

File No. 250048

Committee Item No. 1

Board Item No. 11

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date March 19, 2025

Board of Supervisors Meeting Date March 25, 2025

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- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
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OTHER (Use back side if additional space is needed)

- RPD Fiscal Responsibility Memo 1/14/2025
- Marina Rate Increase FY2024-2025 Presentation
- RPD Presentation 2/5/2025
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Completed by: Brent Jalipa Date March 13, 2025

Completed by: Brent Jalipa Date March 20, 2025

1 [Findings of Fiscal Feasibility - Marina Improvement and Remediation]

2

3 **Resolution adopting findings that the Marina Improvement and Remediation Project is**
4 **fiscally feasible and responsible under Administrative Code, Chapter 29.**

5

6 WHEREAS, Chapter 29 of the Administrative Code requires the Board of Supervisors
7 (“Board”) to determine whether certain project plans proposed by a City department are
8 fiscally feasible and responsible, prior to environmental review under the California
9 Environmental Quality Act; and

10 WHEREAS, By Resolution No. 93-21 and based on records in Board File No. 210067,
11 which are incorporated herein by this reference, the Board previously approved a settlement
12 agreement settling the City’s claims against Pacific Gas & Electric Company (PG&E)
13 concerning environmental pollution at the Marina East Harbor (“Settlement Agreement”).
14 Pursuant to the Settlement Agreement, the City agreed to dismiss its claims against PG&E;
15 the parties agreed to a cost-sharing agreement whereby PG&E and City will cooperate on the
16 environmental cleanup and reconstruction of the Marina Yacht Harbor; PG&E agreed to pay
17 up to \$190 million toward such cleanup and reconstruction; and the City agreed to repay
18 PG&E up to \$29.4 million over 30 years solely out of Marina revenues; and

19 WHEREAS, Pursuant to the Settlement Agreement, the Recreation and Park
20 Department has worked with PG&E on the development of a project to be submitted to the
21 Planning Department for environmental review; and

22 WHEREAS, The Recreation and Park Department is considering the Marina
23 Improvement and Remediation Project (“Marina Project” or “Project”) to implement the
24 concepts contained in the Settlement Agreement; and

25

1 WHEREAS, Implementation and construction of the Marina Project will cost in excess
2 of \$25 million, and those project costs will be financed with more than \$1 million of City funds
3 in the form of Marina revenue, and therefore the provisions of Chapter 29 apply to the project;
4 and

5 WHEREAS, By Ordinance No. 035-24 and based on records in Board File No. 231191,
6 which are incorporated herein by this reference, the Board previously approved an ordinance
7 prohibiting the Recreation and Park Department and Planning Department from performing
8 environmental review of, or otherwise implementing, a project to clean up and reconstruct the
9 Marina Yacht Harbor in such a manner that would extend the West Harbor Marina by more
10 than 150 feet from its current boundary; and

11 WHEREAS, By Ordinance No. 293-24 and based on records in Board File No. 240189,
12 which are incorporated herein by this reference, the Board previously approved an ordinance
13 amending the Park Code to raise the fees for various goods and services at the Marina Small
14 Craft Harbor; and

15 WHEREAS, The records in Board File No. 240189 and the other aforementioned Board
16 Files contain the information that is required to be submitted to the Board by Chapter 29,
17 including, but not limited to, a report from the Budget Analyst containing a detailed description
18 of the project, information on the purpose of the project, and funding sources for the project,
19 which documents are incorporated herein by this reference; and

20 WHEREAS, Since the preparation of the documents in File No. 240189, the Recreation
21 and Park Department has prepared an updated analysis of a fee structure to support the
22 City's repayment to PG&E of its portion of the Project costs pursuant to the Settlement
23 Agreement, and has prepared a fiscal plan for the Project including its estimated costs, which
24 documents are contained in Board File No. 250048 and incorporated herein by this reference;
25 and

1 WHEREAS, The Project will repair, replace and upgrade facilities that are in poor
2 condition to provide a safer, more up-to-date Marina with a longer useful life, and improved
3 facilities to better serve Marina users and the general public; and

4 WHEREAS, Consistent with terms in the Settlement Agreement, the Project will result
5 in the East Harbor slips being comparable to those in the West Harbor, eliminating the basis
6 for differences in berthing rates between East and West Harbor slip holders and allowing for
7 consistent rates across the entire Marina Small Craft Harbor; and

8 WHEREAS, The estimated cost of the proposed Marina Project is \$188 million; and

9 WHEREAS, The Marina Project would have substantial direct and indirect financial
10 benefits to the City, including utilization of PG&E funds available under the Settlement
11 Agreement; revenues to be generated by the proposed Project; increased property values for
12 surrounding businesses and residential properties; increase in commerce for local merchants;
13 and decreased spending on healthcare due to having accessible open space that leads to
14 improved physical and mental health for San Francisco residents; and

15 WHEREAS, The Project would lead to decreased long-term operation and
16 maintenance costs, due to updated facilities and infrastructure and the construction of a
17 breakwater to reduce sedimentation in the entry channel of the West Harbor; and

18 WHEREAS, It is appropriate to further evaluate and perform environmental review on
19 the proposed Marina Project; and

20 WHEREAS, The Recreation and Park Department desires to promptly complete
21 environmental review of the project; now, therefore, be it

22 RESOLVED, That the Board of Supervisors finds that, based on the prior Budget
23 Analyst's report and other documents in File Nos. 210067, 231191, and 240189, and the
24 updated fiscal plan and other relevant documents in File No. 250048, the Marina Project is
25

1 fiscally feasible and responsible in accordance with Administrative Code Chapter 29; and, be
2 it

3 FURTHER RESOLVED, That, pursuant to San Francisco Administrative Code, Chapter
4 29, the Planning Department may undertake environmental review of the proposed Marina
5 Project as required by Administrative Code, Chapter 31, and CEQA.

