



MEMORANDUM

TO: Members, Capital Planning Committee

FROM: Elaine Forbes, Port of San Francisco, Interim Executive Director

SUBJECT: Port of San Francisco, Proposed Fiscal Year 2016-17 & 2017-18 Capital Budget

DATE: March 11, 2016

The Port of San Francisco is requesting Capital Planning Committee consideration and approval of the Port's proposed **\$34,596,175** Fiscal Year (FY) 2016-17 and **\$20,600,312** 2017-18 biennial capital budget, totaling **\$55,196,487**. Additionally, the Port is requesting \$7,700,000 in General Fund support to implement the Port's Seawall Resiliency Project, bringing the total funding request to **\$62,896,487**. The Port Commission approved this capital funding proposal on February 23, 2016.

BACKGROUND

As the Capital Planning Committee is aware, the Port does not generate sufficient revenues to keep pace with its capital renewal requirements and faces an estimated \$1.1 billion backlog in capital repairs over the coming 10 years. To tackle this problem, the Port Commission adopted a capital policy to allocate a minimum of 20 percent of operating revenue, increasing to 25 percent in FY 2017-18, to capital investment. The Port Commission also has a stated policy to invest one-time and surplus revenue in capital projects.

This current capital funding proposal exceeds the Port Commission's policy requirements in each of the next two fiscal years, with 47 percent and 35 percent of operating revenues directed towards capital respectively. These investments are the result of deliberate efforts by the Port to control growth in operating expenses and direct increases in net income to capital. This strategy has the dual benefit of allowing the Port to address critical infrastructure needs and make strategic investments, while protecting the Port from future operating reductions in the event of the next economic down cycle.

Notably, the Port is requesting \$7.7 million from the General Fund to augment the Port's \$2.0 million investment in the design of a new Seawall Resiliency Project. The primary factors behind the Port's request are that 1) the seawall benefits the City beyond the Port's boundaries, 2) the Port does not have the financial resources to fund the seawall project on its own, and finally 3) if the Port attempts to fund the design phase of the project on its own, many other critical projects from the proposed capital budget must be deferred.

SCORING CRITERIA

The project recommendations are consistent with the scoring criteria that Port staff has deployed since 2010 to evaluate capital project requests. A Capital Project Technical Review Committee, comprised of 10 Port staff that represents each division, reviewed and scored the project submissions. Final selection of projects was based upon their ability to address one or more of these strategic priorities:

- (i) Address a safety, health, code, or regulatory issue or threat to the environment;
- (ii) Significantly reduce potential liability to the Port;
- (iii) Promote commerce, navigation or fisheries;
- (iv) Attract people to the waterfront;
- (v) Promote natural and cultural resources;
- (vi) Preserve existing Port revenues; and/or
- (vii) Generate and/or leverage additional revenues for the Port.

The Port believes the scoring process yields the most strategic capital investments to advance the Port's mission and improve the Port's financial position

PROPOSED BUDGET

As detailed in *Attachment 1 – Budget Summary*, funding for the proposed biennial budget is comprised of \$53,411,000 in available Fund Balance, \$1,785,487 from South Beach Harbor operating revenues and \$7,700,000 from the City's General Fund.

These funds are allocated to 28 capital projects that support the Port's key strategic priorities, generate and protect revenue, and/or address repair and replacement needs identified within the 10-Year Capital Plan. Several of the proposed projects reflect targeted reinvestment in Port assets to maintain and improve current and projected financial performance, with an estimated \$6.4 million in annual revenue at project stabilization and \$44.3 million in net revenue over 10 years.

The following information summarizes the proposed capital projects by function and the specific project names and details are provided in *Attachment 2 – Project Descriptions*.

