

File No. 260009

Committee Item No. 9

Board Item No. 23

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date January 28, 2026

Board of Supervisors Meeting Date February 3, 2026

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| | | • Emergency Declaration Memo 12/8/2025 |
| | | • PRT Cover Letter 12/29/2025 |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PLN Statutory CEQA Exemption 12/17/2025</u> |
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Completed by: Brent Jalipa Date January 22, 2026

Completed by: Brent Jalipa Date January 29, 2026

1 [Emergency Declaration - Stabilize Dry Dock No. 2 at Pier 68 - \$10,000,000]

2

3 **Resolution approving an emergency declaration of the Port of San Francisco pursuant**
4 **to Administrative Code, Section 6.60, to provide immediate emergency repairs to**
5 **stabilize Dry Dock No. 2 at Pier 68 for a total estimated not to exceed cost of**
6 **\$10,000,000 and adopting environmental findings.**

7

8 WHEREAS, The shipyard at Pier 68 has been non-operational since 2016 when BAE
9 Systems San Francisco Ship Repair, Inc. sold their rights to operate the yard and paid the
10 Port a settlement of \$4.9 million; and

11 WHEREAS, In August of 2017 and again in April of 2018, Port staff issued solicitations
12 for a shipyard operator but neither effort resulted in reactivation of the shipyard; and

13 WHEREAS, Some shipyard equipment, including Dry Dock #2, remain in place but is
14 degrading rapidly without reinvestment and regular use; and

15 WHEREAS, The shipyard includes two dry docks (Dry Dock #2 and the Eureka) which
16 are not certified for operations and have significant deferred maintenance; and

17 WHEREAS, Dry Dock #2 is a 900-foot single-section steel floating dock constructed by
18 the Bethlehem Steel Corporation in 1970; and

19 WHEREAS, Over the past several years, the Port has taken repeated steps to address
20 Dry Dock #2, including emergency stabilization actions, structural assessments, and efforts to
21 sell the dry dock for removal and off-site repair, which ultimately did not result in an
22 agreement; and

23 WHEREAS, The Port has engaged a consultant to draft long-term plans to repair,
24 stabilize and demolish both Dry Dock #2 and Eureka; and

25

1 WHEREAS, In November 2025, the Port became aware of excessive listing of Dry
2 Dock #2, and an inspection of Dry Dock #2 found significant corrosion and deterioration that
3 indicates a much higher risk of sinking than previously known; and

4 WHEREAS, Storms in November 2025 with high winds accelerated damage to Dry
5 Dock #2, enlarging existing tears on the structures hull; and

6 WHEREAS, These conditions have resulted in increasingly difficult-to-control flooding
7 of ballast tanks, causing Dry Dock #2 to list beyond safe limits and increasing the risk the
8 catastrophic failure; and

9 WHEREAS, The accelerated deterioration of Dry Dock #2 at Pier 68 is a clear and
10 imminent danger to public health or safety demanding immediate action and represents an
11 actual emergency as defined by Section 6.60 of the San Francisco Administrative Code; and

12 WHEREAS, Immediate emergency repairs are necessary to stabilize the vessel and
13 remove or stabilize the cranes located on top of the Dry Dock #2 vertical wing walls; and

14 WHEREAS, On December 8, 2025, in accordance with Administrative Code,
15 Section 6.60, the Executive Director of the Port of San Francisco, declared an actual
16 emergency to provide immediate emergency repairs to stabilize Dry Dock #2 at Pier 68 for a
17 total not to exceed cost of \$10,000,000 (the “Emergency Declaration”); and

18 WHEREAS, The President of the Port Commission has approved the Emergency
19 Declaration in writing, as required by Section 6.60(d) of the Administrative Code; and

20 WHEREAS, Administrative Code, Section 6.60(d), requires that the Board of
21 Supervisors approve emergency work with an estimated cost in excess of \$250,000; and

22 WHEREAS, On December 16, 2025, the Port introduced the Ordinance in File
23 No. 251248 to appropriate \$18,500,000 fund balance from the Port Harbor Fund to fund
24 emergency repair work and prepare for removal and disposal of Dry Dock #2; and
25

1 WHEREAS, Emergency work must be performed prior to approval of the Ordinance in
2 File No. 251248, requiring the Port to identify funds that will be used in the short term and
3 restored upon availability of the newly appropriated funds to serve their original purpose; and

4 WHEREAS, The Controller has certified that funds are available for this emergency
5 work; and

6 WHEREAS, On December 17, 2025, the Planning Department issued a letter finding
7 that the actions identified in this legislation are statutorily exempt from the California
8 Environmental Quality Act, California Public Resources Code Sections 21000 et seq., and
9 such letter is on file with the Clerk of the Board of Supervisors in File No. 260009; now
10 therefore, be it

11 RESOLVED, That the Board of Supervisors adopts the Planning Department's
12 abovementioned environmental findings and approves the Port of San Francisco Executive
13 Director's emergency declaration for the necessary repairs to stabilize Dry Dock #2 at Pier 68
14 for a total not to exceed cost of \$10,000,000; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors ratifies actions taken to date by
16 the Port of San Francisco to address such emergency work and resolve the emergency
17 condition.

18 \$1,500,000 Available, Committed to Project

	Description	Number
Fund ID:	PRT-OP ContinuingAuthorityCtrl	23700
Department ID:	PRT FA Administration	109754
Project ID:	PO 1680 2025 DD2 Stabilization	10043154
Authority ID:	Pier70 Shipyard BAE Settlement	19726
Account ID:	Bldgs,Struct&Imprv Proj-Budget	567000
Activity ID:	PO 1680 2025 DD2 Stabilization	0040

1 \$2,000,000 Available, to be restored upon Board Approval of File 251248

	Description	Number
Fund ID:	PRT-OP ContinuingAuthorityCtrl	23700
Department ID:	PRT FA Administration	109754
Project ID:	PO 1680 2025 DD2 Stabilization	10043154
Authority ID:	Finance and Admin	21763
Account ID:	Bldgs,Struct&Imprv Proj-Budget	567000
Activity ID:	PO 1680 2025 DD2 Stabilization	0040

10 \$6,500,000 Available, to be restored upon Board Approval of File 251248

	Description	Number
Fund ID:	PRT-OP ContinuingAuthorityCtrl	23700
Department ID:	PRT FA Administration	109754
Project ID:	PO 1680 2025 DD2 Stabilization	10043154
Authority ID:	PO Southern Waterfront Beautification	12688
Account ID:	Bldgs,Struct&Imprv Proj-Budget	567000
Activity ID:	PO 1680 2025 DD2 Stabilization	0040

19 RECOMMENDED:

FUNDS AVAILABLE:

22 /s/

/s/

23 Department Head

Controller

<p>Item 9 File 26-0009</p>	<p>Department: Port</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a Port emergency declaration related to emergency repairs at Dry Dock #2, a large floating dry dock at the Port’s Pier 68/70 shipyard, for a total estimated not to exceed cost of \$10,000,000.
- Any contracts entered into under emergency authority are exempt from Administrative Code Chapters 6 (public works contracting policies and procedures), 12A (human rights commission), 12B (non-discrimination in contracts), 12C (non-discrimination in property contracts), and 14B (local business enterprise utilization).