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| <p>Item 1 File 25-0048 <i>(Continued from 2/5/25 meeting)</i></p> | <p>Department: Recreation and Park (REC)</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would adopt findings that the Marina Improvement and Remediation Project is fiscally feasible and responsible under Administrative Code, Chapter 29. This approval would allow the environmental review to begin. <p>Key Points</p> <ul style="list-style-type: none"> • In March of 2021, the Board of Supervisors approved a settlement with Pacific Gas & Electric Company (PG&E) to resolve a lawsuit brought by the City in 2001 over contamination at the Marina East Harbor, where PG&E previously operated a manufactured gas plant. Under the settlement agreement, PG&E and the City agreed to collaborate on mitigation and reconstruction efforts. In addition, PG&E will pay up to \$190 million to fund mitigation and reconstruction efforts, with the Recreation and Park Department repaying up to \$29.4 million from Marina revenues over 30 years without accruing interest. • After a risk assessment, PG&E proposes dredging the upper basin of the East Harbor and placing an engineered cap over much of this area. This process is designed to physically and chemically isolate contaminants under the engineered cap. • The development plan for the Marina includes upgrades to the East Harbor, the West Harbor, and public-serving areas. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The estimated overall project cost is \$188 million, including an estimated \$100 million in remediation costs and an estimated \$88 million in improvements. Initial costs will be paid for by PG&E and REC’s revenues from the Marina will be used to repay up to \$29.4 million in project costs. <p>Policy Consideration</p> <ul style="list-style-type: none"> • Although cost estimates include contingencies for both the remediation efforts and the Marina upgrades, unforeseen costs that exceed these contingencies could result in a reduced scope of work or, if the Department and Board of Supervisors agree, additional City funding for the project. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. | |

MANDATE STATEMENT

Administrative Code Chapter 29 requires the Board of Supervisors to conduct a fiscal feasibility analysis of any project (1) that has a total cost exceeding \$25,000,000, and (2) where the City is expected to incur costs related to project development in excess of \$1,000,000. Chapter 29 requires consideration of five factors: (1) direct and indirect financial benefits to the City including the extent of applicable cost savings or new revenues, including tax revenues, generated by the proposed project; (2) cost of construction; (3) available funding for the project; (4) the long-term operating and maintenance cost of the project; and (5) debt load to be carried by the City or Department. A determination by the Board of Supervisors that a project is fiscally feasible only finds that the proposed project merits further evaluation and environmental review; a determination of fiscal feasibility does not include determination the project should be approved.

BACKGROUND

Project Origin and Summary

In March of 2021, the Board of Supervisors approved a settlement with Pacific Gas & Electric Company (PG&E) to resolve a lawsuit brought by the City in 2001 over contamination at the Marina East Harbor, where PG&E previously operated former manufactured gas plants (File 21-0067). Under the settlement agreement PG&E and the City agreed to collaborate on mitigation and reconstruction efforts, with PG&E paying up to \$190 million to fund these efforts and the Recreation and Park Department (the Department) repaying up to \$29.4 million from Marina revenues over 30 years without accruing interest.

Remediation

The 2001 complaint filed by the City against PG&E related to sediments in the East Harbor from a former manufactured gas plant operation. After a risk assessment overseen by the San Francisco Bay Regional Water Quality Control Board (the lead agency overseeing the remediation) analyzing health and environmental risks from this sediment, and the incorporation of the City's planned Marina improvements, PG&E proposes dredging the upper (i.e., Northern) basin of the East Harbor and placing an engineered cap over much of this area. This process, known as sediment capping, is designed to physically and chemically isolate contaminants under the engineered cap. Based on the benefits and costs identified in the risk assessment, the project does not include dredging the lower (i.e. Southern) basin of the East Harbor, where an accumulated layer of natural sediment functions as a cap.

Marina Improvements

In the East Harbor, the development plan includes improving an existing breakwater, making a 420-foot dock publicly accessible, with fishing access and an Angel Island overlook; constructing an additional breakwater to enclose and protect the marina; creation of community and visitor docks; and dock renovation in the northern East Harbor resulting in a net gain of 27 slips from the number of currently available slips.

In the West Harbor, the development plan includes a new breakwater; a possible creation of a relocated fuel station; and reinstallation of slips for a net gain of 24 slips from the number of currently available slips. The proposed project design conforms to the ordinance approved by the Board of Supervisors in February 2024 that restricts expansion of the West Harbor Marina beyond the western edge of the Wave Organ (File 23-1191). As a result of that legislation, the Marina is losing berths and the associated revenue in the lower East Harbor, which, as noted above, is being converted to other recreation uses.

The development plan also includes upgrades to public-serving areas, including:

- Repurposing of a five-acre shallow water basin in lower East Harbor for kayaking, canoeing and other non-motorized water recreation
- Improvements to the Bay Trail;
- A viewing terrace; and
- A revitalized lawn for public use
- One or more volleyball courts
- Improved public restrooms

Project Status

The project is in the design phase. If the proposed resolution is approved, environmental review of the project design will proceed. Following environmental review, the Department anticipates that procurement for Marina improvements will begin in early 2027, with construction starting in June 2027 and lasting through December of 2029. Exhibit 1 below shows projected milestones.

Exhibit 1: Anticipated Project Timeline

| Milestone | Date |
|--|------------------------------|
| PG&E Procures Remediation Contractors | 2026 |
| DPW advertises Marina Improvement Construction Project | Early 2027 |
| DPW awards Marina Improvement Construction Project | Mid 2027 |
| Remediation Construction | June 2027 - December 2028 |
| West Harbor Improvements | June 2027 - December 2027 |
| East Harbor Improvements | June 2028- December 2028 |
| Marina Triangle and Shoreline Improvements | January 2029 - December 2029 |

Source: Recreation and Parks Department

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would adopt findings that the Marina Improvement and Remediation Project is fiscally feasible and responsible under Administrative Code Chapter 29. This approval would allow the environmental review to begin.

FISCAL FEASIBILITY

Chapter 29 of the San Francisco Administrative Code requires a fiscal feasibility analysis that includes consideration of (1) direct and indirect financial benefits to the City, including cost savings or new revenues, including tax revenues, generated by the proposed project; (2) cost of construction; (3) available funding for the project; (4) the long-term operating and maintenance cost of the project; and (5) debt load to be carried by the City or Department.