Maintenance of Existing Systems:

- The Port's maintenance dredging program;
- Three (one existing and two new) pile driving crews to perform substructure repairs of wood and cement piles, including on Pier 29, Pier 33½ and Pier 80;
- Cement mason repair crew (2.0 FTEs) to perform cement repairs on the Port's pier superstructures that are currently contracted to outside vendors;
- Utility infrastructure repairs and capacity upgrades at several Port facilities, including Piers 29½-31, 19, 23 and 29. These repairs will extend the service life of the utility infrastructure and, in several instances, upgrades are needed to support the marketing and leasing of the facilities;
- Renovation of the restroom in the Pier 23 shed for enhanced leasing;
- Repairs to the substructure of the Alcatraz ferry landing site located at Pier 31½ which will be required as part of the Alcatraz Ferry Embarkation Site project, currently under negotiation with the National Park Service (NPS);
- Funding for a new forced sewer main along Amador Street and the refurbishment of the pump station; and
- Funding for the abatement of loose and peeling hazardous lead paint at Pier 26 and repainting of the cleaned surfaces.

Maritime-Specific Infrastructure:

- Funding for the dry-docking and overhaul of the Port's pile drivers and pile barges; and
- Funding to begin the preliminary design and development of specifications, and entitlement of a passenger ferry terminal for Mission Bay.

Facility Enhancement and New Project Initiatives:

- Construction of a new 250 space parking lot at the corner of 19th and Illinois Streets;
- The installation of permanent gates at selected sites in the Northern Waterfront that can be opened and closed during special events and emergencies, thus alleviating the need to rent temporary fencing; and
- Funding for facility improvements that may be needed in order to successfully conclude lease negotiations for certain Port facilities.

Preparation for New Development and Securing External Sources:

- Development of a conceptual design, preparation of CEQA documents and other materials needed for the construction of public open space improvements for Ferry Building Plaza. These would serve to prepare the Plaza for inclusion in an anticipated 2018 City GO bond for neighborhood parks;
- Funding for the removal of derelict piles in the Pier 70 area. This funding would leverage anticipated funds from the Army Corp, and potentially the Exploratorium;
- Funding for the preliminary design and environmental clearance required to construct the critical improvements needed for earthquake safety and flood protection of the Port's northern seawall and related structures. The Port's funding leverages a much larger contribution by the City to this project;
- Homeland security improvements throughout the Port that will also serve as a local match to federal grant funding; and
- Funding for the design of a new 20th Street and associated pump station and utility infrastructure, located in the Pier 70 area. These costs are expected to be repaid, with interest, from Pier 70 IFD bonds to be issued in the future.

Other Commitments and Requirements:

- Funding for the services of a Fire Protection Engineer to assist the Port's Fire Marshall and the Port in the assessment, fire alarm system review, and contracting of repairs and enhancement to the Port's life safely, and water-based fire protection systems;
- Open space and alternative energy projects that meet guidelines outlined in the Port's lease agreement with Transbay Cable; and
- The funding for the second phase of a sediment cap to contain the contaminated soils that lie along the shoreline and offshore of the planned Crane Cove Park.

South Beach Harbor:

- Repair of the structurally damaged baffle wall located on the South side of Pier 40;
- Repair of the end-tie docks located at the marina.

CONCLUSION

The Port is very excited to present this capital proposal to the Capital Planning Committee. With a recommended investment of up to \$62,896,487 over the next two fiscal years, this budget represents the Port's efforts to capitalize on the strong economy by investing in infrastructure. With an evolving waterfront that attracted an estimated 24 million visitors in 2015, we are strategically addressing operating needs and prioritizing capital investment.

While the level of capital investment is relatively large compared to historical spending, the Port is well aware that our proposed funding only begins to address the Port's \$1.1 billion capital backlog. Additionally, the Port's capital plan does not yet include repair of the seawall – a legacy project that will require citywide partnership and investments.

Re: Port of San Francisco, Fiscal Year 2016-17 & 2017-18 Capital Budgets
March 11, 2016

Page 4 of 12

If you have any questions or need additional information, please contact Meghan Wallace at (415) 274-0426. Your consideration of this request is greatly appreciated.

cc: Brian Strong, Capital Planning Program

Attachments

Attachment 1 – Summary of Sources and Uses

Attachment 2 – Project Descriptions

**ATTACHMENT 1:
 BUDGET SUMMARY**

	Proposed Funding FY 2016-17	Proposed Funding FY 2017-18	Proposed Two Year Funding Total
FUNDING SOURCES			
Port Fund Balance	\$ 33,667,000	\$ 19,744,000	\$ 53,411,000
South Beach Harbor Operating Revenues	929,175	856,312	1,785,487
Total Funding Sources	\$ 34,596,175	\$ 20,600,312	\$ 55,196,487
<i>City General Fund - Pending Approval</i>	<i>\$ 7,700,000</i>	<i>\$ -</i>	<i>\$ 7,700,000</i>
Total Requested Sources	\$42,296,175	\$20,600,312	\$ 62,896,487

