaining our local ports. A very basic element of Port sustainability is revenue plus sound planning to achieve multiple public benefits. When we think about development criteria and the RFP, revenue is the first priority. Port staff is on the right track with the concept. What

should be included in the RFP are concepts that will yield the revenues to meet the targets and the Port's capital plan. It looks like a combined site to allow for upland replacement parking and ferry terminals is a solution which would be workable. The WLUP has guided many successful developments over the past several years. There is opportunity now to have the same success with a combination of private/public uses on the seawall lots. It's important to keep up the progress, the great momentum that the Port is doing. Staff is doing a great job and move ahead by issuing the RFP.

Mark Hansen, AMB Property Corporation, indicated that as a major stakeholder in the waterfront redevelopment, they encourage the Port Commission to move forward with the RFP because they recognize that the progress on the waterfront is critical to not only the existing developments, including Pier 1, and the Ferry Buildings and the other development but the continued progress along the waterfront. They believe that a parking solution is an important part of the project of any project there and of the success and the continued success of the existing waterfront projects. They recognize that a forward looking developer know that there is an increase in public transportation use, not only in this area but everywhere. However, looking forward, he believes that there will be a continued dependence and use of private transportation not necessarily ones that we see today. The sustainability of neighborhoods and areas, etc. could change over time. Over time, they believe that there will be a continued dependence and there will be a need for parking. It's a critical need to be able to provide in order for things like the farmers market, the Ferry Building and all the other uses along the waterfront to continue the success that we've seen. He encouraged the Port to move forward with the RFP process. He asked the Commission to look at projects on their merits in the future.

Michael Theriault, SF Building Trades Council, indicated that he is not a neighbor of SWL 351. He lives in the Excelsior District, one of those neighborhoods as being in genuine need of open space. They are glad to see that this project has progressed to the point where an RFP is being considered. He urged the Commission to put an RFP out. An RFP will allow the Commission to look at all the array of possibilities for this particular site. At the time that all those possibilities are in front of you, you can make an informed decision along with the input you will get from the neighborhood and the rest of the city as to what actually best serves the neighborhood, the city and the port. They are excited about the prospect of jobs that some of those proposals will bring. Some of those jobs will be temporary but he is fond of pointing out that those temporary jobs or jobs like them raised his family and put his wife to UC Berkeley. Some of the jobs will be permanent because the good use of that parcel will support the maritime functions of the Port for which some of their folks work in the ship repair business. He's sure, in the end, the Port will arrive at a project that is acceptable to the greater part of the neighborhood. The Port serves not just the neighborhood but the entire city.

Michael Brown, Carpenters Local 22 Senior Field Rep, indicated that he hopes the Commission moves forward with the RFP and because he has 4000 active members who live and work in San Francisco and their livelihoods depend on construction in general and maintenance and other types of work after the construction is done. When

you make your choices, consider that 4000 carpenters are hoping that they will have work here in the future.

Rob Black, San Francisco Chamber of Commerce, indicated that one thing that is important to realize or think about when we think about moving forward in an environmentally positive way is that we're not going to solve our energy crisis just with solar or with nuclear or with water. It's going to be a smart combination of all those different uses. Same sort of thing with transportation. We can't just rely on public transit. We have to invest in it. We have to make it sustainable. We have to make aggressive investments there. We also have to acknowledge that there will be car use. Car use will change and hopefully become more efficient. We have to plan for that. Any development that goes there needs to replace a surface parking lot which is not an appropriate use for that place with a mixed-used development with ground floor retail with housing above, something that would serve not only the neighborhood but the city's interest as a whole, particularly, reinforcing the importance of revenue generation to the Port. It's something that the Chamber believes very strongly that is needed. They have continued to work and will continue to work with the Port to do that because the port is one of their primary resources in San Francisco and making sure that it is economically sustainable.

Mary Murphy, Wilson Meany Sullivan, read a letter from Christopher Meany. It states, "I regret that I am unable to attend your hearing today regarding SWL 351. While I cannot give my testimony in person, I would like to share with you my belief that the appropriate development of SWL 351 is critical to maintaining the success of the many businesses that have moved to the area in and around the Ferry Building and that have contributed to the revitalization of this very important public face of the City. To insure the continuing success of the area, the appropriate development of SWL 351 should include two mandates: First, any development of the lot should include a permanent supply of public parking for the use of retail customers. This parking should be reserved for short term users with appropriate parking rates that discourage all day parking. Second, the development of the lot must be conditioned upon the provision of interim replacement parking during the construction period. With Pier ½ being taken off line, the retailers in the area will be economically suffocated if the parking spaces at SWL 351 are lost at the same time. As I have shared with you in past correspondence, I believe that the provision of visitor serving parking in the City's designated retail districts is necessary to draw the regional visitors upon whom the retailers depend. I further believe it is consistent with Transit First policy, because the planned parking discourages commuter parking while acknowledging that certain retail and social activities do involve cars. The merchant and businesses in and around the Ferry Building have done much to revitalize the waterfront. Please allow them to continue by insuring the appropriate development of SWL 351."

Dick Glumac, engineer and a member of the Golden Gate Tennis and Swim Club and a tenant at Embarcadero center for 33 years, indicated that 25 years ago when Perrini wanted to build a development project on the Tennis club, he was leading the opposition to the project. In the 21<sup>st</sup> century, things are different. This project provides 6 tennis courts, plenty for anybody in the neighborhood. He is in favor of the

Port issuing the RFP for this project. As a member of engineering and architectural community, he appoints himself as a representative of thousands of design professionals. Some of whom will benefit from this project. In the 21<sup>st</sup> century, we are building the buildings that consume only half as much energy as we have done in the 1940s, 1950s and 1960s. Any project built from now on is going to save us a lot of gas and electricity. That's good enough reason for him to support this project.

Stephen Fee, architect, indicated that unlike many of the speakers who are here today, he does not live in the area but he feels like he does because his business is nearby. He looks forward to the opportunity of walking to more restaurant choices in the neighborhood. He is lending his support for this project and urges the Commission to move forward with this project.

Frank Rollo, a registered geotechnical engineer and works for the firm of Treadwell and Rollo, indicated that he is in favor of the RFP. He can speak on behalf of the geotechnical issues of the site. He's heard some comments about groundwater and contaminated soil that makes this project undevelopable. That's not true. They do deep excavations all the time in San Francisco. The regional groundwater would not be affected. They would design for high groundwater at a high conservative level to keep the basement dry but regionally, the project would not impact the groundwater level. There is contaminated soil at the site. It's as simple as hauling and disposing of it to the appropriate facility. The bad side is it's expensive. It can easily be done. The development for Block 351 included in with the 8 Washington site would greatly improve the area, the look of San Francisco along the waterfront and it will enhance the city.