Financial Benefits to the City

The Department has not conducted a specific analysis of financial benefits from this project. It notes that park improvements are generally associated with:

- a) Increased property values for nearby businesses and residences
- b) Increased economic activity for local businesses
- c) Decreases in health care spending from increased recreation

Cost of Construction and Available Funding

The estimated overall project cost is \$188 million. This includes an estimated \$100 million in remediation costs, including 17% in risk-based contingency, based on an estimate prepared by PG&E staff and three consulting firms: a remediation design engineer consultant, a construction quality assurance consultant, and a remedial construction contractor with PG&E dredging and capping experience. It also includes an estimated \$88 million in improvements, including a 10% construction contingency, based on an estimate provided to the Department by outside consultants, with modifications from Department staff.

Through the settlement agreement, PG&E will pay up to \$190 million in project costs, of which the Department will repay up to \$29.4 million over 30 years, starting three years after project completion.¹

¹ Under the settlement agreement, the City repays PG&E over thirty years without interest. The City repays PG&E nine percent of the first \$160 million in project costs and fifty percent of the remaining \$30 million in project costs.

Exhibit 2: Cost of Construction

| Marina Costs | |
|--|----------------------|
| West Harbor | |
| Docks | \$6,000,000 |
| Main Breakwater | \$5,619,000 |
| <i>Subtotal</i> | <i>\$11,619,000</i> |
| East Harbor | |
| Docks | \$24,000,000 |
| Breakwater | \$9,500,000 |
| Fuel Dock Demolition | \$166,000 |
| <i>Subtotal</i> | <i>\$33,666,000</i> |
| Park and Shoreline | |
| Park | \$5,000,000 |
| Water's edge | \$10,000,000 |
| Restroom | \$750,000 |
| <i>Subtotal</i> | <i>\$15,750,000</i> |
| <i>Improvements Subtotal</i> | <i>\$61,035,000</i> |
| Construction Contingency (10%) | \$6,103,500 |
| Soft Costs (Including Permitting/CEQA) | \$21,000,000 |
| Marina Total | \$88,138,500 |
| Remediation Costs | |
| Remediation Base | \$73,264,000 |
| Contingency and Escalation | \$26,727,000 |
| Remediation Total | \$99,991,000 |
| Joint Project Total | \$188,129,500 |

Source: RPD

Long-Term Operating and Maintenance Costs

Under the settlement agreement, long-term operating and maintenance costs related to the remediation are the responsibility of PG&E, and long-term operating and maintenance costs resulting from the Marina improvements are the responsibility of the Recreation and Parks Department.

Following project completion, the Department projects decreased maintenance costs, due in part to a) a reduction in the frequency of required dredging due to the construction of breakwaters, and b) reduced maintenance costs due to the dock upgrades. These decreases are partially offset by new maintenance needs associated with the project, such as maintaining the volleyball courts. Overall, the Department's projections show that non-personnel operating costs are budgeted at \$1.55 million in FY 2024-25 and are projected to be \$1.48 million starting in FY 2031-32, the second year after construction. As a result, the project's slip renovation and expansion plus the

assumed increase in fees for the East Harbor will cause the Marina to generate \$0.5 million to \$1.0 million in annual net income following completion of the proposed project, which can be used for future capital improvements for the Marina.

Debt Load to be Carried by the City or Department

Under the terms of the settlement agreement with PG&E, the Recreation and Parks Department will be responsible for repaying \$29.4 million over the course of 30 years without interest, through Marina revenue, starting three years after project completion. The City repays PG&E nine percent of the first \$160 million in project costs and fifty percent of the remaining \$30 million in project costs. This translates to a maximum debt service of up to \$980,000 annually.

In December of 2024, the Board of Supervisors approved berthing rate increases for most services in the Marina, a change designed to eliminate the need for a General Fund subsidy for Marina operations (File 24-0189). Following renovation of the East Harbor, Recreation and Parks Department staff plan to request Board of Supervisors approval of fee increases to match the fees for the West Harbor. Due to differences in amenities, rates for East Harbor berths are currently lower than West Harbor rates. In FY 2024-25, a 30' slip in the East Harbor costs \$16.20 per linear foot per month and the same berth in the West Harbor costs \$21.66.

As noted above, should the increase in East Harbor rates be approved, REC staff project that the Marina revenue collected by the Department will be sufficient to cover the costs of PG&E debt service as well as all Marina operating costs, resulting in approximately \$0.5 million in annual net revenues in FY 2033-34 to provide for capital maintenance. If the East Harbor rates are not increased to match West Harbor rates, REC projections show that the Marina would break even and still not require a General Fund subsidy, however long-term capital needs would be more difficult to fund.²

POLICY CONSIDERATION

Although cost estimates include contingencies for both the remediation efforts and the Marina upgrades, unforeseen costs that exceed these contingencies could result in a reduced scope of work or, if the Department and Board of Supervisors agree, additional RPD expenditures. Through the settlement agreement, PG&E is responsible for paying up to \$190 million in project costs. Should unforeseen costs increase projected costs beyond \$190 million, the agreement calls for the Department and PG&E to work together to reduce the project scope in order to stay within a \$190 million total budget. For example, should remediation or Marina upgrade costs exceed the current budget and contingency, the Department would work with PG&E to reduce the scope of the Project, in order to stay within the \$190 million project budget. The settlement agreement also allows the Department and PG&E to modify the agreement to increase the

² REC's projections assume 90 percent occupancy in both West and East Harbor, consistent with current occupancy in the West Harbor. If actual occupancy in the East Harbor is less after project completion, the Marina would not be financially self-sufficient without East Harbor fees matching West Harbor fees.

project budget beyond \$190 million, as long as both parties agree to such a modification. The parties would also need to mutually agree on cost-sharing in such a scenario.

RECOMMENDATION

Approve the proposed resolution.

| | |
|--------------------------------------|---|
| Item 8 File 25-0048 | Department: Recreation and Park |
|--------------------------------------|---|

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would adopt findings that the Marina Improvement and Remediation Project is fiscally feasible and responsible under Administrative Code, Chapter 29. This approval would allow the environmental review to begin.