PROPOSED CAPITAL PROJECTS

Northeast Waterfront:

Alcatraz Ferry Embarkation Site Repairs*	\$ -	\$ 5,000,000	\$ 5,000,000
Pier 33 Fire Sprinkler System Project**	850,000	-	850,000
Pier 29½-31 Utility Upgrade & Improvements**	1,470,000	-	1,470,000
Pier 29 Utility Upgrade & Improvements**	850,000	-	850,000
Pier 23 Utility Upgrade & Restroom Renovation**	1,440,000	-	1,440,000
Pier 19 Utility Upgrade & Improvements**	350,000	-	350,000
Variable Message Signs	600,000	-	600,000

Ferry Plaza Area

Ferry Building Plaza Improvements	-	1,300,000	1,300,000
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South Beach Area

Pier 26 Lead Hazard Abatement & Painting Project	350,000	-	350,000
Mission Bay Ferry Terminal Project	1,500,000	1,970,000	3,470,000

Southern Waterfront:

19th & Illinois Street Parking Lot	-	2,100,000	2,100,000
20th Street Project	3,900,000	-	3,900,000
Pier 70 Pile Removal	2,800,000	-	2,800,000
Crane Cove Sediment Cap, Phase II	2,681,000	-	2,681,000
Amador Street Sewer & Street Project - Add'l Funding	2,800,000	-	2,800,000
Southern Waterfront Open Space Enhancements	550,000	550,000	1,100,000

Portwide Projects:

Maintenance Dredging & Dredge Testing FYs 2016-17 & 2017-18 Program	6,300,000	7,100,000	13,400,000
Seawall Study and Improvement Project - Add'l Funding			
- Port Contribution — \$2,000,000			
- City Contribution — \$7,700,000 (Requested)			
Total Seawall Project Add'l Funding	9,700,000	-	9,700,000
Fire Protection Engineer**	400,000	-	400,000
Utilities Project – Add'l Funding for Misc. Projects	200,000	-	200,000
Leasing Capital Improvement Project – Add'l Funding	500,000	-	500,000
Homeland Security Enhancements – Add'l Funding	250,000	250,000	500,000
2nd Pile Driving Crew - Funding for FYs 2016-17 & 2017-18*	950,000	1,050,000	2,000,000
Cement Mason Crew - Funding for FYs 2016-17 & 2017-18*	406,000	424,000	830,000
Northern Waterfront Gate Installation Project	120,000	-	120,000
Dry Docking of the Pile Drivers & Pile Barges	2,400,000	-	2,400,000
Subtotal Proposed Project Funding - Port	\$41,367,000	\$19,744,000	\$ 61,111,000

South Beach Harbor Capital Projects

Harbor Baffle Wall Repairs	724,400	-	724,400
Marina End-Tie Dock Repairs	204,775	856,312	1,061,087
South Beach Harbor, Subtotal	\$ 929,175	\$ 856,312	\$ 1,785,487
Total Proposed Capital Project Budget	\$ 42,296,175	\$ 20,600,312	\$ 62,896,487

**ATTACHMENT 2:
PROJECT DESCRIPTIONS**

1. *Alcatraz Ferry Embarkation Site (Pier 31½ Substructure) Repairs (FY 2017-18, \$5,000,000)* – A recently completed investigation of the substructure of the Alcatraz ferry landing site indicates that the marginal wharf is in poor condition with some major cracks, spalls, and signs of corrosion which has limited its load capacity. Additionally, the in-fill wharf at Pier 31½ is in need of repairs.

The repairs of these facilities will be required as part of the Alcatraz Ferry Embarkation Site project which is currently under negotiation with the National Park Service (NPS). This project will bring the substructure of Pier 31½, the marginal wharf and the immediately adjacent substructure areas into a state of good repair and allow for the long term use of the site as an embarkation for the Alcatraz Ferry. These improvements will both preserve existing revenues and provide for the additional revenue generation.