Marina Secchitano, Inland Boatmen's Union Regional Director and former WTA Board Member, indicated that, on behalf of Ray Shipway from the Master Mates and Pilots Union, their two unions crew all the commuter ferries on the bay. Since 2000, they have actively worked to expand the region's ferry network, supporting the Bay Area Council and Senator Perata's efforts to start the WTA. They've supported ballot measures, state and federal legislation to generate the money to build new boats and new terminals. The first of the new boats is scheduled to arrive in September. In 2004, the WTA successfully obtained \$48 million of Regional Measure II for ferry terminals and facilities including expanded berthing capacity at the Port of San Francisco. The WTA, now WETA, has set aside \$20 million of that money to add new docks next to the Ferry Building. With lots of money in place since 2004, you think you would hear lots of sounds of pile driving and construction of new docks next to the Ferry Building. Instead, there's silence. WETA and the Port are paralyzed because of the regulatory problem over replacement parking. SWL 351 gives the Port a great opportunity to overcome one of the biggest regulatory obstacles to starting this project. We are glad that Port staff's recommendation is to include replacement parking underground in the development criteria for SWL 351. We need to start building the new docks to handle new ferry routes most importantly for emergency response. We urge the Commission to break the impasse and start the next phase of ferry terminal construction on this waterfront. It would be almost a decade since the last docks were built next to the Ferry Building. It's time to use up the bridge toll monies and deliver the transportation facilities the region needs. We encourage you to

move forward with the RFP. This is urgent. She also submitted Steve Castleberry's letter to Monique Moyer dated April 23, 2008.

Susan Harris, Golden Gateway Resident, indicated that she's attended a lot of these meetings the last several months. It's been quite an education. There were a lot of sincere opinions and some facts she didn't know about. The Port has received a lot of input from the community and the various interests. It's time to move forward with the RFP, collect alternatives, look what can be done and move forward.

Jim Salinas, Sr., Carpenters Local Union 22, indicated that he is a native San Franciscan, born and raised in the Mission District. He has the privilege and the honor of representing approximately 4000 good decent hard working men and women that make up Local 22, a 125-year-old labor organization. He thanked Monique Moyer for her leadership supported by the Port Commission. There have been a number of immeasurable improvements made under her watch. As a former president of the San Francisco Recreation and Park Commission, he cannot begin to emphasize the importance of this Commission's ability to create a greater financial value for the Port while preserving the equivalent of SWL 351 for recreation and public open space. This project will allow for the preservation of the recreation club with large swimming pools and outdoor spaces, better fitness facilities and improved neighborhood recreation facilities. Should SWL 351 be developed separately, development of the remaining Golden Gateway land will result in a significant reduction of the private recreation facilities and no open public space. The Port Commission has a great opportunity to create a public parking garage for our farmers market and the Ferry Building area merchants assuring the sustainability of this exciting amenity. The 8 Washington Street project proposes to only build on 49% of the total land area giving back 51% of the total land area for recreation and open space. This neighborhood deserves the opportunity to develop a project whose uses are not limited to private club members and parking. 8 Washington Street project provides a good balance of housing, restaurants, retail, open space and recreation. He urged the Commission to move the RFP forward.

Oz Erickson, Hotel Vitale, indicated that together with Chip Conley, they developed the Hotel Vitale. The Vitale and SWL 351 share something. Five years ago, the Vitale was an ugly parking lot. It was uglier than SWL 351 because it housed busses. Now, it's a vibrant part of San Francisco. It provides a huge amount of revenue for Muni. It has greatly enlivened the waterfront. He can't see why you would want to keep a parking lot along the Embarcadero. It should be open up for RFP.

Tony Gantner, immediate past president of District 3 Democratic Club and founder of the North Beach Merchants Association, indicated that the Golden Gateway Center was built as plan units of development in 1965 by the San Francisco Redevelopment Agency as a redevelopment project. There are two 22- stories slab towers each with 416 dwelling units and two 25-story point towers each with 175 units for a total of over 1000 rent controlled units. These buildings are on a continuous podium that includes ground floor commercial and three levels of parking, one underground and two above ground level. There are also 100+ residential townhouses sprinkled around the 3 residential blocks tied together by pedestrian bridges. Additionally, there is a

park, tennis court and an outdoor swimming complex at the eastern end. Together, it is an example of a mixed-use project mid-20<sup>th</sup> century. The Golden Gateway ownership has evidently decided that it isn't enough to own a huge mixed-use PUD. They are not proceeding on a premise that the property containing the outdoor tennis courts and the two swimming pools are parcels right for development to be sold off to developers for 200+ condos at \$2 million each in an 8-story building to be built on the property. This project is known as 8 Washington Street. As even the casual observer can see, this land is part of the PUD and is offset for the aforementioned larger adjoining residential complex. The Port is considering joining in an attempted evisceration of the Golden Gate PUD by making available the adjoining small SWL 351 for inappropriate development. Let us not be deceived. The Port will have a natural tendency to maximize this revenue from this parcel driven as you are by an enterprise mandate with a failing infrastructure, obviously in need of a repair. Do not allow that imperative to push you into anything other than open space which is a clear choice of the neighborhood. Anything more on SWL 351 will detrimentally impact the Golden Gateway PUD. Make your money elsewhere.

Jonathan Middlebrook indicated that they are here to discuss SWL 351 RFP but we all know that leviathan, that's 8 Washington, has devoured a considerable amount of civil unrealistic discussion. A fair number of Barbary Coast residents feel silenced by a single issue organization which extremely effectively lobbies for a private club at the expense of many other public interests in SWL 351. First, most Barbary Coasters who showed up at the April 14 workshop were in favor of developing 351 as recreational and one hopes public recreational open space. Second, given that neighborhood desire, the question becomes how to pay for such public use of public land. It is, as all parties agree, some of the most valuable, undeveloped urban land in the universe. Third, the Port's emerging RFP seems to allow for a negotiated development plan for SWL 351 - the development which would include public open recreational space, a rebuilt private club, decent parking, upscale housing and mixed-use commercial enterprises along the Embarcadero. Fourth, the current 8 Washington Street proposal does not meet all of the requirements. It is a reasonable start towards a project which could be stepped up and back from 40 feet or less at the Embarcadero to fit into a site bounded on the south by existing high-rise structures of 220 feet and up. It is possible for all of us to get most of what we want i.e. we want the private club, swimming pools and tennis courts with the same membership and reasonable rates. They want public open recreational space, a mixed-use structure, which blends into the current built environment and the money to pay for it all. To get there from here requires a Port Commission determined to force the negotiation process. He very much hope that you are that Port Commission.