Key Points

- In March of 2021, the Board of Supervisors approved a settlement with Pacific Gas & Electric Company (PG&E) to resolve a lawsuit brought by the City in 2001 over contamination at the Marina East Harbor, where PG&E previously operated a manufactured gas plant. Under the settlement agreement, PG&E and the City agreed to collaborate on mitigation and reconstruction efforts. In addition, PG&E will pay up to \$190 million to fund mitigation and reconstruction efforts, with the Recreation and Park Department repaying up to \$29.4 million from Marina revenues over 30 years without accruing interest.
- After a risk assessment, PG&E proposes dredging the upper basin of the East Harbor and placing an engineered cap over much of this area. This process is designed to physically and chemically isolate contaminants under the engineered cap.
- The development plan for the Marina includes upgrades to the East Harbor, the West Harbor, and public-serving areas.

Fiscal Impact

- The estimated overall project cost is \$188 million, including an estimated \$100 million in remediation costs and an estimated \$88 million in improvements. Initial costs will be paid for by PG&E and REC’s revenues from the Marina will be used to repay up to \$29.4 million in project costs.

Policy Consideration

- Although cost estimates include contingencies for both the remediation efforts and the Marina upgrades, unforeseen costs that exceed these contingencies could result in a reduced scope of work or, if the Department and Board of Supervisors agree, additional City funding for the project.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Chapter 29 requires the Board of Supervisors to conduct a fiscal feasibility analysis of any project (1) that has a total cost exceeding \$25,000,000, and (2) where the City is expected to incur costs related to project development in excess of \$1,000,000. Chapter 29 requires consideration of five factors: (1) direct and indirect financial benefits to the City including the extent of applicable cost savings or new revenues, including tax revenues, generated by the proposed project; (2) cost of construction; (3) available funding for the project; (4) the long-term operating and maintenance cost of the project; and (5) debt load to be carried by the City or Department. A determination by the Board of Supervisors that a project is fiscally feasible only finds that the proposed project merits further evaluation and environmental review; a determination of fiscal feasibility does not include a determination the project should be approved.

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The development plan also includes upgrades to public-serving areas, including:

- Repurposing of a five-acre shallow water basin in lower East Harbor for kayaking, canoeing and other non-motorized water recreation
- Improvements to the Bay Trail;
- A viewing terrace; and
- A revitalized lawn for public use
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- Improved public restrooms

Project Status

The project is in the design phase. If the proposed resolution is approved, environmental review of the project design will proceed. Following environmental review, the Department anticipates that procurement for Marina improvements will begin in early 2027, with construction starting in June 2027 and lasting through December of 2029. Exhibit 1 below shows projected milestones.

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Source: Recreation and Parks Department

DETAILS OF PROPOSED LEGISLATION

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FISCAL FEASIBILITY

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Through the settlement agreement, PG&E will pay up to \$190 million in project costs, of which the Department will repay up to \$29.4 million over 30 years, starting three years after project completion.¹

¹ Under the settlement agreement, the City repays PG&E over thirty years without interest. The City repays PG&E nine percent of the first \$160 million in project costs and fifty percent of the remaining \$30 million in project costs.

Exhibit 2: Cost of Construction

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| Remediation Base | \$73,264,000 |
| Contingency and Escalation | \$26,727,000 |
| Remediation Total | \$99,991,000 |
| Joint Project Total | \$188,129,500 |

Source: RPD

Long-Term Operating and Maintenance Costs

Under the settlement agreement, long-term operating and maintenance costs related to the remediation are the responsibility of PG&E, and long-term operating and maintenance costs resulting from the Marina improvements are the responsibility of the Recreation and Parks Department.

Following project completion, the Department projects decreased maintenance costs, due in part to a) a reduction in the frequency of required dredging due to the construction of breakwaters, and b) reduced maintenance costs due to the dock upgrades. These decreases are partially offset by new maintenance needs associated with the project, such as maintaining the volleyball courts. Overall, the Department's projections show that non-personnel operating costs are budgeted at \$1.55 million in FY 2024-25 and are projected to be \$1.48 million starting in FY 2031-32, the second year after construction. As a result, the project's slip renovation and expansion plus the

assumed increase in fees for the East Harbor will cause the Marina to generate \$0.5 million to \$1.0 million in annual net income following completion of the proposed project, which can be used for future capital improvements for the Marina.

Debt Load to be Carried by the City or Department

Under the terms of the settlement agreement with PG&E, the Recreation and Parks Department will be responsible for repaying \$29.4 million over the course of 30 years without interest, through Marina revenue, starting three years after project completion. The City repays PG&E nine percent of the first \$160 million in project costs and fifty percent of the remaining \$30 million in project costs. This translates to a maximum debt service of up to \$980,000 annually.

In December of 2024, the Board of Supervisors approved berthing rate increases for most services in the Marina, a change designed to eliminate the need for a General Fund subsidy for Marina operations (File 24-0189). Following renovation of the East Harbor, Recreation and Parks Department staff plan to request Board of Supervisors approval of fee increases to match the fees for the West Harbor. Due to differences in amenities, rates for East Harbor berths are currently lower than West Harbor rates. In FY 2024-25, a 30' slip in the East Harbor costs \$16.20 per linear foot per month and the same berth in the West Harbor costs \$21.66.

As noted above, should the increase in East Harbor rates be approved, REC staff project that the Marina revenue collected by the Department will be sufficient to cover the costs of PG&E debt service as well as all Marina operating costs, resulting in approximately \$0.5 million in annual net revenues in FY 2033-34 to provide for capital maintenance. If the East Harbor rates are not increased to match West Harbor rates, REC projections show that the Marina would break even and still not require a General Fund subsidy, however long-term capital needs would be more difficult to fund.²

POLICY CONSIDERATION

Although cost estimates include contingencies for both the remediation efforts and the Marina upgrades, unforeseen costs that exceed these contingencies could result in a reduced scope of work or, if the Department and Board of Supervisors agree, additional RPD expenditures. Through the settlement agreement, PG&E is responsible for paying up to \$190 million in project costs. Should unforeseen costs increase projected costs beyond \$190 million, the agreement calls for the Department and PG&E to work together to reduce the project scope in order to stay within a \$190 million total budget. For example, should remediation or Marina upgrade costs exceed the current budget and contingency, the Department would work with PG&E to reduce the scope of the Project, in order to stay within the \$190 million project budget. The settlement agreement also allows the Department and PG&E to modify the agreement to increase the

² REC's projections assume 90 percent occupancy in both West and East Harbor, consistent with current occupancy in the West Harbor. If actual occupancy in the East Harbor is less after project completion, the Marina would not be financially self-sufficient without East Harbor fees matching West Harbor fees.

project budget beyond \$190 million, as long as both parties agree to such a modification. The parties would also need to mutually agree on cost-sharing in such a scenario.