Key Points

- The Port Executive Director declared an emergency related to Dry Dock #2 on December 8, 2025 due to storms in November 2025, which caused existing tears to enlarge and new tears to appear on the dry dock hull, resulting in flooding of ballast tanks, which hold water to control the vessel's stability, buoyancy, and structural balance. The flooding of the ballast tanks has caused Dry Dock #2 to tilt beyond safe limits and increased the risk of catastrophic failure. The potential consequences of uncontrolled flooding of these tanks include: collapse of the dry dock onto nearby cranes; extreme tilting that could cause the dock to break free and drift into the bay; and environmental pollution of the bay. Emergency repair work will include: (1) welding and patching repairs to minimize the intake of water; (2) stabilizing or removing nearby cranes; and (3) other actions necessary to address the emergency and make Dry Dock #2 safe.
- The Port selected Power Engineering Construction Co. to perform the work based on an evaluation of three proposals. The firm’s proposal was more comprehensive, lower cost, and provided an earlier start date than the other proposals.

Fiscal Impact

- The total estimated cost to do emergency repairs at Dry Dock #2 is approximately \$10.5 million, including \$0.5 million for Public Works services and \$10 million in contract costs. Costs will be funded by a proposed \$18.5 million supplemental appropriation (File 25-1248) from the Port Harbor Fund balance, which would otherwise be used for other maintenance projects.
- The full cost of disposing of Dry Dock #2 and a second dry dock known as Eureka Dry Dock at Pier 70 is an estimated total of \$61.2 million. The Port’s total budget assumes the dry docks will be disposed in the San Francisco Bay region; however, actual costs may exceed estimates by \$2 million to \$53 million if the docks must be disposed of elsewhere.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Section 6.60(d) states that contracts entered into for emergency work that are more than \$250,000 are subject to Board of Supervisors approval. Prior to the commencement of emergency work above the \$250,000 threshold, the Department must also secure approval in writing from the Mayor or the President of the appropriate Board or Commission. If the emergency does not permit approval of the emergency determination by the Board of Supervisors before work begins, the Department must submit a resolution approving the emergency determination to the Board of Supervisors within 60 days of the Department head's declaration of emergency.

BACKGROUND

Dry Dock #2 is a large floating dry dock at the Port's Pier 68/70 shipyard used to lift large vessels out of the water so they can be inspected, repaired, and maintained. Dry Dock #2 at Pier 68 is a 55-year-old 900-foot single-section steel floating dry dock. A second dry dock known as Eureka Dry Dock is located at Pier 70. Since 2017, the Pier 68/70 shipyard has been without a tenant to provide ship repairs and dock maintenance. The Port issued solicitations to identify a shipyard operator in 2017 and again in 2018 but did not identify a viable proposal to reactivate the shipyard.

The Port Executive Director declared an emergency related to Dry Dock #2 on behalf of the Port on December 8, 2025. In her letter to the Mayor, Port Commission, Board of Supervisors, and Controller, the Port's Executive Director explains that storms in November 2025 accelerated damage to Dry Dock #2, causing existing tears to enlarge and new tears to appear on the hull. The conditions have resulted in flooding of ballast tanks—a critical compartment designed to hold water to control the vessel's stability, buoyancy, and structural balance. The flooding of the ballast tanks has in turn caused Dry Dock #2 to tilt beyond safe limits and increased the risk of catastrophic failure. In a Port staff memorandum dated December 8, 2025, staff note the potential consequences of uncontrolled flooding of ballast tanks through holes in the vessel, including:

- Impact on Nearby Cranes: The excessive tilting of the vessel threatens the stability of cranes situated near the primary land-side access point, creating a high risk of collapse;
- Mooring Failure and Navigation Hazard: The mooring hardware is at risk of failure, which would likely result in the dock breaking free and drifting into the bay; and
- Environmental and Operational Loss: A total sinking of the vessel would cause significant bay pollution and require a costly salvage and removal operation.

The Executive Director calls the situation an "actual emergency" as defined by Section 6.60 of the San Francisco Administrative Code, writing "Immediate emergency repairs are necessary to stabilize the vessel and remove or stabilize the cranes on top of the Dry Dock #2 vertical wing walls, which will safeguard the property of the Port, and maintain public health and welfare." The

President of the Port Commission approved the Emergency Declaration in writing on December 9, 2025, as required under Administrative Code Section 6.60(d).

According to the proposed resolution and December 2025 staff memo, the Port has attempted to address the deterioration of Dry Dock #2 over the last five years, including emergency stabilization actions, structural assessments, and efforts to sell Dry Dock #2 as well as Eureka Dry Dock for removal and off-site repair, which were ultimately unsuccessful.

The proposed resolution was introduced on January 6, 2026, within the 60-day timeframe required by Administrative Code Section 6.60(d).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Port's emergency declaration with an estimated total cost not to exceed \$10 million, and the Controller has certified that funds are available for this emergency work. (We note that a companion ordinance File 25-1248, scheduled to be heard by the Board of Supervisors Budget and Finance Committee on February 11, 2026, appropriates \$18.5 million from the Port Harbor Fund for immediate emergency repairs to stabilize Dry Dock #2 as well as other shipyard improvements and safety measures.)

Any contracts entered into under the proposed emergency procurement authority are exempt from Administrative Code Chapters 6 (public works contracting policies and procedures), 12A (Human Rights Commission), 12B (non-discrimination in contracts), 12C (non-discrimination in property contracts), and 14B (Local Business Enterprise utilization).

The Port plans to work through the Department of Public Works to engage one or more contractors to: (1) perform welding and patching repairs to minimize the intake of water; (2) access the Dry Dock #2 cranes on top of the wing walls to stabilize or remove the cranes; and (3) take other actions necessary to address the emergency and make Dry Dock #2 safe.

The Planning Department has determined the project to be exempt under the California Environmental Quality Act (CEQA) due to the need for emergency repairs to maintain critical public services. The proposed resolution adopts the Planning Department's findings that the project is exempt from CEQA.

Procurement

Because of the emergency declaration, selection of contractors is not governed by Administrative Code Chapter 6 requirements.

The Port worked with the Department of Public Works to solicit proposals from seven local contractors that do the type of repair work needed, and three contractors responded: Power Engineering Construction Co. (Power Engineering Construction), CS Marine Constructor's, Inc. (CS Marine), and Oceanwide Repair. Port staff determined that Oceanside Repair did not have the licenses needed to complete the full scope of work. According to Port staff, the Port selected Power Engineering Construction over CS Marine because Power Engineering Construction's proposal was more thorough, comprehensive, and provided an earlier start date, with lower unit pricing compared to CS Marine's proposal. Public Works anticipates awarding the contract to

Power Engineering Construction the week of January 20, 2026. The urgent need to conduct emergency repairs did not allow for the time needed to conduct a competitive Request for Proposal process, which would take approximately nine months.

Scope of Work

The base scope of work for the emergency repairs to temporarily stabilize Dry Dock #2 includes the following:

- Side wall steel tear repairs on west, east, and south walls as well as steel wall corner repairs;
- Installation of a custom-built, watertight steel “patch-box” over the broken intake valves to seal off leaks underwater;
- Setting up an independent, high-powered backup pumping network on the deck to manually pull water out of the dock since the vessel’s own internal pumps are broken;
- Installing a set of electronic sensors and ‘digital levels’ that provide a 24/7 live feed showing exactly how deep the dock is sitting in the water and whether it is beginning to tilt or lean;
- Removal of existing timber piles for barge access;
- Environmental monitoring.