Alec Bash associated himself with the comments made by Corinne Woods on behalf of the Neighborhood Parks Council. He couldn't have put her comments better no matter how long he's tried. He is pleased to see an RFP about to go forward. He has longed for the day when an RFP will go forward with the Agricultural Building to complete the Ferry Building area. The Embarcadero freeway left some terrible scars in this city. As you look from the Ferry Building to the south, those scars have been pretty erased. From the Ferry Building going to the north, those scars are still there. We had a development that turned its back on the waterfront that has made no effort

to enliven the landside of the waterfront. This goes all the way from the parking lot and the tennis courts to Golden Gateway Commons to the Master Card building all the way up into Levi's Plaza which often turns its back on the waterfront. If we were to look at the Embarcadero as its long potential should be, it should be a grand boulevard on both sides of the street. Unless we do something on the landside and start to do that now, that is not going to happen. The sidewalks are too narrow. We should look at whether the sidewalks should be enlarged a bit. He was pleased to see the connectivity issue addressed in the staff report for finding a way to ultimately open Jackson Street to Embarcadero. That cannot be done by the Port alone. The recommendations about heights for the context, he believes that the height of the bulkhead building is a very important part of that context particularly for the area right along the waterfront. That height may step back further in as long as there is a design context in which the stepping back of the heights work. There is a tremendous opportunity to have the roof top parks overlooking San Francisco bay and to the extent that recreation can be part of that as well would be wonderful. There had been many comments here referring to a project when, in fact, this is an RFP for the Port site. Clearly, there is another project that has been contemplated to include the Port site and that adds some extra complexity to the RFP. Staff, in working with the Commission, will have to develop very clear criteria for how to evaluate proposals because there will likely be some that include only the Port site or there may be some that may include just the Port site. He believes that as long as those efforts are carefully considered, there's every opportunity for success.

David Fukuda, native San Franciscan, Port tenant and owner of LaMar Cebicheria which will open in a few months at Pier 1½, indicated that his business and all businesses in the Ferry Building are dependent upon the vitality of the neighborhood and the waterfront. Especially with the elimination of parking at Pier ½, parking is critical. Incorporating 351 into a potential joint development is important to the area and the residents including his business. Including block 351 is what he considers good planning, allows for the greatest public benefits to the City, the Port community and the surrounding businesses. He encouraged the Commission to issue the RFP.

Tim Colen, San Francisco Housing Action Coalition Executive Director, on behalf of their 75 member organizations, indicated they are strongly interested in the future of SWL 351. At the risk of repetitiveness, he made the following points: (1) It is no longer defensible or acceptable that this valuable land remain as a surface parking lot boarded by a cyclone fence. That might have been possible when the freeway was still standing that was cut off from the waterfront. It no longer is. It is essential that the Port put this land to its best and highest use. (2) It is no longer possible to defer this decision to protect local interest from unnecessary change that clearly benefits the larger interest of the Port and the people of San Francisco. (3) It is crucial that the Port begin to realize some economic benefit from this land if it is to address the crushing backlog of deferred maintenance and historic preservation of its facilities. This is the Port's responsibility to the entire City of San Francisco. (4) We enthusiastically support the Port issuing an RFP to help determine which uses are appropriate and economically feasible. These uses should contribute to good urban principles, should revitalize the Embarcadero and should reconnect it to the adjacent neighborhoods.

Flicka McGurrin, Pier 23, indicated that she's been on the waterfront for over 20 years. She's seen a lot of changes. Issuing this RFP is important for the financial health of the Port and for the revitalization of the neighborhood. The area to the west of them seems extremely empty, has seemed empty for a long time. When the farmers market was in that parking lot a few years ago, it created a wonderful feeling. That feeling has been seriously changed by the revitalization of the Ferry Building. There is obviously a deep need for more retail activity. Parking and transportation is always an issue that is inevitable. The idea of a parking service that is underground is appealing. She supports the RFP with the consideration of the Golden Gateway Club that that club is truly rebuilt and members that enjoy it now have some kind of capability of staying as members. She knows that is a real concern for the present members. They feel that they are going to lose their club.

Russell Jackson, local chef and restaurateur and regular patron of the ferry plaza, indicated that parking is the most challenging and prohibitive element of shopping and visiting the neighborhood at the ferry plaza. There are a significant number of them that must be able to drive to the market in order to purchase for their restaurants and for their businesses or homes. The farmers market cannot survive on tourists nor do they want this market to become just another tourist destination. It is a neighborhood market and it's for the locals and tourists alike. To be successful, the market needs parking that are centralized and within the proximity of the ferry plaza. He asked the Commission to move forward with the RFP for SWL 351.

Stewart Morton, NEWAG member and homeowner at Telegraph Hill, encouraged the Commission to issue the RFP. The Port needs money to help preserve the piers and the Port properties that are of great value. He has the ultimate solution for this site. The front of it should have a 40 foot height limit. The back of it including the tennis club site should go up to 20 foot, a slender residential tower on the back with a 40 foot all the way from the tower to the front with a mixed use, including garage spaces. That gives the developer enough money to pay for the parking and gives everyone what they need. A 40 foot height limit is the height of the bulkheads. Someone from Port Planning wants a grand boulevard. If you have the same heights on both sides, it will work. Nothing more than 40 foot feet. That will not satisfy the open space but we can't afford open space there.

Evan Matteo, owner of Lafitte Restaurant, indicated that in order to maintain and grow the vibrant neighborhood that the Port and City have worked so hard to create we need the ferry farmers market to be successful. Additionally, combining this site with the adjacent land allows for more housing, open space, restaurants and retail, not to mention smarter, urban planning. There are many voices and stakeholders who oppose this change but he asked the Commission to heavily consider the needs of the small business owners in the neighborhood and move forward with the issuance of the RFP for SWL 351.