RECOMMENDATION

Approve the proposed resolution.

Daniel Lurie, Mayor



Kat Anderson, Commission President
Philip A. Ginsburg, General Manager

Date: January 14, 2025

From: San Francisco Recreation & Parks Department

Subject: Proposed Marina Improvements and Remediation Project – Fiscal Feasibility Memo

Overview

San Francisco Administrative Code Chapter 29 requires that City departments submit certain public works projects to the Board of Supervisors before the City begins environmental review, for a determination whether the proposed project is “fiscally feasible and responsible.” The requirement applies to City projects with total project costs of over \$25 million, and including over \$1 million in City funds.

We respectfully request that the Board use the following information as criteria to evaluate the Project’s fiscal feasibility.

General Description & Purpose: Historical & Current Day

- A Pacific Gas & Electric (“PG&E”) predecessor previously owned and operated a coal gasification plant in the vicinity of the Marina Green, the North Beach Manufactured Gas Plant (“MGP”), that produced contaminants found at the East Harbor Marina, including elevated levels of polycyclic aromatic hydrocarbons (“PAHs”) in subsurface soils and sediments.
- In 2021, the City and PG&E agreed on financing and terms to jointly perform the planning, outreach, design, environmental review, permitting, construction, and completion of the project at the site, via a Final Settlement Agreement (“FSA”), which was approved by the Board of Supervisors.
- East Harbor of the Marina was constructed in 1969 with 344 boat slips, currently only has 128 available berths due to lack of improvements and dredging during litigation.
- Features Today:
 - Boat docks
 - Restroom
 - Parking
 - Lawn Area
 - Fitness Plaza

General Description & Purpose: Engagement & Proposed Use

- Outreach & concept design phase – extensive community & stakeholder engagement
 - 5 community meetings (with record turnout)

- Numerous stakeholder interviews
- Surveys and meetings
- Renovations will provide safer, more sustainable marina and park
- Improved facilities to better serve public:
 - Modernized docks and gangways
 - Accessible community dock
 - Shallow water basin for small crafts
 - Improved restroom
 - Improved lawn area
 - Volleyball courts
 - Nature Exploration Area
 - Improved Bay Trail