In addition, the scope of work includes the following bid allowance items based on the findings and safety requirements during construction work:

- Crane stabilization work, including removal and disposal;
- Furnishing and installation of a temporary supplemental mooring system to provide redundancy between the west wing wall of Dry Dock #2 and the four existing mooring dolphins;
- Handling, removal, and disposal of hazardous materials;
- High resolution below water and above water scanning of hull damage;
- Temporary installation of Dry Dock #2 safety measures for construction crews, including a temporary handrail, replacement stair tread, and deck reinforcement; and
- Temporary installation of two scaffold towers to provide safe access to the top of the wing walls.

Project Timeline

According to the Public Works Bureau of Project Management, which is managing the Port’s emergency contract, the notice to proceed with the date for the work is January 26, 2026. The team aims for construction to be substantially completed by July 1, 2026, with final completion and contract closeout targeted for August 4, 2026. Port staff report that portions of work may be reduced based on material choices, availability, fabrication, and submittal review turnaround times.

FISCAL IMPACT

The emergency declaration and resulting proposed resolution states that the total estimated cost for emergency repairs and stabilization of Dry Dock #2 will not exceed \$10 million. However, the Public Works Bureau of Project Management has prepared a funding allocation that totals \$10,477,828, including approximately \$0.5 million in costs for Public Works services to support the project, as shown in Exhibit 1. As we have noted, File 25-1248 (scheduled to be heard on February 11, 2026) proposes to appropriate \$18,500,000 in funding from the Port Harbor Fund. This funding, along with \$1.5 million in previously appropriated BAE settlement funds,¹ will provide a total of \$20 million in initial funding to complete assessments, design for repairs and demolition, and pay for the emergency contract for stabilization repair work of Dry Dock #2. Port staff have reported that these fund sources will be used to cover the balance of \$477,828 that exceeds \$10 million.

Exhibit 1: Emergency Work Budget

<u>Public Works Services</u>	
Project Management Service	\$119,916
Construction Management Service	349,053
Contract Procurement Work	10,000
Site Assessment & Remediation	20,000
<i>Public Works Subtotal</i>	<i>498,969</i>
<u>Emergency Contract</u>	
Construction	8,149,049
Construction Contingency (20%)	1,629,810
Project Controls Reserve	200,000
<i>Contract Subtotal</i>	<i>9,978,859</i>
Total Costs	\$10,477,828

Source: Public Works

The construction costs total approximately \$8.1 million, based on the bid from Power Engineering Construction, and Public Works estimates approximately \$500,000 in costs to support the project. The approximate \$10.5 million in total costs also includes a 20 percent construction contingency and a \$200,000 project controls reserve.

Total Costs to Demolish Dry Docks

According to Port staff, the FY 2026-27 Capital Budget is anticipated to include an additional \$41.2 million in funding for a total of \$61.2 million (including the proposed supplemental appropriation of \$18.5 million and previously appropriated funding of \$1.5 million) to fully cover disposal of Dry Dock #2 and Eureka Dry Dock at Pier 70, as shown in Exhibit 2.

¹Refers to a \$4.9 million settlement payment made by BAE Systems to the Port in July 2017, secured following the abrupt termination of shipyard operations at Pier 70.

Exhibit 2: Total Cost to Complete Demolition of Dry Dock #2 and Eureka Dry Dock

Uses (By Construction Phase)	
Phase 1A: Dry Dock #2 Emergency Stabilization	\$8,600,000 ¹
Phase 2A: Dry Dock #2 Disposal	27,400,000
Phase 2B: Eureka Disposal	15,700,000
Subtotal	51,700,000
Contingency on Hard Costs (30%) ²	9,500,000
Total	\$61,200,000

Source: Port

¹ This estimate for Dry Dock #2 Emergency Stabilization is approximately equal to the estimate of construction (\$8.1 million) and Public Works services (\$0.5 million) shown in Exhibit 1. Port staff report that if the total costs exceed \$8.6 million, the \$9.5 million contingency would be used to fund the difference.

² The contingency is applied only to hard costs (a subset of total costs shown) at 30 percent, which equates to 18 percent of overall costs of \$51,700,000.

According to Port staff, the engineering as-needed consultant team GHD-Structus JV along with naval engineering firm Herbert Engineering and BK Cooper were engaged in December 2024 to prepare a conceptual work plan and cost estimates for the Port to utilize for budgeting for the disposal of the two dry docks at a total of \$61.2 million. The Port’s total budget of \$61.2 million assumes the dry docks will be disposed in the San Francisco Bay region; however, the unexpected closure of the Mare Island Dry Dock in Vallejo means that the Port will evaluate alternatives that may drive up costs by anywhere from \$2 to \$53 million, according to Port staff.

Funding Source

As noted, the approximate \$10.5 million in costs for the emergency repair work will be funded by the proposed \$18.5 million supplemental appropriation (File 25-1248) sourced from the Port Harbor Fund balance. As of June 2025, the Port Harbor Fund had \$190 million in unrestricted net assets, all held in cash. Assuming File 25-1248 is approved to appropriate \$18.5 million from the Port Harbor Fund, the balance of the fund would be \$171.5 million. According to Port staff, most federal and state grants do not provide funding for the type of emergency repair and disposal needed; however, Port staff are evaluating whether any state or federal funding may be available to offset costs.

The Port reports that no specific projects are being delayed to fund the Dry Dock #2 repair and disposal of both dry docks. However, the anticipated \$61.2 million in spending for the project reduces funding available to fund the Port’s capital backlog, which exceeds \$2 billion. Without the emergency repair work, the Port reports the \$10 million in funding would have been used for maintenance projects.

RECOMMENDATION

Approve the proposed resolution.