Charles Phan, chef and owner of Slanted Door, brought out some points how important the parking lot is. He indicated that a lot of folks talk about the farmers market on Saturday. The market is important even on the weekday because the farmers need those days. Tuesday is just as important. The Ferry building folks tried

to start a Thursday night market but it has not been successful. They had to stop after a year of trying. They will try again. The market is not one sided. It's not for somebody buying a bag of peaches. Some of the farmers have stopped coming to the market because of fuel costs and they decided to go directly to the restaurants. Another observation is during the weekday, all the restaurants are busy, the financial district, Boulevard, One Market, etc. but on the weekends, the Ferry Building is busy. One Market and the Boulevard are not open on the weekend for lunch. There is an island in the middle of nowhere and that's happening and things have not crossed the street. With the parking lot, there is not a solution at this point since Pier 1/2 will be gone. He encouraged the Commission to move forward with the RFP.

Jennifer Clary, San Francisco Tomorrow, indicated that she provided the Commission a letter regarding her concerns about having these planning processes crop up in the middle of the year when Port staff are already committed to planning. She mentioned this because she sat on the Pier 70 advisory group for 9 years now and they are still working on the master plan. Every time she sees one of these projects pop up like SWL 337, SWL 351, she knows that's taking staff's time against something that she thinks is a priority. She thinks that an RFP is not planning. Rather than have a reactionary planning for the northern waterfront, it would be a good idea to start thinking about what your vision is and how to create that vision. She hopes that the Port will move forward with actually creating some kind of process. The WLUP is 11 years old. When it was created, none of us knew what is going to happen. What happened wasn't what any of us expected to happen. It needs to be updated. You need to think about how you're going to do it. Some have talked about doing subarea plans that would allow the Port to link seawall lots with the piers across the street. This is not the way to plan and hopes that we would figure out a better way.

Bobby Coleman lived at the Golden Gateway since 1987 but the projects proposed are not part of his view. He is not a member of the Golden Gateway Tennis and Swim Club and he does not have greed profit or personal interest to spend. What he is concerned about is public interest and has been concerned about that since 1987 when they heard a lot of similar development proposals for what they now enjoy as open space - the extension of Justin Herman Plaza, ferry park, etc. He served on the mid-Embarcadero Citizens Advisory Group in the early 1990s. This is a parcel that is crucial to for-profit development of luxury condos and associated economic benefit for certain private industry groups. As a matter of public interest, when they leave this hearing and they go down on the eastern side of the Embarcadero, the waterfront site and they look up towards Telegraph Hill and Coit Tower like thousands of residents of San Francisco and visitors to San Francisco from around the world do, that view in all likelihood is going to be blocked as a consequence of rolling out a red carpet encouraging the private development of this parcel. That would constitute one of the egregious and obvious failures in Port Commission history. If you are to do an ad hoc survey when you hit the street and if you would politely ask pedestrians, cyclists, neighbors, visitors, tourists, etc. and ask them to look up there, the world famous view of San Francisco is part of the character, part of the very essential pride of San Francisco. Do you think there should be a building blocking that view? Obviously, you know the answer.

Toby Levine indicated that many years ago, the WLUP advisory board which developed the comprehensive land use plan which came into fruition in 1998 after 6-7 years of planning, a very successful effort. It has served the Port and the City very well. We are beginning to hear cries that it's outdated; it should be changed and amended. As a living document, you will find that there are ways spelled out in the plan for amending and changing it. The former Commissioners have made changes to the WLUP over the course of the years. Obviously, situations have changed. We have the lost of Pier ½ and how that is going to be compensated for and what other things need to be done. By issuing an RFP for SWL 351, the Port has an opportunity to test both the WLUP and test ways that planning can be changed for the area. We've had some problems with the seawall lots. Alec Bash's comments that had to do with the vacant aspect of one side of the waterfront on the seawall lot that nothing is happening and the discussion that Jennifer Clary brought having to do with revisiting things, this SWL 351 can be that and move forward on the other seawall lots in the future. The Port should go forward but use this as an opportunity for visiting and remodeling and looking forward to what can happen next on the other seawall lots nearby.

Jim Chappell, President of SPUR, a membership organization of over 3000 families, indicated that they are a citywide organization and a multi-issue organization and they try to represent the interest of all San Franciscans present and future. This includes the Port. The Port is a public agency that belongs to all 800,000 San Franciscans. He thanked Port staff for a very comprehensive and excellent report on this subject. From a point of view of urban design, SWL 351 is a small out holding, over half an acre. It makes no design sense to have it separate from the adjoining 2.5 acre private site. Its current use as a surface parking lot along the beautiful Embarcadero boulevard is nothing less than a blight. Hopefully, both of these sites will be redeveloped to provide coordinated and beautiful new development. Developed separately, they will remain as uncoordinated and unattractive as they are today. In terms of financial sustainability, as the Port is not sustainable in the long run, the Port must make efficient use of its public lands which it holds in trust. SWL 351 only has major economic value when considered along with the adjoining private property. It's now or never. He urged the Commission to issue the RFP for SWL 351. The Commission's duty is a duty to all 800,000 San Franciscans today and the millions who will succeed us in future generations. Issuing an RFP for SWL 351 is a vote for good urban design and for financial sustainability.

Sue Hestor, Friends of Golden Gateway, indicated that the Commission have heard from people from various positions that the Port has two ugly spaces on the other side of the Embarcadero, the parking lot which the Port owns and the tennis club which is owned by Golden Gateway. The developers have financial interest in the ugliness and in the development. It's like they're putting a gun to their head and saying if you don't want what I want, I'm going to shoot myself. That is literally what is going on. It's ironic hearing from SPUR, which is an advocate of Golden Gateway, that they want to plunder the public amenity that was done for Golden Gateway. Golden Gateway is the densest housing project in the city. It is a huge high rise complex that was done in the 1950s and 1960s. They were given one amenity; it was a choice. It went on for years at the Redevelopment Agency. Was it going to be theaters,

museums, churches? There needed to be some community space for all of those residents, over a thousand apartments. What they got was a recreation use. The recreation use is not the same as an open space use. Active recreation is a hard commodity to get in San Francisco. Chinatown has one small tennis court complex. These are tennis courts and swimming pools for senior citizens who live there. It's the only open air swimming pool in the city. Basically saying we're going to be a parasite and we are going to plunder the PUD and take out the public amenity while we can build this, not rent controlled apartments but \$2 million and up luxury condos so the Port can have a revenue stream is something that should sober you. She thinks that the Port needs to start solving their parking problem now and not wait for this to be solved in the end. Right now, there's parking available on Saturdays and over the weekends. It's available now at Embarcadero 4. There is no direction on how to get there. The Port and the Ferry Building management should figure out a way of telling people today, here's where the parking is, here's how you get there. It's a shorter distance than SWL 351. The issue that she raised that the Port did not answer which was the seawall lot has a seawall under it. It has water under it. We know the bay is rising. The Port should be doing a comprehensive analysis of how we deal with rising bay levels on our property. When you look at an overhead view of the bay, there are only two places that are built up right next to the waterfront on the bay. This is one of them and some little islands in Foster City and Emeryville. This is it; people haven't resolved global warming. They haven't resolved rising sea levels. She thinks the Port should resolve that at the Port level first.