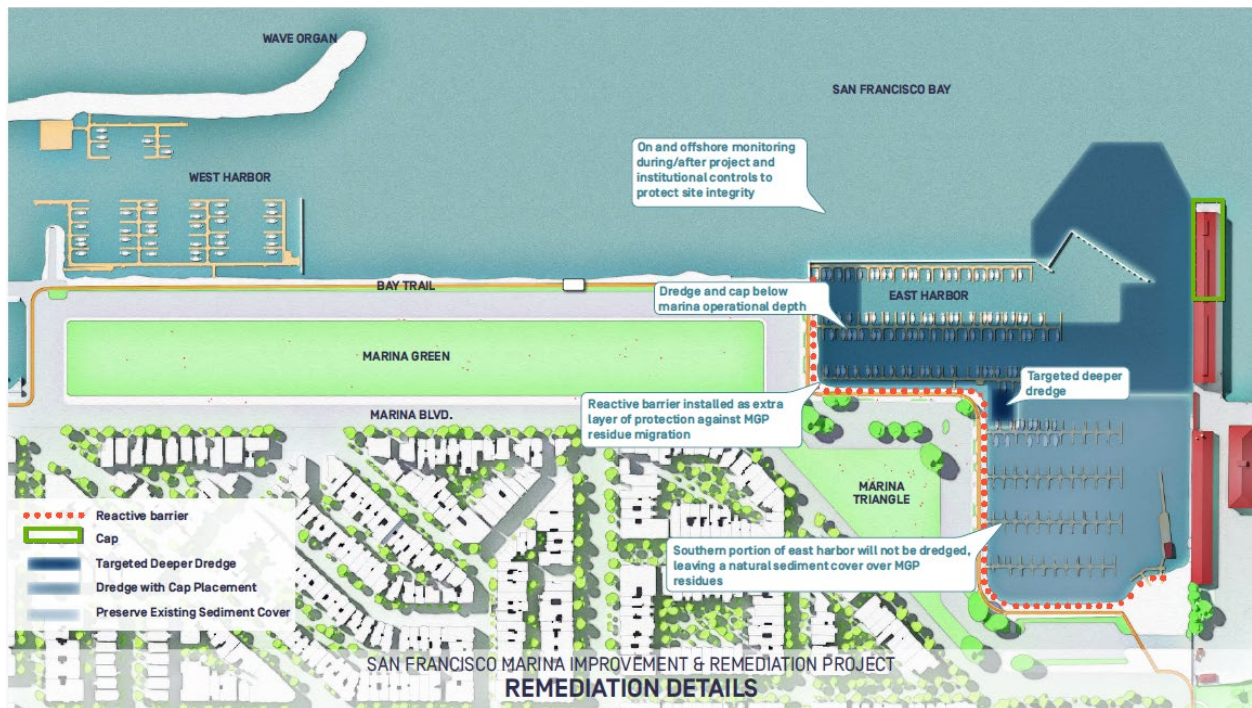


Figure 1: Remediation Plan

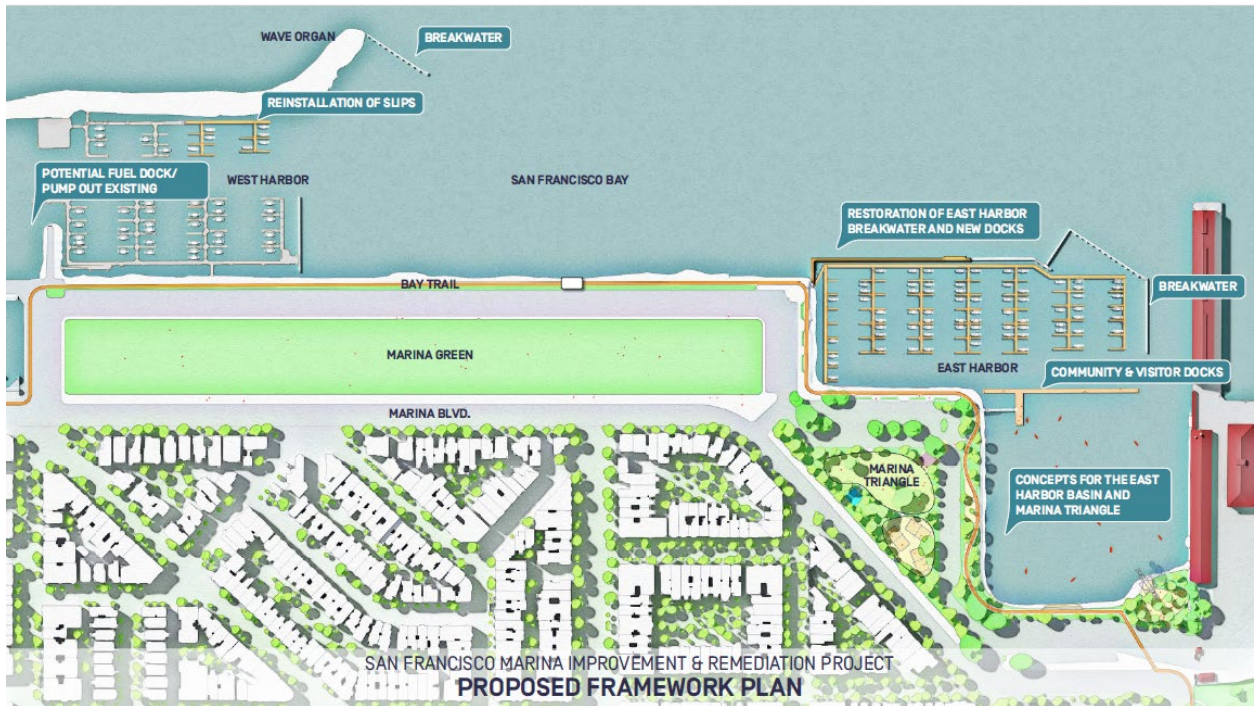


Figure 2: Marina Improvements Concept Plan



Figure 3: Marina Improvements-Public Recreation Elements Concept Plan

Direct and Indirect Benefits

- Increased property values for surrounding businesses and residential buildings
- Increase in commerce for local merchants
- Decrease in health spending by having accessible open space that leads to improved physical and mental health
- Decreased operations and maintenance costs through updated facilities and infrastructure

Fiscal Analysis

- Estimated Project Cost

| | |
|--------------------------|---------------|
| Remediation | \$ 89,000,000 |
| Marina/Park Improvements | \$ 68,000,000 |
| Soft Costs | \$ 31,000,000 |
| <hr/> | |
| Total Uses | \$188,000,000 |
- Funding source: \$190,000,000 PG&E
- Rec Park Marina Revenues to repay \$29,400,000 to PG&E over 30 year period starting 3 years after construction completion
- Approx. \$7.9 million spent to date on concept development and community outreach: PM labor, EIR consultant, design consultant (concept & schematic phases), surveys

Next Steps

- Conduct environmental review to complete multi-agency permitting
- Design to continue
- Construction cannot commence until environmental review is complete



SAN FRANCISCO
RECREATION
& PARKS

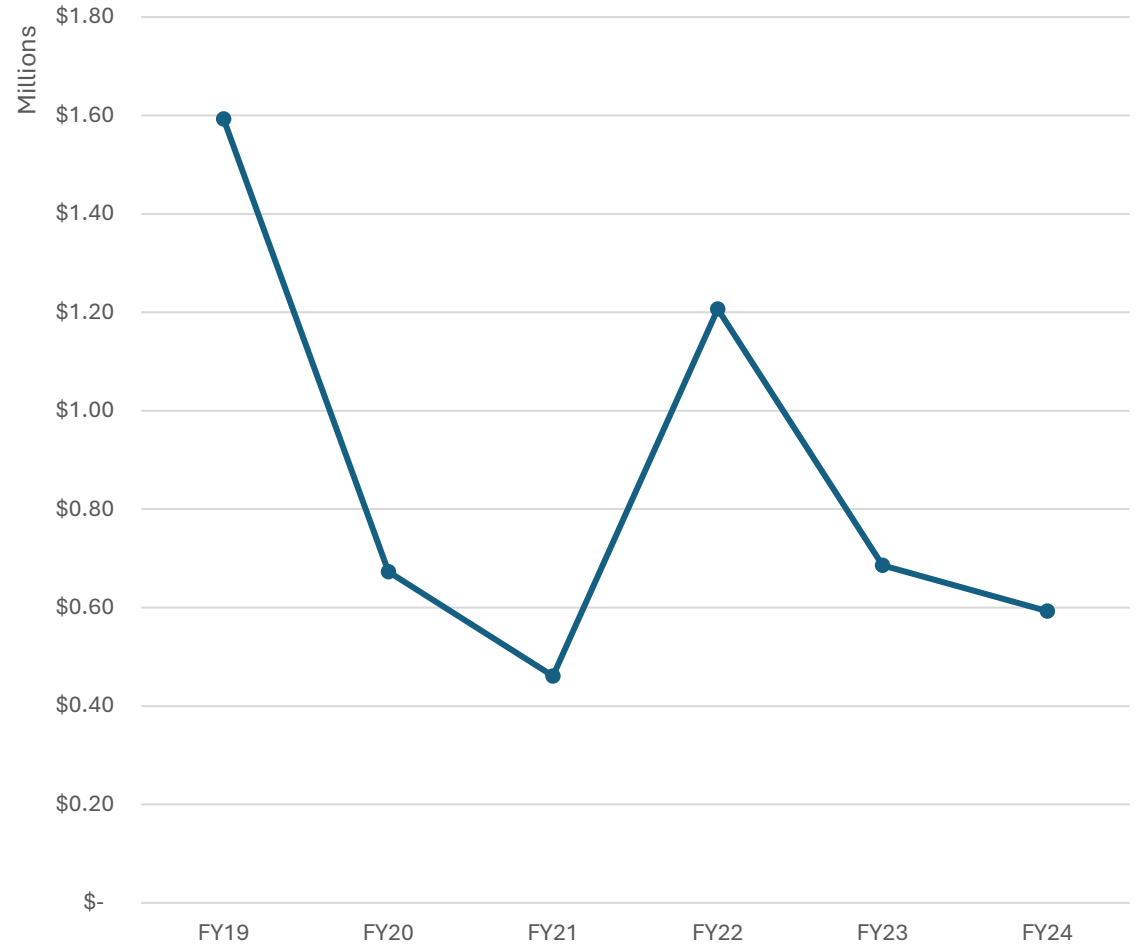
SAN FRANCISCO MARINA SMALL CRAFT HARBOR FEES FY 2024-25

General Fund Transfers and Subsidies

Since, FY 18-19, a total of \$5.2M has been directly transferred from the General Fund.