2. *Variable Message Signs (FY 2016-17 - \$600,000)* – This project provides funding for the purchase and installation of three permanently mounted Variable Message Signs (VMS) along the Embarcadero Roadway to provide roadway, traffic, or event information. The signs will provide information to motorists that will help them to make quick and appropriate decisions in response to roadway and traffic conditions.

Port staff is requesting \$600,000 at this time to install one sign in the area of Piers 1-5. Staff believes that a VMS in this location has the greatest potential to alleviate traffic congestion along the Embarcadero, especially during days when a cruise ship is in port at either Pier 27 or Pier 35. Port staff will review less expensive alternatives.

3. *Homeland Security Match Funding (FY 2016-17 - \$250,000; FY 2017-18 - \$250,000)* – This project provides funding for Homeland Security improvements throughout the Port including, improved fencing, barricades, as well as security cameras, communications, and networking systems. Over the past several years, the Port has received several federal and state grants to fund much of the security and operations improvements along the waterfront. Many of these grants require local match funding (typically 20% - 25% of the project total) as a condition of the grant award.

This funding supports local funding matches for existing grant awards and future grants which the Port expects will likely be awarded during this period.

4. *Pier 33 Fire Sprinkler System Project (FY 2016-17 - \$850,000)* – Pier 33 is an un-sprinklered facility that currently has no fire protection devices ((i.e., fire hose cabinets, standpipes, or fire sprinklers). A new fire water service and a standpipe system to provide water outlets along the exterior of the building for the fire department's use are currently under design. This system is expected to be completed by the end of calendar 2016. This project would fund the installation of a fire sprinkler system for the facility which would provide fire suppression for the building's interior spaces. This project will help to protect the building occupants and limit property damage in the event of a fire.
5. *Second Pile Crew for the Port's Maintenance Department (FY 2016-17 - \$950,000; FY 2017-18 - \$1,050,000)* – In FY 2014-15, the Port brought onboard a second, capital project funded, pile repair crew to supplement its 11 person pile repair staff. This additional staff has allowed to Port's maintenance to address the backlog of large capital repair projects. The Port's pile crews have completed or substantially completed projects at Piers 26, 28, 31, 64 and 94 and Wharf J-8. Additionally, experience has shown that the Port's maintenance department can perform the needed repairs at considerable cost savings compared to contracting out this work. As an example, inclusive of the labor cost, the project-funded pile crew was able to complete the repairs of the Pier 19 south apron for approximately 44% of the original budgeted \$3.0 million cost of the project.

This project will provide funding for this capital pile crew for FYs 2016-17 and 2017-18. During this time period the Port's pile crews are expected to begin repairs to the aprons at Piers 19 north and Piers 23 south, repairs to Wharf J-9 and pile removal in the southern Waterfront.

6. *Pier 19 Utility Upgrade and Improvements (FY 2016-17 - \$350,000)* – This project provides the necessary repairs and capacity related improvements to the utility infrastructure servicing Pier 19. Existing utility systems are old and in some instances are operating significantly beyond their useful lives. As time continues, these utilities will become increasingly unreliable and create health safety hazards.

The repairs and improvements will include bringing under-pier utilities above deck, and replacing existing non-compliant lighting with energy efficient LED lighting and controls that comply with the City Green Building Ordinance. The repairs and improvements will also support the Real Estate department's effort to lease up the Pier 19 shed which currently is largely vacant.

Based on conservative projections including a 70% utilization rate, a 50/50 split between shed storage uses, and PDR type uses, monthly parameter rents of \$1.50 per square foot for storage and \$2.25 per square foot for PDR type uses; the facility is projected to generate an additional \$1.37 million annually. Assuming a two year lease-up period, initial annual operating costs of approximately \$144,000, and an inflation factor of 3% annually, the improved facility is projected to generate \$12.9 million in net income (additional revenues less annual operating costs and the cost of the utility improvements) over 10 years. This corresponds to an internal rate of return on the Port's investment of 233%.