Wendy Lester, sales manager at 733 Front Street, which is a new development that went to market a year ago. They sold out 69 units. 30% of their residents don't have cars. They came here because this is an ideal urban center. They can use public transportation that works here. They go to the market on Tuesday night. They feel honored that they get to be part of this neighborhood. They've had several discussions among the residents. In general, they feel that more retail would be a benefit to them. They would have places for their friends that come to town to park. They welcome their future retail and residential neighbors.

Peter Winkelstein indicated that he lives in another part of the city. He, his family and his neighbors use the Embarcadero, the Ferry Building and this area a lot. The Port needs to take the responsibility to make the seawall lot useful for the Port in terms of getting income from it and allowing a project which works better, which from an urban design point of view, holds the Embarcadero. It isn't clear to him why open space, which is there now, and is planned to remain there with the swimming pool and the tennis courts is also part of the project that is being proposed, although that might not be the final project. It's clear that there will be public use for open space there as there is now. He urged the Commission to proceed with the RFP and move on this project because the Port and the City need it.

Eula Walters, Citizens for Open Space, indicated that she lived in the Golden Gateway Center since 1972. She thought a long time before moving to Golden Gateway Center because she does not like moving. She lived in San Francisco for 36 years and wanted a place where she could live for the rest of her life that she would enjoy. She moved to the center so she would have a pool. She has a place to park her

car. She founded in 1989, after the earthquake, Citizens for Open Space, by going out and getting 2300 signatures who want open space. They wanted ferry park as an open space. The Ferry Building and the Port don't need a new parking lot. Go to the different parking places and see how much parking there is already. The Port is making a big mistake. Had the Port voted parking on that site, they could have had an underground parking. They had a chance to build a parking lot underneath ferry plaza which they gave up because it was expensive to build after they found out that they would be building it where there is water. All the 8 Washington Street developer wants is this building and they have to have parking. If they can get that, the rest will come easy for them.

Christy McRoskey, San Francisco resident and member of the Golden Gateway tennis club, supports the Port's issuance of the RFP for SWL 351. The Ferry Building and the waterfront area have experienced tremendous improvements over the past few years that spanned a lot of interest in this area. Five or six years ago, there was not that much activity. This is a prime waterfront site which should be developed. It should be developed to the highest of criteria. She supports the idea of a combined site with the Golden Gateway tennis club. She hopes to get some of that back which would allow for much needed parking for the farmers market, the restaurants and retail centers around. It would allow for improved club and some public open space. They are planning on giving 51% back to open space. That should be enough.

Fred Allardyce, Barbary Coast Neighborhood Association (BCNA), thanked Kathleen Diohep for making a great presentation on perhaps the most significantly important parcel the Port has in its control. Even though it's only half an acre, it may set the tone for future uses of the entire waterfront. They have been watching closely as the Port considers the use of Parking Lot A, the 14 acres that is being aggressively looked at by a number of developers to utilize in the Mission Bay Area. In 1948, his father took him out by the Bay Bridge and said that a freeway will be built to connect the Bay Bridge all the way around the city. In 1954, a group called Telegraph Hill Dwellers who said may be not all the way around the city. As most people recall, there was an abutment at Broadway, where the freeway stopped. Nevertheless, that was the way they got around town and it was quite useful. Most San Franciscans in the 1940s and 50s thought it was great. It wasn't until the 1980s that God shook it down. He is the president of the Barbary Coast Neighborhood Association representing over 12,000 voters and property taxpayers. He was curious to know when money began to equal happiness. All of you here have money. None of you would be here if you are absolutely poor. The Port has a right to take happiness; take money and make happiness. His guess is if you ask Monique Moyer who has a very responsible job that started out \$1.2 billion a year ago and now it's close to \$2 billion in under capitalized future uses. What is that money going to go for? How many private parks; how many long standing useful needs will the citizens of the Bay Area, California, U.S. and all the visitors that visit San Francisco really utilize as the waterfront gets redeveloped and do a new freeway with 84 foot tall buildings, 48% taller than the original freeway of 55 feet tall that get expended all the way down the waterfront if this project goes ahead. He knows there's lot of challenges, most of them economic for the Port, but there are also challenges for San Franciscans to look at their future. There is an opportunity to create a boulevard that might last way

beyond all of our lives that it would be something that we would be proud of to say what we did with all the seawall lots.

Garth Collier, COA Architects, encouraged the Commission to support the issuance of the RFP for SWL 351. As a Port of San Francisco tenant for the past 14 years, one of the major drawbacks to establishing a successful business at the Port is the parking situation and the resulting congestion in the Ferry Building waterfront area. The proposed development provides an opportunity to help alleviate the situation with underground, off street parking. He also noted that Pacific Waterfront Partners is not a typical developer. They are very successful and very sensitive to community needs. He is a registered architect in San Francisco for the past 30 years. In his experience, it is rare to find a developer this sensitive. Historic preservation and the improvement of public space is a priority as exemplified by their successful restoration of Pier 1, Pier 1½, 3 and 5. They deserve a great deal of credit for the renaissance of the waterfront. This project continues that momentum and recommends its support.

Commissioner Hardeman thanked the Mayor's office for attending the meeting and listening to all the comments. His big problem with this project is that we haven't moved along sooner. He agrees with a lot of the speakers that things have changed. In hindsight, we should have probably doubled the size of Pier ½ parking instead of eliminating it. He thinks that we ought to move this project along and bring it to a head and have a vote.

Commissioner Fong thanked everyone for their comments, clearly, a wide variety of comments. He agreed with a couple of thoughts to keep this area vital. While we see the success of the Ferry Building during the weekends, if you come back at night, it's not as vibrant. Part of that growth or that opportunity for business growth in the area for the residents as well as office folks is the evening business. He rides his bike a lot. He rode it today to the meeting but he can't ride it at night. If he wants to bring his family here for dinner at night, he has to drive. Parking is important. We're potentially losing some parking at Pier ½. It's important for the Port to be able to replace that. If an RFP is issued, that parking should be taken into consideration as a high priority. The second high priority in his mind is the ability or the attempt to at least replace as much of the private and public recreation space. Part of the whole balance of the community is the ability to recreate and enjoy this beautiful site. He hopes that's available to everyone.