Additionally, Marina structural maintenance and gardening costs charged outside the Marina Fund totaled \$270,000 in FY22-23.

Marina General Fund Subsidies FY 18/19 to FY 23/24



January 2024 BLA Analyst Report

The Budget and Legislative Analyst (BLA) conducted a January 2024 “financial analysis of the Marina Yacht Harbor, including the annual fee revenue generated, General Fund subsidy, and options to reduce the General Fund Subsidy”

On page 16 of the BLA report, the report calculated that the total fee increase necessary “to fully cover Marina operating expenditures and eliminate the need for General Fund support” was 31.4%.

Exhibit 13: Marina Budget Adjusted to Cover General Fund

| Expenditures | FY 2024-25 | Change | FY 2025-26 |
|-----------------------------------|--------------------|--------|--------------------|
| Marina Fund Budgeted Expenditures | \$5,040,654 | 3% | \$5,191,874 |
| Structural Maintenance | 285,000 | 3 | 293,550 |
| Total | \$5,325,654 | | \$5,485,424 |
| Revenue | FY 2024-25 | Change | FY 2025-26 |
| General Fund (Subsidy) | \$645,954 | -100% | \$0 |
| General Fund (Supplemental) | 285,000 | -100 | 0 |
| Permits | 412,000 | 3 | 424,360 |
| East & West Harbor Fees | 3,375,000 | 31.42 | 4,435,425 |
| Concessions | 607,700 | 3 | 625,931 |
| Total | \$5,325,654 | | \$5,485,716 |

Source: FY 2024-25 Operating Budget, BLA Analysis

Marina Fee Proposal

West Harbor and East Harbor Rates and Fees

Berths 25 feet to 60 feet

- 11.6% increase January 1, 2025 (15.7% compared to FY 23-24)
- 15.7% in FY 2025-26

Berths 70 feet to 95 feet

- 15.7% increase January 1, 2025 (20.0% compared to FY 23-24)
- 20.0% in FY 2025-26

San Francisco Residents – 15% rate reduction

Marina Capital Fund revenue was not analyzed as part of the Board of Supervisors Budget and Legislative Analyst Report

Proposed Monthly Rates

| | Current | January 1, 2025 | FY 2025-26 |
|------------------------------|---------|-----------------|------------|
| East Harbor - 30 feet | | | |
| Berthing Rate | \$377 | \$420 | \$486 |
| SF Resident | \$377 | \$357 | \$413 |
| West Harbor - 40 feet | | | |
| Berthing Rate | \$813 | \$908 | \$1,050 |
| SF Resident | \$813 | \$771 | \$893 |
| West Harbor - 70 feet | | | |
| Berthing Rate | \$1,486 | \$1,719 | \$2,064 |
| SF Resident | \$1,486 | \$1,461 | \$1,754 |



Fee Proposal Justification



\$1.3 billion
City & County
of San Francisco
five-year deficit



\$7.3 million
in program reductions
proposed in RPD's
2-year budget



50 positions
from RPD workforce
proposed to be
unfunded

By eliminating the \$650k General Fund transfer, RPD can reallocate the funding towards:

- The cost of two playground resurfacings, or
- The cost of six custodians, or
- Two-thirds of Aquatics staffing.

If the legislation is rejected, the Marina will have a \$570k berthing rate deficit next year.

Implications if rate increased not approved

SERVICE REDUCTIONS

- Park Ranger security reduction
 - Already implemented due to delay of rate increase
- Marina Assistant position unfilled
 - Reduced hours of service to tenants (office hours and field staff)
 - Dock cleaning limit to one per year
 - Vessel inspections reduced to two days per week