Budget & Finance Committee

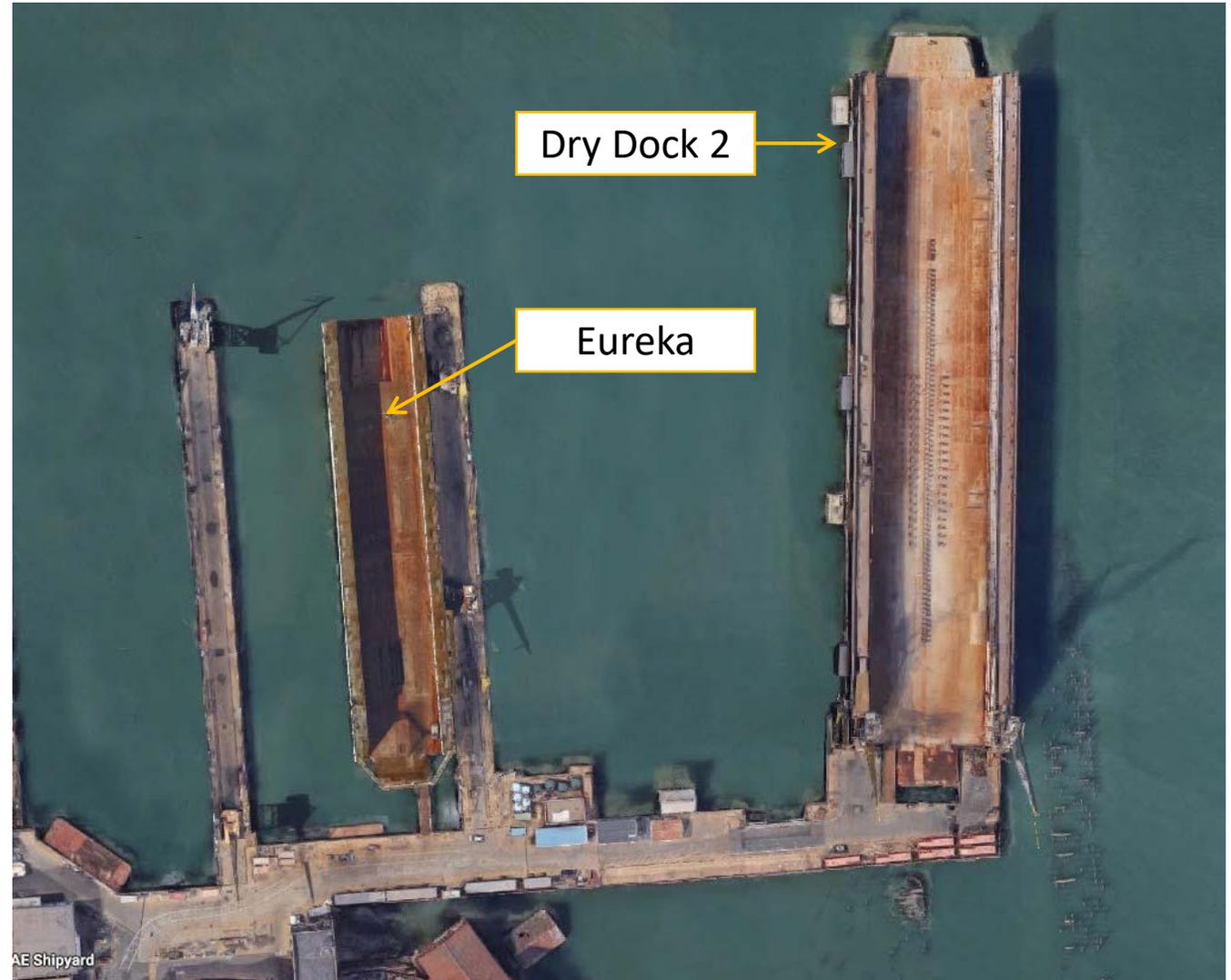
Item 9. Emergency Declaration Dry Dock #2

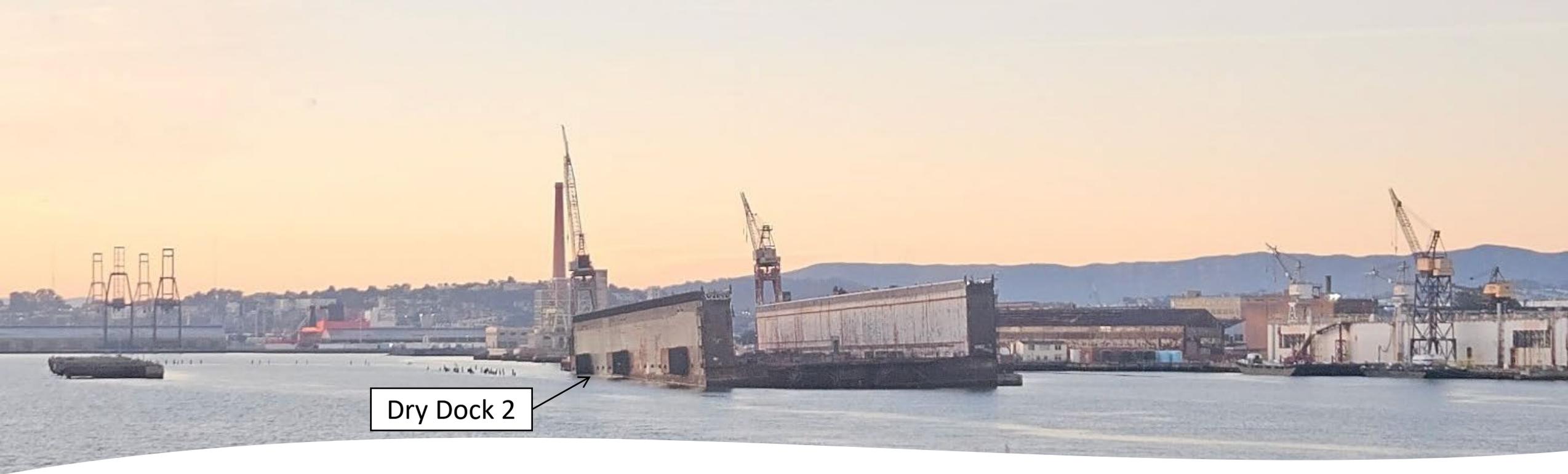
January 28, 2026



Background

- Dry Dock #2 (900' x 200')
- Eureka (570' x 125')
- Abandoned by BAE in 2017
- Port's multiple efforts to reactivate the shipyard have failed
- Staff shifted focus to sale or disposal in 2023
- Negotiations with Desean Shipyards were unsuccessful in establishing a path to divestment