Commissioner Lazarus indicated that the diversity of opinion on what might happen in that particular lot further reinforces the need and desire to do an RFP so we can see what some of the more creative minds in this community might come up with in terms of the needs of that particular site.

Commissioner Shakofsky concurred with her fellow Commissioners. She enjoyed the very lively and vibrant debate today. She heard a lot of great ideas. She did not hear from anybody suggesting that we leave this site as is. She supports moving this community process forward. There are potential solutions that incorporate all the comments heard today.

Commissioner Brandon indicated that her fellow Commissioners would like to move forward with an RFP. We don't like to talk about parking because we want to talk about transit first but from Fisherman's Wharf to the Giants ballpark, we are constantly told they have to have parking. Hopefully, we can get to the goal of transit first. Maybe one day we will get there but in the mean time, we are going to need parking. That is a high priority for this process. She thinks that we still need to listen to everyone concerned and this property belongs to all citizens of California, all citizens of San Francisco and take all interests into consideration as we move forward. She thanked staff for a great presentation and thanked everyone for coming today. It was valuable for the Commission to hear the public's opinions.

Kathleen Diohep indicated that on June 5, 2008, the Rec & Park Commission and the Planning Commission are going to be having a hearing and looking at and studying the open space in the area. The greater city is taking on and looking at those areas which are in the Rec & Park's purview. She thanked the Commission for the feedback. She did not hear any specific feedback on the draft development objectives but heard interest in Port staff bringing forward to the Commission an action item to issue an RFP.

B. Request approval to execute Eighth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Project on The Embarcadero, between Francisco and Battery Streets and for Piers 30-32 on The Embarcadero, between Bryant and Brannan Streets. (Resolution No. 08-36)

Jonathan Stern, Planning and Development Division, requested Commission's approval for an 8<sup>th</sup> amendment to the Amended and Restated ENA with SF Piers which is an entity with the Shorenstein and Farallon Capital Management. The amended and restated ENA dates back to March 2006 when the Port approved the assignment of development rights of Piers 27-31 to SF Piers. Since 2007, the focus of this ENA has been a mixed-use development at Pier 27-31 which included a primary homeport cruise terminal at Piers 27 shed. Part of the reason this option has been pursued is that starting in 2007, and culminating in September 2007, the cruise terminal advisory panel (CTAP) made a series of recommendations to the Commission that essentially designated Pier 27 as the first choice for this new homeport cruise terminal. It had originally been thought that the cruise terminal would be at Piers 30-32 as part of a development with SFCT and that project did not move forward. That's why CTAP made those recommendations. In the course of SF Piers' investigation of this mixed-use project of cruise terminal at Pier 27, it became clear there were a number of challenges. It's challenging to do a mixed-use project with new office, recreation, restaurants and a cruise terminal, all on Piers 27-31 even though it's a large site with long berths. During the last few months, during the 7<sup>th</sup> ENA amended period, SF Piers have been exploring creative options to help support this idea of a mixed-use cruise terminal at Pier 27 and having mixed-use development elsewhere on the waterfront to help fund that project. As this 7<sup>th</sup> amendment period is expiring, the developer has come forward to ask for an extension of 120 days to explore these options further. Specifically, they are looking at mixed of uses at Piers 30-32 both trust consistent uses, maritime uses and office and restaurant uses at Pier 30-32 with some of tax increment proceeds earmarked to fund a homeport cruise

terminal at Pier 27. Staff is coming forward with an 8<sup>th</sup> amendment to support this linked project at Piers 30-32 and a cruise terminal at Pier 27. Staff have never done this type of linkage before; this is a challenging project. He pointed out two specific challenges and will be the subject of investigation during this 120-day period. There has not been any development competition for the rights at Piers 30-32, SFCT's development right has expired. There will be a sole source determination about the Board's policy of competitive solicitation that they would have to seek a waiver. Specifically, we would have to have a project at Piers 30-32 even with the linkage that the State lands Commission in Sacramento deemed to be public trust compliant. These are the two specific issues that they would be pursuing during this period. We are presenting this linkage in concept. We don't have any specific development plans to present to the Commission today. Besides investigating these two issues, the developer would explore the land use plan and program specifically at Piers 30-32 and the financial feasibility both of that project and how much funding it could provide to link the project at Pier 27.

Jennifer Clary, San Francisco Tomorrow, apologized for the late letter she sent. The Port should not be renewing this amendment. This project has nothing in common with the RFP to which it is responding that was issued almost 8 years ago. That RFP was for a recreational development on Piers 27-31. The Port now has a cruise terminal on Pier 27 and some office uses on Piers 30-32. There's no linkage that State Lands Commission would recognize. From the approval process they did for Piers 27-31, not only would they not approve linkages, they didn't even approve trust compliance unless the trust uses were all in the same shed. If you recall, they did trust compliance individually for Piers 27, 29 and 31. There's no way in the world that this is trust compliant. Over and above that, you have to have some integrity for your development process. People have to understand that when the Port puts out an RFP, this is the project you are planning for. She can understand a certain amount of give when you are actually in negotiations and creating a project but you now no longer have a recreation project. You have a cruise terminal and an office building. You need to stop this RFP. If this is something the Port wants to do, the RFP should be reissued.

Jamie Whitaker, Rincon Hill Neighborhood Association Vice chair, indicated that he looks forward to better use of Piers 30-32 besides being parking lots and looks forward to Pier 36 and what remains at Pier 34 and the Brannan Street Wharf getting refurbished. The area is trying to become a primarily residential area, a densely populated residential area and he hopes that open space is included in any plans that may come forward if the Port approves the RFP process. What would be important for them is not having a dead space in the evenings and on the weekends similar to what's in the financial district. Tumble weeds kind of blow through the financial district on the weekends and the evenings and it would be a terrible waste. They look forward to what comes forward.