7. *Pier 29 Utility Upgrade and Improvements (FY 2016-17 - \$850,000)* – The repairs of the damage caused by the fire in July of 2012 at Pier 29 led to some significant upgrades to the facility. However, these improvements did not fully address the utility distribution system which is inadequate to support the Real Estate department's lease up plans for the facility.

This project would provide the electrical power, sewer and water line distribution system needed to prepare the Pier 29 shed for PDR uses or other industrial multi-tenancies anticipated for the facility.

Based on a 75% utilization rate for the shed, and a monthly parameter rent of \$1.50 per square foot for storage, which is very conservative given the potential for higher rate PDR uses; the facility is projected to generate an additional \$1.35 million annually. Assuming a two year lease-up period, initial annual operating costs of approximately \$212,000, and an inflation factor of 3% annually, the improved facility is projected to generate \$11.4 million in net income (additional revenues less annual operating costs and the cost of the utility improvements) over 10 years. This corresponds to an internal rate of return on the Port's investment of 100%.

8. *Dry-Docking and maintenance of the Port's Pile Drivers and Pile Barges (FY 2016-17 - \$2,400,000)*
In FY 2005-06 the Port provided \$655,000 in funding for the maintenance, overhaul, repair and/or replacement of the Port's vessels and other waterfront support equipment. At that time, the Port's piledrivers and pile barges again need to be dry-docked and serviced.

A recent vessel condition survey and appraisal undertaken by the Port's marine insurers determined that the Port's 2 pile barges and 2 pile drivers are long overdue for dry docking, and are in need of major maintenance. As part of the dry-docking the hulls of the vessels will be sandblasted, repaired and painted. In addition, zinc anodes will be installed to prevent corrosion of the hulls. Without major maintenance these vessels may become uninsurable, or may have to be removed from service.

9. *Seawall Study and Improvements (FY 2016-17 - \$2,000,000 Port; FY 2016-17 \$7,700,000 General Fund Request)* – The Northern Waterfront seawall and adjoining marginal wharf that run along The Embarcadero from Fisherman's Wharf southwest to Mission Bay constitute the City's primary flood

control system along the Bay waterfront. To date, \$1.5 million has been provided to do a comprehensive study of the condition of the Port's seawalls and marginal wharfs, and improvements to address seawall rise. Funding was also provided to forecast the economic impacts of seawall failures, and prioritizing projects for early and longer term implementation in alignment with San Francisco's Resilient City Objectives.

\$9.7 million in funding is now needed to undertake a preliminary design and environmental clearance required to construct the most essential improvements needed for earthquake safety and flood protection of the Port's northern seawall and related structures. Given the importance that the northern waterfront seawall plays in flood protection for the City, Port staff has been in conversations with City's Controller and Budget Director regarding a sizable contribution from the City for the funding of this work, and has a tentative agreement in principal for \$7.7 million contribution. The Port would be responsible for funding the remaining \$2.0 million needed.

It is currently estimated it would cost an additional \$90.3 million complete the final design and construction of these improvements. Port staff is working with the Mayor's Office of Public Policy and Finance to identify a financing plan to complete this project through construction.

These improvements are needed to improve the safety of the seawall and its related structures, and to limit the damage and disruption from a seismic event.

10. *Pier 23 Utility Upgrade and Improvements (FY 2016-17 - \$1,440,000)* – This project provides funding for a complete renovation of the restrooms in the Pier 23 shed, and for necessary repairs and capacity related improvements to the utility infrastructure servicing Pier 23. The existing restroom in the shed is obsolete, and has not been operational for over 10 years. In addition, there is no women's restroom in the shed. The facility's existing utility systems are old and in some instances are operating significantly beyond their useful lives.

The repairs and improvements funded by this project will support the Real Estate Division's effort to lease up the Pier 23 shed which currently is largely vacant. The project will also bring the under-pier utilities above deck, and replace existing non-compliant lighting with energy efficient LED lighting and controls that comply with the City Green Building Ordinance.

Based on a 70% utilization rate for the shed, and a monthly parameter rent of \$1.25 per square foot for storage; the facility is projected to generate an additional \$948 thousand annually. Assuming a two year lease-up period, initial annual operating costs of approximately \$161,000, and an inflation factor of 3% annually, the improved facility is projected to generate \$7.0 million in net income (additional revenues less annual operating costs and the cost of the utility improvements) over 10 years. This corresponds to an internal rate of return on the Port's investment of 47%.