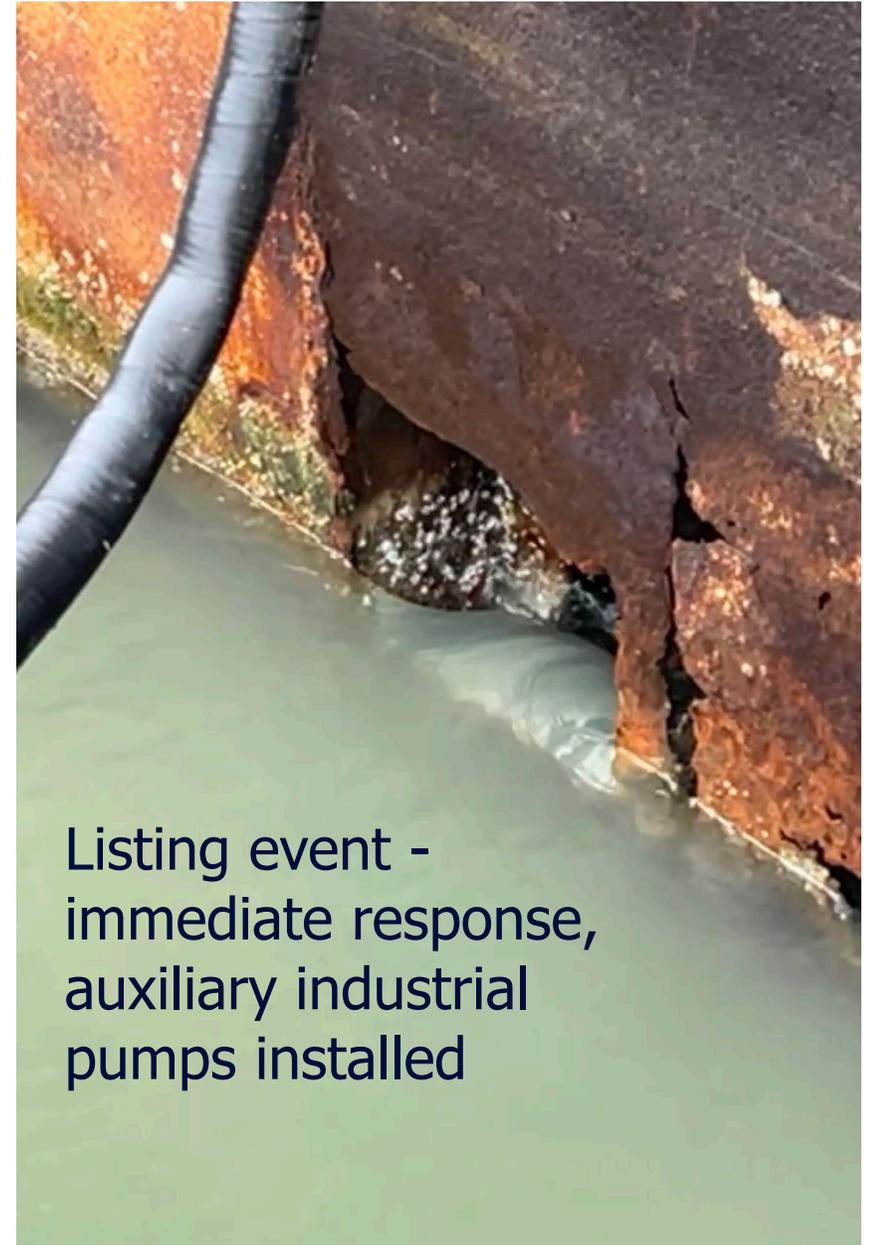
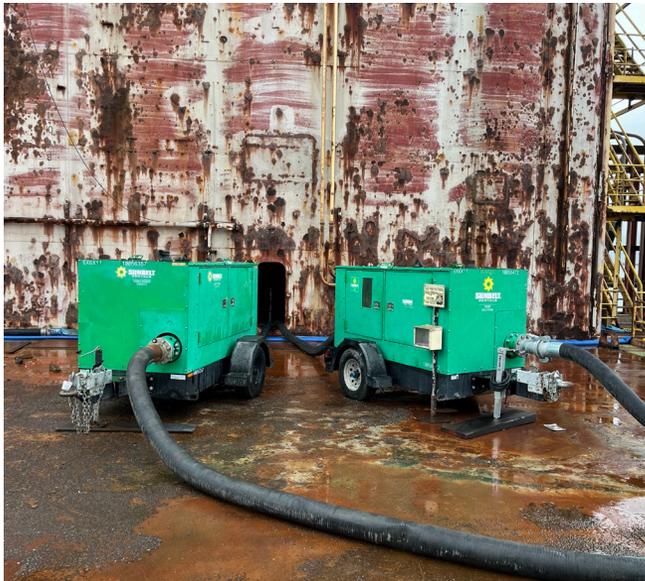
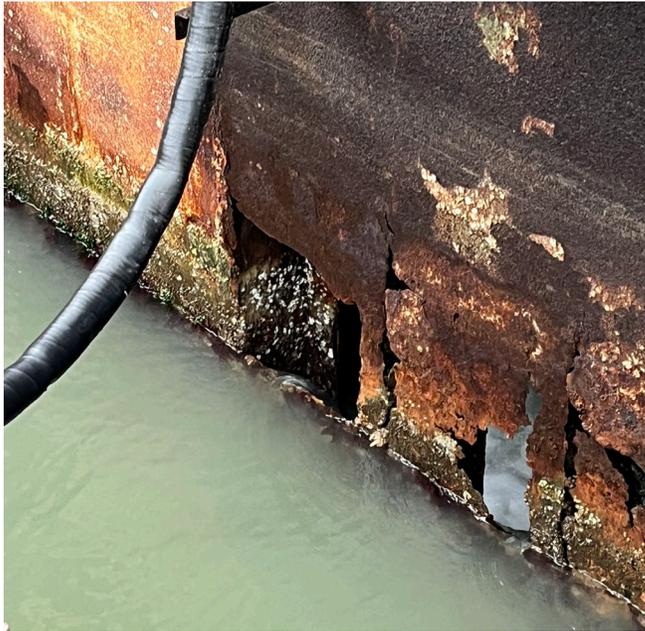




Dry Dock 2

Listing Event Emergency Declaration

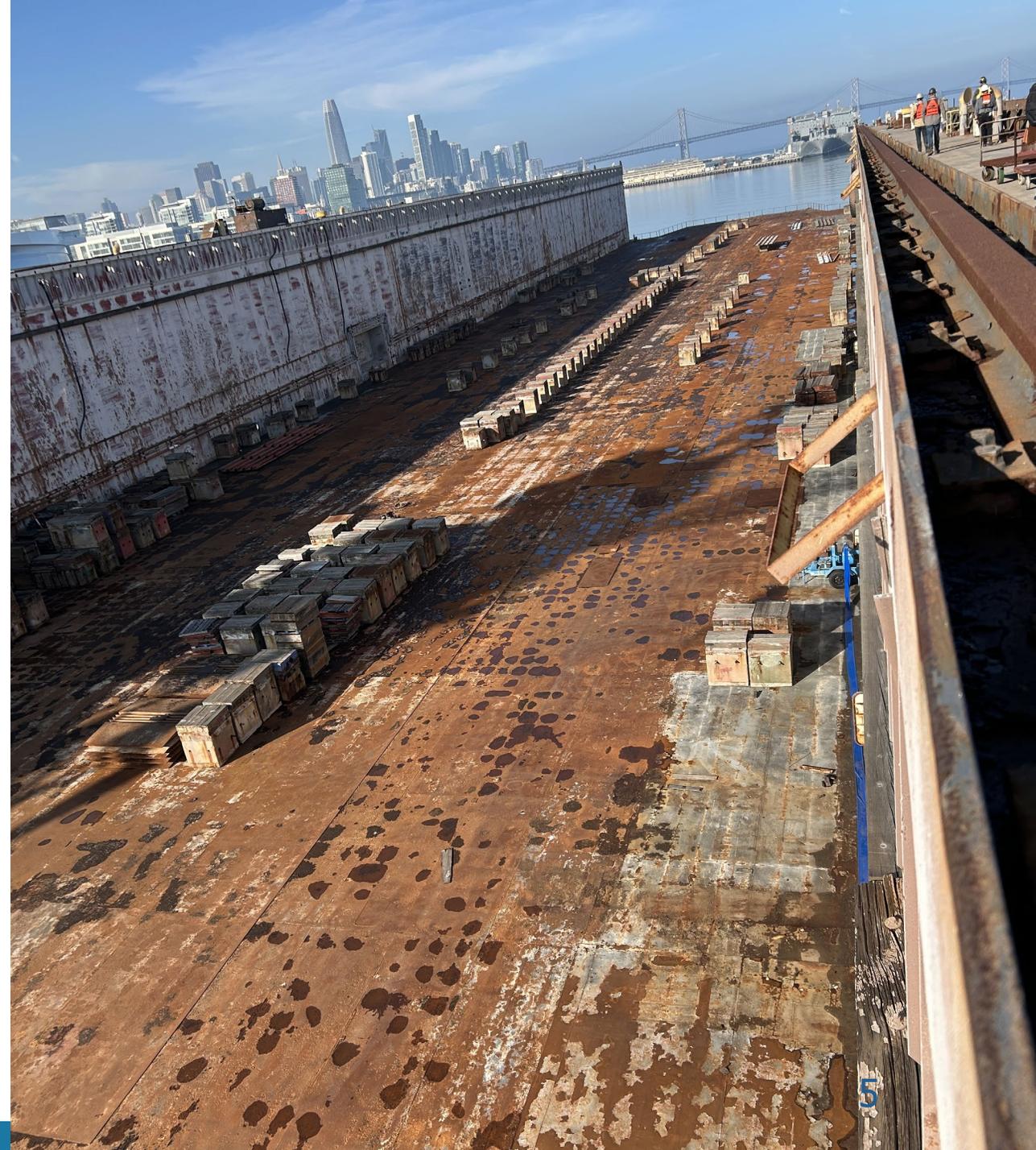
- November 2025 – storm
- Damage enlarged existing tears, new tears
- Drydock flooding created actual emergency as defined in San Francisco Administrative Code