Jeffrey Leibovitz, South Beach Mission Bay Association, announced the formation of a new neighborhood association called the South Beach Mission Bay Neighborhood Association. They've had two successful meetings where approximately 50 people turned out. Their geographic boundaries go from 4<sup>th</sup> Street to the waterfront, the

Embarcadero, from Folsom Street to the ballpark. With that said, he asked the Commission to consider them for all developments at South Beach. Rincon Hill South Beach CAC which he is a member of is on its last leg. There's one development opportunity and the citizens advisory committee with the Redevelopment Agency will dissolve because there are no more development opportunities. It's important that the Port consider those of them who live, work, and participate in this community when it comes to decisions. He read in today's Examiner with some surprise that this proposal is fait accompli but obviously, it's not. He thanked Tom Hart for coming forward and taking the bait about Piers 30-32. In one of the hearings when he suggested if they were having problems on the north end of the waterfront, they can come down to the south end. They opened up a dialog and possibly can do something with Piers 30-32. Those of them who lived there have supported the development on that pier with the Port and with the community. They would support further development but they need to be involved with that. He's heard clarification from Port staff that there are no proposals at this time. This is just the ENA. He highly asked the Commission to approve the ENA and allow the developers to go forward to see if there is a way to make this work for the Port. On another note, he spent three days in Vancouver last week. It's one of the most spectacular waterfront cities in the world. It is a model for development for San Francisco. It puts San Francisco to shame. It shows what a city with a wherewithal and the correct planning can do with their waterfront and you don't have the obstructionists that you have in San Francisco that want to stop everything from happening to preserve either private views or tell you that it's inappropriate and it needs to be revisited. He thinks that the Port Commission needs to go up there and talk to the city officials and figure out how they've done it so we can go on with the business of developing San Francisco's waterfront for the benefit of Californians and visitors. It's a sad state of affairs and it's unfortunate that we face such an enormous budget to take care of our magnificent waterfront jewel. He asked the Commission to approve the extension.

Ernestine Weiss agreed with Jeff Leibovitz comments that Vancouver is a city that we should be modeling ourselves after. They've done it well. There weren't objections to what they planned. It came out beautiful. It's very similar to San Francisco. They have Stanley Park with high rise residences on the side and it's beautifully balanced. She encouraged the Commission to move forward with the extension and explore everything. Cruise is important to the City and it's our number one business. She meets people on the trolleys from all over the world coming here to spend money. That's what's keeping San Francisco afloat. Without that, we would be in dire straits. Reconsider that and plan a little more and do it right. Let's look like Vancouver.

Dennis MacKenzie, Round The Diamond, sent an updated proposal to the Commission last week. He asked the Commission to take into consideration the need for a long-term comprehensive vision of how to meet the numerous public trust requirements and goals for the highest and best use development of the 7.5 miles of Port property. He requested that the Port Commission initiate a collaborative public/private nonprofit foundation in order to assist in developing an education sports and recreation fund that can be financially supported by all current and future private developers of all the Port property, piers and seawalls. It's expensive to do

anything that's for the tremendous public needs e.g. the high school kids in this city which his proposal addresses. He asked the Commission to work with all public/private sector officials and developers in order to provide the visionary leadership necessary to develop a partnership in support of his proposal to include within the original design and construction of SWL 337 a self-supporting basketball education and career pathway arena for the benefit of all our local youth and San Francisco Unified School District High School kids. He asked for this to be a collaborative effort between the local public officials, the state officials and the federal officials as well as the SFUSD. The Port piers are in tremendous need of \$2 billion of repairs. San Francisco public facilities, the high schools, the gymnasiums, the classrooms are 50-60 years old and need more than \$2 billion worth of work. The billion dollars you spend on schools in this district is just to upgrade it for ADA accessibility. His proposal is to ask this Commission to formulate an initiative to build a basketball education center somewhere on these piers which he believes SWL 337 might be the best place if Pier 27 is the appropriate common sense place to put a cruise terminal. Obviously, we know that ten years ago, Chelsea Piers did not get the project. Mills collapsed. This project is already going through transformations. He asked for a visionary, a long-term perspective of all the needs of this city especially our high school kids. He's also asking as part of this project to create a sports management and facilities operations pathway for the junior and senior high school kids in this city. Currently, there is no such pathway. There is no government and public service pathway that introduce our kids to the integrity and responsibility and honesty that the public servants must have.

Fred Allardyce, Barbary Coast Neighborhood Association, indicated that a large portion of their constituents in the north end of the waterfront – 101 Lombard, Telegraph Landing, Park Telegraph and the commercial tenants at Levi's Plaza and up and down the waterfront – are very concerned about the "recreational use of Piers 27-31" which was in the WLUP which was adopted by the Port Commission in 1997 of what seems to go through the bouillabaisse of cuisinarts. He respects Shorenstein. They hope they will become part of the Port's future. They will get it done when they get it done. However, he is very curious with their moving their interest to Pier 30-32. What happens to the recreational component on Piers 27-31? He hopes that the Commission will consider that as a higher use and has been shelved recently in previous negotiations and the neighborhood looks forward to working with the Port in the future.

Commissioner Hardeman indicated that if you take the whole coast of California and you look at the coast and then take San Francisco with us trying to connect two piers with this pin dot away, he does not think it would be difficult for State Lands to make that connection. The reason why this project has moved away from Piers 27-29-31 is because he was told by a San Francisco supervisor that not one inch of variance would be made at the end of any of those piers. Not one inch, not 8 feet, not 4 feet. He was sure that was mentioned to the Shorenstein team. They're looking at Piers 30-32 because they have been badgered out of Piers 27-29-31. Somebody mentioned to him prior to this meeting that having the cruise ship terminal at Pier 27, if you are a cruise ship operator, it's much more convenient than having it at Piers 30-32. It saves at least half an hour on each docking. It's an hour in and out, may be sometimes up to

two hours. That's another possible reason why we can make this separation; the validity of the convenience for the cruise ship operators at Pier 27. This project is moving in a different direction because the developer has been forced to move in a different direction. We should not hold it against them by not giving them this extension.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 08-36 was adopted.