11. *Amador Street Sewer and Pavement Improvements (FY 2016-17 - \$2,800,000)* – This project provides funding for:
 - (i) Installation of a new forced sewer main along Amador Street and the refurbishment of the Amador Street pump station (Phase I)
 - (ii) Improvements to the existing gravity sanitary sewer system (Phase II);
 - (iii) Repairs to the existing stormwater sewer system and outfalls (Phase III);
 - (iv) Repairs to the roadway base and installation of a payment overlay (Phase IV)

Design for this project was previously funded at \$1,150,000 and work has started on a conceptual design. Sufficient funding remains to complete the design of the forced main sewer and pump station. This project is for the construction work.

The current forced sewer main and pump station are very old and frequently breaks causing backed-up drains in tenant spaces. A new line and refurbished pump station will provide for more dependable service.

12. *Fire Protection Engineer (FY 2016-17 - \$400,000)* – This capital work-order to the Fire Department will support a Fire Protection Engineer position to design, implement and inspect critical fire suppression systems. The Engineering Division has a backlog of work in this area. This project will address this backlog and provide reliable fire suppression systems to the Port's wood framed piers and other assets.
13. *Pier 29½ - 31 Utility Upgrade and Improvements (FY 2016-17 - \$1,470,000)* – At its January 12, 2016 meeting, the Port Commission authorized staff to award a construction contract to repair the roof and the structural elements, and replace the windows at the Port's Pier 29½ - 31 facility (Port Commission Resolution 16-02). As described the staff report accompanying the resolution, the utility improvements for the facility will be bid as funding allows.

Port staff is now requesting \$1,470,000 in funding to complete the utility repairs and improvements needed to implement the Real Estate Division's leasing plan for the facility including the lease out of the Pier 31 shed to the Department of Elections, and the lease-out of 6,000 square feet of currently vacant office space in Pier 29½. The additional funding will also address parking ventilation deficiencies identified in the front of the facility, and provide for energy efficient LED lighting and controls that comply with the City Green Building Ordinance.

Based on the lease-out of the Pier 31 shed at a monthly parameter rent of \$1.25 for storage; and the lease-out of the Pier 29½ office space; the facility is projected to generate an additional \$1.3 million annually. Assuming a one year lease-up period for the office, initial annual operating costs of approximately \$203,000, and an inflation factor of 3% annually, the improved facility is projected to generate \$18.5 million in net income (additional revenues less annual operating costs and the full cost of the improvements to the facility, [utilities roof and structural repairs]) over the estimated 25 life of the improvements years. This corresponds to an internal rate of return of 9% on the Port's total \$8 million plus investment in the facility.

14. *Concrete Pile Crew for the Port's Maintenance Department (\$0)* – This project is to two new pile crews (15.0 FTEs) to the Maintenance Division with the specific purpose of repairing concrete pier substructures. While project-funded positions are being requested, no additional funding is required for the crew, given that project funds are already available for specific pier structures. For example, Pier 29 and Pier 35 both contain concrete substructures and balances of funding available. Rather than utilize those funds by contracting out the substructure work, Port staff hopes to achieve significant savings and establish a system for completing the majority of the department's substructure repairs in-house by the Maintenance Division.
15. *Cement Crew for the Port's Maintenance Department (FY 2016-17 - \$406,000; FY 2017-18 - \$424,000)* – This project will fund the in-house cement repairs of pier shed superstructures. This proposal includes funding for 2.0 FTEs Cement Masons as well as necessary materials and supplies.
16. *Pier 26 Lead Hazard Abatement and Painting Project (FY 2016-17 - \$350,000)* – The South side of Pier 26 contains badly deteriorated lead paint that if not addressed will create an environmental and human health hazard. The project would include removing loose and peeling lead paint (abating) and priming by a certified abatement contractor. The Port's Maintenance department would then apply top coats of paint to the primed surfaces.

Abating the lead paint on South side of Pier 26 will also help the Port remain in compliance with state storm water regulations and the City's lead paint ordinance.