Listing event -
immediate response,
auxiliary industrial
pumps installed

Emergency Contract Overview

- 12/9/25 contract agreement with SFPW
- Outreach - seven contractors
- 12/18/25 contractor site visit
- 1/5/26 received three proposals
- Team reviewed – approach, experience, resources, schedule
- Recommend Power Engineering Construction
- Emergency contract award in progress



Budget

- The Mayor sponsored a Port supplemental appropriation ordinance dedicating \$18.5 million fund balance from the Harbor Fund to complete this work.
- Additionally, there is \$1.5 million available from BAE settlement funds available, **for a total of \$20 million in this initial phase.**
- Staff has identified short-term funding to initiate contracts ASAP that will be restored for their original purpose once the new funds are in place in early March.
- The proposed budget for FY 2026-27 will include the remaining \$41.2 million needed to remove and dispose of both dry docks, **for a total of \$61.2 million.**

SOURCES – By Fiscal Year	AMOUNT (\$ millions)
Current BAE Settlement Funds	\$ 1.5
FY 2025-26 Supplemental Appropriation – Fund Balance	\$ 18.5
Subtotal	\$ 20.0
FY 2026-27 Biennial Budget Appropriation – Fund Balance	\$ 41.2
TOTAL	\$ 61.2



Memorandum

To: Elaine Forbes
From: Matthew Bell
CC: Andre Coleman
Date: December 8, 2025
Subject: Pier 68 Dry Dock 2, Emergency Declaration

Dear Director Forbes:

Per Section 6.60 of the San Francisco Administrative Code, Port Engineering requests you declare an emergency regarding the rapid deterioration of Dry Dock #2 (DD2) at Pier 68. DD2 requires immediate emergency repairs to stabilize the vessel and to remove or stabilize the cranes on top of the DD2 vertical wing. These steps are necessary to safeguard the lives of citizens and staff who work, or are located on or near the vessel.

Background

DD2 is a 55-year-old 900-foot single-section steel floating dry dock constructed by the Bethlehem Steel Corporation. It is a rigid unit-type dock with continuous pontoon and wing walls with 40 ballast compartments (20 per side).

The Pier 68 shipyard has been without a tenant performing ship repairs or dry dock maintenance since 2017. Inadequate maintenance of DD2 was a major factor in the closure of the shipyard. Without sustained maintenance the vessel continues to deteriorate.

The DD2 has become a liability as it continues to deteriorate. The following actions have been taken to reduce and remove this liability from the Port:

- On March 17, 2021, the Port issued an Emergency Declaration to facilitate repairs to stabilize crane #33 on the western wing wall on DD2 that was freely rotating due to failure of a slewing brake caused by high wind in the winter storm of 2021.
- In June of 2023, and February 2024, Port staff pursued Requests for Offers to sell the vessel for removal and off-site repair. However, by the Spring of 2025, the sole respondent, Desan Shipyard, and the Port were unable to reach an agreement for sale and removal of DD2.
- In April of 2024, Port Engineering engaged an on-call consultant, GHD-Structus JV, to provide an overall assessment of DD2 after it was found to be listing/heeling in March 2024. The consultant team prepared a technical



memorandum in May 2024 summarizing the general conditions to develop a plan for removal, repair, or demolition.

- In December 2024, Port Engineering engaged the same on-call consultant to provide supplemental staff, a project manager, and a Naval Architecture subconsultant, Herbert Engineering Corp., to prepare designs for stabilization repairs that will enable the final demolition of DD2. Inspections by the consultant team documented extensive hull tears near the waterline of the vessel, and welded steel repairs were designed.
- Winter storms in 2024-25 required urgent action by the Port to move quickly to enter into an informal contract in April 2024 to demolish a DD2 access stair that nearly collapsed onto a critical electrical panel during a listing incident. The electrical panel is the only source of electricity for DD2 and powers the high-capacity ballast tank pumps that keep DD2 afloat.
- Most recently, a storm in November 2025 caused additional damage to DD2 that now requires emergency repairs. The current conditions are explained below.

On November 5, 2025, a member of the public in a nearby tugboat contacted Port Maritime staff to report excessive listing of DD2 on the north-east side. Port staff opened the holding tanks and observed that existing tears in the hull had enlarged, and new tears had appeared, resulting in additional uncontrolled flooding of ballast tanks and unsafe listing of the vessel. Auxiliary industrial pumps have been rented by Port Maintenance and installed to pump out ballast tanks where the dock's onboard pumps no longer function. The auxiliary pumping requires Port staff to monitor the water levels visually and move portable pumps from tank to tank. Potential consequences of uncontrolled flooding of ballast tanks through holes in the vessel include: (i) collapse of the cranes located near the only dock-side access point to DD2 due to the excess listing angle; (ii) breaking of mooring keepers due to excess listing angle, potentially setting the dock adrift; and (iii) sinking of the dock, which would introduce pollution into the bay and necessitate a significantly more complex salvage and demolition effort.

In the interest of protecting public and staff safety, and preventing further damage, a contractor with the ability to deploy a floating crane barge, perform underwater welding, and perform other specialized marine salvage and vessel repair work is required to address the needed work expeditiously.

Section 6.60 of the San Francisco Administrative Code defines an “actual emergency” in part as the discovery of any condition involving a clear and imminent danger to public health or safety, demanding immediate action. The situation at Pier 68 fits the definition of an “actual emergency” because it represents a clear and imminent danger to public health or safety.

The timing of the emergency request is urgent due to winter storms, which could cause uncontrolled flooding and movements of DD2 with the potential for DD2 to be unmoored and sent adrift. Per Section 6.60(f) of the San Francisco Administrative Code, contracts



awarded under emergency circumstances are exempt from requirements of Chapter 6 and Chapters 12A, 12B, 12C, and Chapter 14 of the Administrative Code (although it is policy to make every effort to comply with the provisions of Administrative Code 12A, 12B, 12C, and Chapter 14B). The emergency declaration allows the Port to facilitate repairs in the most expeditious manner.

The repair work is estimated to be up to \$10,000,000, and will be procured and managed by San Francisco Public Works. Since the estimated repair work is anticipated to exceed \$250,000, additional approvals by the President of the Port Commission and the San Francisco Board of Supervisors are required, per Section 6.60(d) of the Administrative Code.

If you approve of the declaration of emergency, please sign and return the emergency declaration document.



December 8, 2025

**To: Mayor Daniel Lurie
City Hall, Rm. 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102**

**San Francisco Port Commission
Attention: The Honorable Gail Gilman, President
Pier One, The Embarcadero
San Francisco, CA 94111**

**The Honorable Board of Supervisors
Attention: Ms. Angela Calvillo
City Hall, Rm. 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102**

**Mr. Greg Wagner, Controller
City Hall, Rm. 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102**

From: Elaine Forbes, Port of San Francisco Executive Director

Subject: Declaration of Emergency; Repairs to Stabilize Pier 68 Dry Dock Vessel

Dear Mayor Lurie, Members of the Board, Commission President Gail Gilman, Port Commissioners, and Mr. Wagner,

In accordance with Chapter 6, Section 6.60 of the Administrative Code of the City and County of San Francisco, I am declaring an emergency on behalf of the Port of San Francisco ("Port").