## 10. REAL ESTATE

### A. Informational presentation regarding Fiscal Year 2008-09 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

Jeff Bauer, Senior Leasing Manager, indicated that on September 8, 1993, the Port Commission delegated the authority for the Executive Director to execute leases on behalf of the Port, provided those leases met certain business parameters. Part of the leasing policy included the rental rates. The Port's leasing policy provides for an annual update. The schedule was last updated on June 12, 2007. Since 2007, the San Francisco commercial market has flattened; however, the demand for waterfront office and warehouse office has remained very high. The Port's current vacancy rate for office space along the waterfront is only 2%. The City averages approximately 12%. Staff recently conducted a survey of like situated properties along the waterfront to that of Port property. It appears that our rental rates are in line with market comparables for both office and warehouse space. There are some categories that Port staff is suggesting changes which are included in the staff report. The Port operates a number of parking facilities where it leases individual parking stalls. Most of the individual parking stalls are Port employees or Port tenants. The rates are last updated June 12, 2007 when the Commission approved the monthly parking stall rate schedule. The current annualized monthly parking stall revenues are approximately \$378,000. Following a survey of comparable parking facility, staff has determined that our parking rates are in line with current market conditions. Staff recommends only incremental increases to the parking stall schedule. In order to standardize the filming and special event fees that the Port charges, staff established a special event and filming fee schedule which was approved by the Commission on May 16, 2006. Staff is proposing no changes to the current 2008/2009 schedule with the exception of Pier 48. That exception is made because half of the pier was leased to the Department of Elections so the venue has shrunk into 50% of its size. Staff will return at the next Commission meeting and request approval of the updated FY 2008-09 Schedules.

Commissioner Rodney Fong asked if special events berthing rate is included in the Special Events such as the tall ships event. Ms. Moyer replied that berthing rates are set by tariffs through the California Association of Port Authorities. We have an outstanding tariff that has to be approved first by the CAPA and then will be brought to the Port Commission. The landside amenities that Tall Ships might need would be under this rental rate schedule.

Walter Caplan, San Francisco Model A Ford Club, indicated that in early February, the Commission was gracious to approve a 50% reduction in fee rate for their car show, which is in its 6<sup>th</sup> year at Fisherman's Wharf as part of the Crab Festival. It made it possible and allowed them, as part of a non-profit event, to be able to donate \$1,000 to the Fisherman's and Seamen's Chapel at Pier 45 and \$1,000 to the law enforcement torch run for the Special Olympics Athletes. This year, the Port Commission will adopt a bundle of fee schedules. On page 10 of the staff report, there's a proposed fee waiver for the 4<sup>th</sup> of July celebration, Fleet Week, etc. and a proposed fee reduction for the small boat fishing gear swap meet and a fee reduction of 50% for the Delancey Street Christmas lot. He asked that the Port Commission request Port staff to add to the proposed fee reductions an allowance that would allow the Crab Festival Car Show to have a 50% reduction in fees for its car show. He is aware that this year there will be construction on Taylor Street. He has spoken to Katharine Arrow and attended the Community Benefit District meeting this morning and they will work with staff to find an appropriate time and place and way to have the car show occur this year. Hopefully, at least in an abbreviated way, they can have a car show which will allow them continuity because after 6 years, if the car show does not happen this year, it would probably be the end of the car show and it will keep them from continuing it in the future. They've been incredibly successful in working with the hotels and the merchants and the Fisherman's Wharf Merchants Association as well as the CBD in putting in a great event which brings people and families back to San Francisco, many of whom left here to raise their families and come back for a great weekend. He asked for the Commission's support and asked to include this event in the fee schedule.

Commissioner Brandon asked how staff decide on who goes into the exception phase for the discounted rate. Mr. Bauer replied that we included a number of events last fiscal year that we traditionally waive the fee on an ad hoc basis such as 4<sup>th</sup> of July, New Year's Eve celebration. We look at events that have strong maritime basis such as Madonna Del Lume, the fish gear storage and also have a history and tradition with the Port such as Delancey Street. The Port having a maritime mission, we choose wisely for the events that we would either waive or reduce the fee. We know about this event; we went through a vetting process and we chose to let the fee stand.

B. Request approval of a Memorandum of Understanding M-14562 between the Port of San Francisco and the San Francisco Police Department for the Stationing of the Police Marine Unit at Hyde Street Harbor for a term of 60 months. (Resolution No. 08-37)

Jeff Bauer, Senior Leasing Manager, indicated that beginning in 2003, the Marine Unit moved from Treasure Island to Hyde Street Harbor under an MOU with the Port. This provided a more centralized location in the most active part of the Port which translated to a faster response to Port property and an enhancement of security for both Port and the public safety. The current MOU expires on July 31, 2008. Staff wishes to enter into another MOU under the following terms and conditions: a term of 60 months with a use fee of \$1 per month. The MOU will be effective August 1, 2008. The Marine Unit is under the authority of a BCDC permit which expires in August. We are now seeking renewal of that approval for the period of time they

would be there. Staff recommends the Port Commission approve the MOU between the Port Commission and the SFPD for the rental of facility located at Hyde Street Harbor for a term of 60 months.

Commissioner Brandon asked if there are any changes to the terms from the original MOU or is it exactly the same. Mr. Bauer replied that we are looking at all the aspects and all the fundamental issues we go through with a regular tenant. Their lease is pretty identical. Commissioner Brandon asked if there are any changes from the original MOU. Mr. Bauer replied no.

**ACTION:** Commissioner Fong moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; Resolution No. 08-37 was adopted.

## **11. NEW BUSINESS / AGENDA SETTING**

Ms. Moyer reminded the Commission that we are going to our once-a-month schedule beginning in June. She noted that the July 8 meeting follows a long holiday weekend. Although Monday, July 7, is a workday. She noted that Memorial 2009 is going to be early again. Under our normal schedule, we would have a Commission meeting the following day. That is not something we need to address today but we should do so when we set the calendar in November. At the June 10<sup>th</sup> meeting, the item that will likely take most of our time is the Informational presentation of Design for Taylor Street Roadway Improvement Project. At the request of one of our Port tenants, Port staff have been working with the Department of Public Works because we share jurisdictions. We've been meeting with a number of tenants but there will be impacts to the restaurants and the restaurateurs will also be in attendance to discuss their concerns and hope that the Port will pay them for their pain. We intend to be back for an action item for the SWL 351 on July 8, 2008.

Commissioner Hardeman asked if Ms. Moyer would like to announce that we will start the meeting earlier in executive session. Ms. Moyer replied not at this time since we're still in discussions about that. Commissioner Brandon commented that at this point, there's nothing on the calendar for August. Ms. Moyer replied that we don't have any items yet since it's still early.

Marty Coressel asked for a short update on the Brannan Street wharf project on a quarterly basis. They are not looking for anything in detail just the status. He asked the Commission to consider that item for August.

- 12. PUBLIC COMMENT**
- 13. COMMUNICATIONS**
- 14. ADJOURNMENT**

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

Commission President Brandon adjourned the meeting at 6:18 p.m.