17. *Maintenance Dredging and Dredge Testing (FY 2016-17 - \$6,300,000; FY 2017-18 - \$7,100,000)* – This project will fund the Port's dredging activities. It will fund dredging at Piers 27, 35, and 80, 94/96 and other berths as needed. Also included is \$500,000 in funding per year for the testing of sediments to be dredged for chemical and biological contaminants. Results of the testing are used to determine the proper disposal site for the dredged material.

Maintenance dredging is necessary for the continued operation of Port maritime facilities. Dredging keeps berths and channels at navigable depths, including sites where the Port has contractual obligations with shipping lines and operators.

18. *Crane Cove Park Sediment Cap, Phase 2 (FY 2016-17 - \$2,681,000)* – In conjunction with the construction of the first phase of the Crane Cove Park project a sediment cap will be constructed to cap contaminated sediments that lie just offshore from the planned Park (the phase 1 cap). Construction of sediment cap to contain contaminated sediments that lie to the East of the Phase 1 cap was originally planned as part of the Phase 2 Crane Cove Park construction. Pursuant to the lease between the Port Commission and BAE Systems San Francisco Ship Repair, BAE has informed the Port that they intend to begin using Berth 3W the Fall of 2017. Tugs operating at Berth 3W will likely disturb the nearby contaminated sediments, thereby necessitating earlier delivery of the sediments cap.

Port staff is requesting \$2.68 million in funding to cap the contaminated soils along the shoreline between Slipway 4 in the planned park and BAE's leased boundary. This project will help to control and mitigate environmental contamination of the Bay in advance of when BAE begins using Berth 3W.

19. *Ferry Building Plaza Improvements (FY 2017-18 - \$1,300,000)* – The Port-BCDC Working Group has identified Ferry Building Plaza as a possible improvement to become part of the BCDC permit amendment needed for the Pier 27 cruise terminal project. The amendment is necessary to relieve the Port of its obligation to remove portions of Pier 23.

This project would provide funding for the development of a concept design, the preparation of CEQA documents, and the preparation of detailed design and construction documents for public open space improvements to Ferry Building Plaza. The project would prepare the Ferry Building Plaza for inclusion in an anticipated 2018 G.O. bond for neighborhood parks.

20. *Port Utility Project – Miscellaneous Utility Projects (FY 2016-17 - \$200,000)* – This project provides funding for necessary utility repair and capacity related improvements to the utility infrastructure servicing various Port facilities. Utilities include electric power, lighting, telephone, gas, HVAC, electronic security, water, sewer and drainage service.

Port staff is requesting \$200,000 to address unanticipated urgent utility repairs and improvements, repairs to the Port's fire protection systems identified by the fire protection engineer, and other miscellaneous utility needs.

21. *Mission Bay Ferry Terminal Project (FY 2016-17 - \$1,500,000; FY 2017-18 - \$1,970,000)* – This project provides funding for the conceptual design of a two berth passenger ferry terminal to be located in Mission Bay. With the assistance of an outside consultant, Port Engineering recently completed a study to determine the most feasible location for a ferry terminal in the Mission Bay area, and a preliminary estimate of costs. Three locations have been identified as feasible. The Port and the City will partner to find an external funding source for construction.

Estimated costs of the ferry terminal range from \$35 million to \$44 million based on which of the three locations determined as feasible is selected. Staff is now requesting \$3.5 million over the next two years to begin the process of preparing preliminary designs, developing specifications, and

obtaining entitlement for the project. The total estimated cost for design of this project is \$6.7 million. More detailed design and construction will be undertaken as additional funding is secured.

22. *Pier 70 Pile Removal (FY 2016-17 - \$2,800,000)* – The proposed \$2.8 million funding provides a local match to a total \$8.2 million project to collaborate with the United States Army Corps of Engineers to remove dilapidated piles from wharves 6, 7 and 8 at Pier 70. The Army Corps has an interest in removing the pile field due to potential navigation hazards that could result from released debris from the area. Port staff is working with federal staff to detail the scope of the project. Upon approval, the Port would need to be ready with the 1/3 local match requirement.

In addition to cleaning up the shoreline surrounding the Pier 70 development area, efforts to remove the piles from wharves 6-8 may be used to help the Port and our partners meet fill removal requirements established by the Bay Conservation and Development Commission.