Storms in November 2025 with high winds have accelerated damage to Dry Dock #2 (DD2), so that existing tears have enlarged, and new tears have appeared on the hull of DD2. These conditions have resulted in increasingly difficult-to-control flooding of ballast tanks, causing DD2 to list beyond safe limits and increasing the risk of catastrophic failure. The situation is a clear and imminent danger to public health or safety, demanding immediate action.

The accelerated deterioration of DD2 at Pier 68 represents an "actual emergency" as defined by Section 6.60 of the San Francisco Administrative Code. Immediate emergency repairs are necessary to stabilize the vessel and remove or stabilize the



cranes on top of the DD2 vertical wing walls, which will safeguard the property of the Port, and maintain public health and welfare.

This emergency declaration is to enable the Port to engage one or more contractors to (i) perform welding and patching repairs to minimize the intake of water, (ii) access the DD2 cranes on top of the wing walls to stabilize or remove the cranes, and (iii) take other actions necessary to address the emergency and make DD2 safe. This work is beyond the capabilities of City forces. The Port will collaborate with San Francisco Public Works to contract for the work. The estimated cost of these services is approximately \$10,000,000.

I am therefore declaring the existence of an emergency. Because the estimated cost of the emergency work will exceed the threshold amount of \$250,000, I request that Commission President Gail Gilman approve this declaration, pursuant to Section 6.60(d) of the Administrative Code.

Sincerely,

DocuSigned by:
Elaine Forbes

BD2F0B693FFE43F...

Elaine Forbes

Executive Director, Port of San Francisco

CONCUR AND APPROVE:

Signed by:

Gail Gilman

0C95AAAE695D42C...

Gail Gilman, President
San Francisco Port Commission

DATE:

12/9/2025

Cc: Carla Short, Director, San Francisco Department of Public Works.
Michelle Sexton, General Counsel, Port



December 17, 2025

Robert Begley, Acting Bureau Manager, Regulatory Compliance and Remediation
San Francisco Public Works
49 South Van Ness, Suite 1600
San Francisco, CA, 94103

Re: Statutory Exemption Dry Dock #2 Stabilization
Planning Department File No. 2025-011734PRJ

Project Description

The proposed project would include carrying out specific actions necessary to prevent or mitigate uncontrolled flooding and unsafe listing of Dry Dock #2 located at Pier 68/70. The actions to be taken associated with this emergency include: 1) interior and exterior patching and welding on damaged portions of the dry dock; 2) mobilization of material-hauling barges and crane barges; 3) stabilization of cranes; 4) vibratory removal of broken timber piles to provide barge access for crane repairs; 5) other actions as described in the attached Port Acting Director's emergency declaration to address these emergency conditions. If the Port or its contractors determine that it is not feasible or rapidly achievable to stabilize the two cranes in place, the Port will direct the contractor, for purposes of life safety and environmental protection, to remove either or both cranes, place the removed crane(s) on Port lands for disassembly and offsite disposal and recycling.

CEQA Determination

The Planning Department concurs that the Dry Dock #2 Stabilization Project is statutorily exempt from California Environmental Quality Act (CEQA) section 21080(b)(2) and (4) and CEQA Guidelines Section 15269(b)-(c). CEQA Guidelines Section 15269(b) provides a statutory exemption for emergency repairs needed to maintain critical public services. CEQA Guidelines Section 15269(c) provides a statutory exemption for specific actions necessary to prevent or mitigate an emergency.

Chelsea Fordham

Chelsea Fordham
Principal Planner



Albert Ko, PE, City Engineer & Deputy Director | Project Design & Development
albert.j.ko@sfdpw.org | T. 628.271.2772 | 49 South Van Ness Ave. Suite 1600, San Francisco, CA 94103

From: Robert Begley, Acting Bureau Manager, Regulatory Compliance and Remediation, San Francisco Public Works

To: Lisa Gibson, Environmental Review Officer, Environmental Planning Division, San Francisco Planning Department

Date: December 17, 2025

Re: Statutory Exemption Request: Dry Dock #2 Stabilization

Dry Dock #2 is a large floating dry dock at the Port's Pier 68/70 shipyard, whose purpose is to lift large, deep-draft vessels out of the water so they can be inspected, repaired, and maintained. The Pier 68 shipyard has had no tenant conducting ship repair or dry-dock maintenance since 2017, and Dry Dock #2 has deteriorated steadily during this period of desuetude. The Port has made multiple attempts to address this condition: it initiated two rounds of Requests for Offers in 2023 and 2024 to sell and remove the vessel, but negotiations with the sole respondent were unsuccessful. Port Engineering then engaged an on-call consultant in 2024 to assess the dock after a listing incident, document its condition, and support planning for removal, repair, or demolition, and later to develop stabilization designs after identifying extensive hull tears. During this planning, a failing access stair threatened a critical electrical panel that powers the ballast pumps, prompting a small emergency action to protect that system.

Successive winter storms have materially worsened the structural condition of DD2. On November 5, 2025, nearby tugboat operators notified Port staff that DD2 was listing excessively, and staff found that existing tears had enlarged and new tears had appeared, resulting in uncontrolled flooding. This poses a clear and imminent danger to persons who work on or near the vessel. DD2 contains critical electrical panels powering the ballast pumps that keep the dock afloat; these systems are now at risk of imminent failure. Auxiliary portable pumps are being manually managed to prevent sinking, and loss of these facilities threatens safety and property.

This condition demands immediate action to prevent or mitigate loss of, or damage to, life, health, and property. The risks include collapse of two dilapidated cranes located on the dry dock, breaking mooring keepers, the dock becoming adrift, and potential sinking with associated pollution releases into the Bay.

Public Works, on behalf of the Port, is therefore requesting a statutory emergency exemption to carry out the following specific actions necessary to prevent or mitigate uncontrolled

flooding and unsafe listing associated with this emergency: 1) interior and exterior patching and welding on damaged portions of the dry dock; 2) mobilization of material-hauling barges and crane barges; 3) stabilization of cranes; 4) vibratory removal of broken timber piles to provide barge access for crane repairs; 5) other actions as described in the attached Port Acting Director's emergency declaration. If the Port or its contractors determine that it is not feasible or rapidly achievable to stabilize the two cranes in place, the Port will direct the contractor, for purposes of life safety and environmental protection, to remove either or both cranes, place the removed crane(s) on Port lands for disassembly and offsite disposal and recycling.

Robert Begley

Robert Begley, Acting Bureau Manager, Regulatory Compliance and Remediation, San Francisco Public Works

Attachment: SFPORT Emergency Declaration



Memorandum

To: Elaine Forbes
From: Matthew Bell
CC: Andre Coleman
Date: December 8, 2025
Subject: Pier 68 Dry Dock 2, Emergency Declaration

Dear Director Forbes:

Per Section 6.60 of the San Francisco Administrative Code, Port Engineering requests you declare an emergency regarding the rapid deterioration of Dry Dock #2 (DD2) at Pier 68. DD2 requires immediate emergency repairs to stabilize the vessel and to remove or stabilize the cranes on top of the DD2 vertical wing. These steps are necessary to safeguard the lives of citizens and staff who work, or are located on or near the vessel.

Background

DD2 is a 55-year-old 900-foot single-section steel floating dry dock constructed by the Bethlehem Steel Corporation. It is a rigid unit-type dock with continuous pontoon and wing walls with 40 ballast compartments (20 per side).

The Pier 68 shipyard has been without a tenant performing ship repairs or dry dock maintenance since 2017. Inadequate maintenance of DD2 was a major factor in the closure of the shipyard. Without sustained maintenance the vessel continues to deteriorate.

The DD2 has become a liability as it continues to deteriorate. The following actions have been taken to reduce and remove this liability from the Port:

- On March 17, 2021, the Port issued an Emergency Declaration to facilitate repairs to stabilize crane #33 on the western wing wall on DD2 that was freely rotating due to failure of a slewing brake caused by high wind in the winter storm of 2021.
- In June of 2023, and February 2024, Port staff pursued Requests for Offers to sell the vessel for removal and off-site repair. However, by the Spring of 2025, the sole respondent, Desan Shipyard, and the Port were unable to reach an agreement for sale and removal of DD2.
- In April of 2024, Port Engineering engaged an on-call consultant, GHD-Structus JV, to provide an overall assessment of DD2 after it was found to be listing/heeling in March 2024. The consultant team prepared a technical



memorandum in May 2024 summarizing the general conditions to develop a plan for removal, repair, or demolition.

- In December 2024, Port Engineering engaged the same on-call consultant to provide supplemental staff, a project manager, and a Naval Architecture subconsultant, Herbert Engineering Corp., to prepare designs for stabilization repairs that will enable the final demolition of DD2. Inspections by the consultant team documented extensive hull tears near the waterline of the vessel, and welded steel repairs were designed.
- Winter storms in 2024-25 required urgent action by the Port to move quickly to enter into an informal contract in April 2024 to demolish a DD2 access stair that nearly collapsed onto a critical electrical panel during a listing incident. The electrical panel is the only source of electricity for DD2 and powers the high-capacity ballast tank pumps that keep DD2 afloat.
- Most recently, a storm in November 2025 caused additional damage to DD2 that now requires emergency repairs. The current conditions are explained below.

On November 5, 2025, a member of the public in a nearby tugboat contacted Port Maritime staff to report excessive listing of DD2 on the north-east side. Port staff opened the holding tanks and observed that existing tears in the hull had enlarged, and new tears had appeared, resulting in additional uncontrolled flooding of ballast tanks and unsafe listing of the vessel. Auxiliary industrial pumps have been rented by Port Maintenance and installed to pump out ballast tanks where the dock's onboard pumps no longer function. The auxiliary pumping requires Port staff to monitor the water levels visually and move portable pumps from tank to tank. Potential consequences of uncontrolled flooding of ballast tanks through holes in the vessel include: (i) collapse of the cranes located near the only dock-side access point to DD2 due to the excess listing angle; (ii) breaking of mooring keepers due to excess listing angle, potentially setting the dock adrift; and (iii) sinking of the dock, which would introduce pollution into the bay and necessitate a significantly more complex salvage and demolition effort.

In the interest of protecting public and staff safety, and preventing further damage, a contractor with the ability to deploy a floating crane barge, perform underwater welding, and perform other specialized marine salvage and vessel repair work is required to address the needed work expeditiously.

Section 6.60 of the San Francisco Administrative Code defines an “actual emergency” in part as the discovery of any condition involving a clear and imminent danger to public health or safety, demanding immediate action. The situation at Pier 68 fits the definition of an “actual emergency” because it represents a clear and imminent danger to public health or safety.

The timing of the emergency request is urgent due to winter storms, which could cause uncontrolled flooding and movements of DD2 with the potential for DD2 to be unmoored and sent adrift. Per Section 6.60(f) of the San Francisco Administrative Code, contracts



awarded under emergency circumstances are exempt from requirements of Chapter 6 and Chapters 12A, 12B, 12C, and Chapter 14 of the Administrative Code (although it is policy to make every effort to comply with the provisions of Administrative Code 12A, 12B, 12C, and Chapter 14B). The emergency declaration allows the Port to facilitate repairs in the most expeditious manner.

The repair work is estimated to be up to \$10,000,000, and will be procured and managed by San Francisco Public Works. Since the estimated repair work is anticipated to exceed \$250,000, additional approvals by the President of the Port Commission and the San Francisco Board of Supervisors are required, per Section 6.60(d) of the Administrative Code.

If you approve of the declaration of emergency, please sign and return the emergency declaration document.



December 8, 2025

**To: Mayor Daniel Lurie
City Hall, Rm. 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102**

**San Francisco Port Commission
Attention: The Honorable Gail Gilman, President
Pier One, The Embarcadero
San Francisco, CA 94111**

**The Honorable Board of Supervisors
Attention: Ms. Angela Calvillo
City Hall, Rm. 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102**

**Mr. Greg Wagner, Controller
City Hall, Rm. 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102**

From: Elaine Forbes, Port of San Francisco Executive Director

Subject: Declaration of Emergency; Repairs to Stabilize Pier 68 Dry Dock Vessel

Dear Mayor Lurie, Members of the Board, Commission President Gail Gilman, Port Commissioners, and Mr. Wagner,

In accordance with Chapter 6, Section 6.60 of the Administrative Code of the City and County of San Francisco, I am declaring an emergency on behalf of the Port of San Francisco ("Port").

Storms in November 2025 with high winds have accelerated damage to Dry Dock #2 (DD2), so that existing tears have enlarged, and new tears have appeared on the hull of DD2. These conditions have resulted in increasingly difficult-to-control flooding of ballast tanks, causing DD2 to list beyond safe limits and increasing the risk of catastrophic failure. The situation is a clear and imminent danger to public health or safety, demanding immediate action.

The accelerated deterioration of DD2 at Pier 68 represents an "actual emergency" as defined by Section 6.60 of the San Francisco Administrative Code. Immediate emergency repairs are necessary to stabilize the vessel and remove or stabilize the



cranes on top of the DD2 vertical wing walls, which will safeguard the property of the Port, and maintain public health and welfare.

This emergency declaration is to enable the Port to engage one or more contractors to (i) perform welding and patching repairs to minimize the intake of water, (ii) access the DD2 cranes on top of the wing walls to stabilize or remove the cranes, and (iii) take other actions necessary to address the emergency and make DD2 safe. This work is beyond the capabilities of City forces. The Port will collaborate with San Francisco Public Works to contract for the work. The estimated cost of these services is approximately \$10,000,000.

I am therefore declaring the existence of an emergency. Because the estimated cost of the emergency work will exceed the threshold amount of \$250,000, I request that Commission President Gail Gilman approve this declaration, pursuant to Section 6.60(d) of the Administrative Code.

Sincerely,

DocuSigned by:
Elaine Forbes

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Elaine Forbes
Executive Director, Port of San Francisco

CONCUR AND APPROVE:

Signed by:

Gail Gilman

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Gail Gilman, President
San Francisco Port Commission

DATE:

12/9/2025

Cc: Carla Short, Director, San Francisco Department of Public Works.
Michelle Sexton, General Counsel, Port



FROM: Boris Delepine, Port of San Francisco

DATE: December 29, 2025

SUBJECT: Emergency Declaration – Stabilize Dry Dock #2 at Pier 68 - \$10,000,000

Please see attached a proposed Resolution approving an emergency declaration of the Port of San Francisco, pursuant to Administrative Code Section 6.60, to contract resources to stabilize Dry Dock #2 located at Pier 68 for an estimated not to exceed amount of \$10,000,000.

The following is a list of accompanying documents:

- Proposed Resolution (Word Doc Version)
- Signed Emergency Declaration Memorandum (PDF Version)

Please contact Boris Delepine at boris.delepine@sfport.com if you need any additional information on these items.