23. *20th Street Project (FY 2016-17 - \$3,900,000)* – The project provides funding for the design of a new 20th Street running from Illinois Street to Louisiana Street. Included in the project are designs for the following elements: (i) reconstruction of the existing street with new sidewalks and parking lanes, (ii) a new 20th Street pump station to serve the Pier 70 area, (iii) new utility infrastructure, and (iv) potential relocation of Building 103, and alteration to Building 107 at Pier 70.

20th Street is the historic entrance to the Pier 70 site. Forest City currently plans to rebuild 20th Street in the later phases of its proposed project, to coincide with planned development of commercial office buildings along 20th Street, perhaps in the mid-2020s. It is in the Port's interest for the Port and City to undertake a rebuild of 20th Street and the 20th Street Pump Station. This project would allow the Port to determine the timing and design of 20th Street on a schedule that makes sense for Pier 70.

The total cost of the new 20th Street, pump station and utility infrastructure to be \$24.0 million inclusive of the \$3.9 million in design costs. It is anticipated that these costs, will be repaid, with interest, from Pier 70 Infrastructure Financing District bonds to be issued at a later date. The internal rate of return on the Port's investment is targeted at 11%.

24. *19th and Illinois Street Parking Lot Project FY 2017-18 - \$2,100,000* – This project provides funding for a design and construction of a new 250 space parking lot to be located at the corner of 19th and Illinois Streets. The parking lot will serve the parking needs of both the immediate neighborhood and the planned new Golden State Warriors Pavilion and will also generate new revenues for the Port.

Based on projection prepared by Impark, a new parking lot at this site is projected to generate \$516,000 in new revenues annually for the Port. Assuming a 3% annual growth rate, the lot is projected to generate \$3.5 million in net income (additional revenues less annual operating costs and the 4.21 million cost of the project) over 10 years. This corresponds to an internal rate of return on the Port's investment of 25%.

25. *Leasing Capital improvement Project (FY 2016-17 - \$500,000)* – As part of lease negotiations with Port tenants, or potential tenants, it is sometimes necessary for the Port to make certain improvements to a facility in order to conclude lease negotiations. This project provides funding for capital improvements needed as part of the leasing process. Improvements financed may include, but are not limited to, electrical and plumbing upgrades, roof repairs, HVAC, structural improvements, ADA upgrades, paving, and fencing.

This project helps to make the Port more competitive with private sector landlords that have ready access to capital for improving property for leasing.

26. *Northern Waterfront Gate Installations (FY 2016-17 - \$120,000)* – This project provides funding for the installation of permanent gates at select locations in the Northern Waterfront that can be opened

and closed for special events and emergencies. Locations of the gates will be based on suitable structure for mounting and operational needs. Candidates include the Pier 45 valley entrance, the entrance to Wharf J-3, Leavenworth/Richard Henry Dana Way at Ciopinno's, Hyde Street at the FW Joint Operation Center building, and the entrance to Pier 7.

This project will eliminate the repeated installation of temporary fencing used to secure strategic alleys and piers for special events and emergencies. Temporary fencing is difficult and dangerous to move and can cause injuries to employees during, installation and removal. In addition, it takes significant manpower to transport and install/uninstall gates.

27. *South Beach Harbor Marina End-Tie Dock Repairs (FY 2016-17 - \$230,629; FY 2017-18 - \$883,281)*
The end-ties of all seven docks at the South Beach Harbor marina are in various states of disrepair, and, in certain instances, they are unusable to berth larger boats.

This project would fund the design and repair of all of the end-tie docks at the marina. This project was identified as a priority repair in a conditions survey and conditions assessment and cost estimate that was prepared in March of 2014.

28. *South Beach Harbor Baffle Wall Repairs (FY 2016-17 - \$724,400)* – This project provides funding for the repair of the baffle wall located on the south side of Pier 40. This baffle wall is structurally damaged which is allowing silt to enter the South Beach Harbor marina which is reducing water depths in the marina. Without an intact baffle wall to keep out the silt, harbor depths will continue to decline. This, in turn, will require significant dredging of the harbor in order to maintain the minimum navigable depths required for continued use of the marina.