LESS FUNDING AVAILABLE FOR DREDGING

- Increased risk of operations impact from any large winter storms

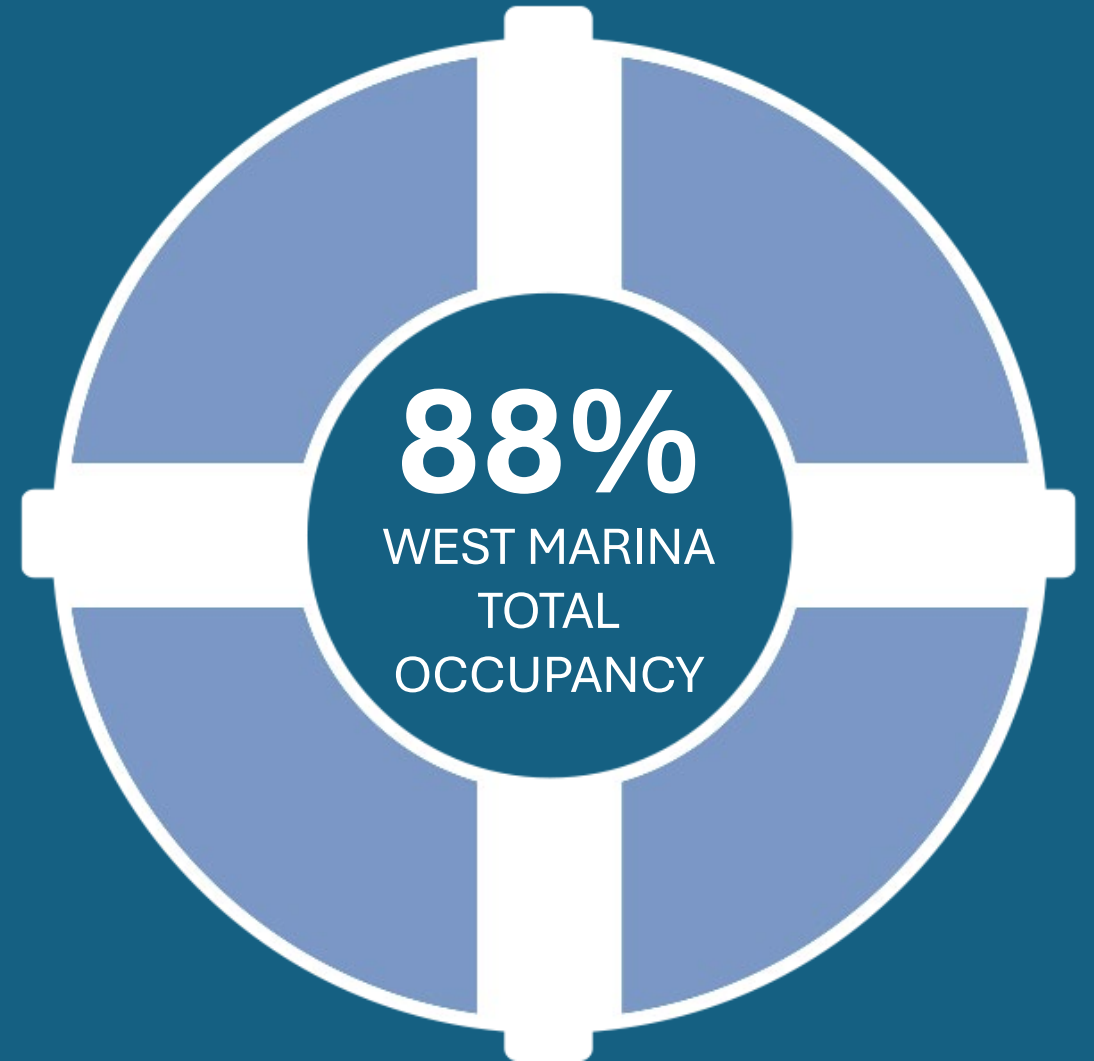
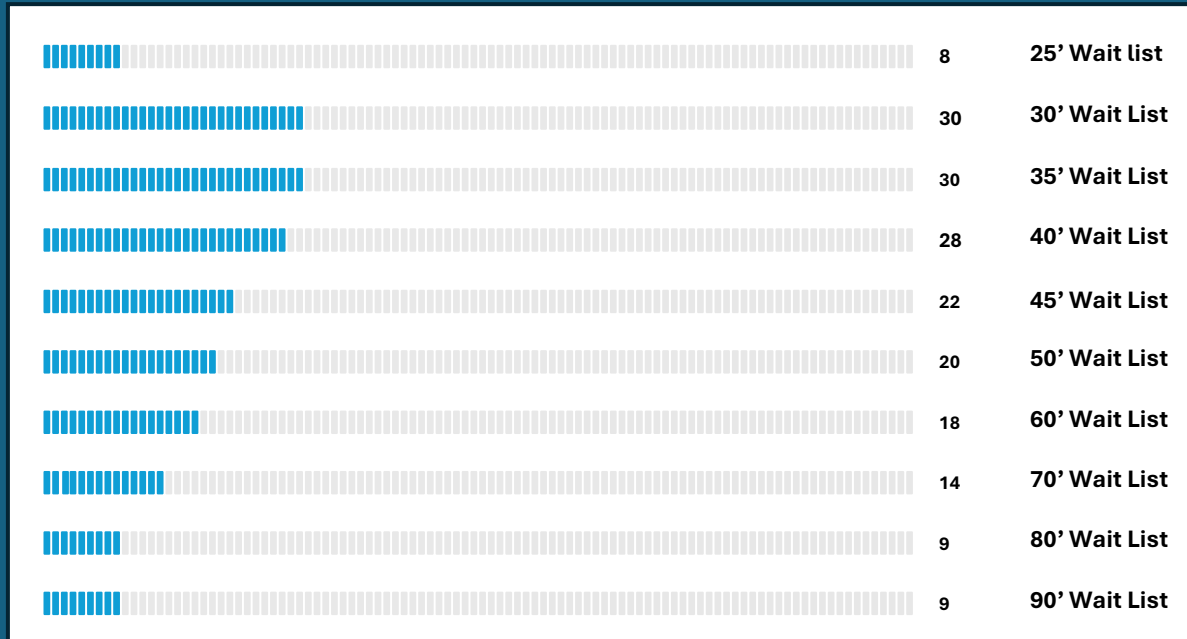
INCREASED MAINTENANCE DEFERRALS

- Sea wall repairs, sinkholes, and pavement upkeep



Marina Wait List and Current Occupancy

Substantial wait list program for all berthing sizes:



West Coast Marina Monthly Rate Comparison

| Harbor - 40 foot slip | FY 25 | Harbor - 40 foot slip *** | FY26 |
|---|------------|---|-------------|
| Newport Beach - CRC Marinas ** | 4350 | Newport Beach - CRC Marinas ** | 4481 |
| Newport Beach - Balboa Yacht Basin | 2093 | Newport Beach - Balboa Yacht Basin | 2156 |
| Newport Beach - Bayside Village ** | 1720 | Newport Beach - Bayside Village ** | 1772 |
| Marina Del Rey - Suntex | 1372 | Marina Del Rey - Suntex | 1413 |
| Marina Del Rey - AMLI | 1289 | Marina Del Rey - AMLI | 1328 |
| San Diego - Kona Kai | 1270 | San Diego - Kona Kai | 1308 |
| Redondo Beach - Port Royal | 1200 | Redondo Beach - Port Royal | 1236 |
| San Diego - Cabrillo Isle | 1067 | San Diego - Cabrillo Isle | 1099 |
| San Diego - Shelter Island | 1034 | San Diego - Shelter Island | 1065 |
| Seattle - Elliot Bay | 943 | San Francisco - MYH Proposed * | 1050 |
| San Francisco - MYH Proposed * | 908 | Seattle - Elliot Bay | 971 |
| Schoonmaker - Sausalito | 880 | Schoonmaker - Sausalito | 906 |
| Seattle - Bell Harbor | 856 | San Francisco - Proposed SF Discount * | 893 |
| Seattle - Salmon Bay | 850 | Seattle - Bell Harbor | 882 |
| Blue Water - Sausalito ** | 845 | Seattle - Salmon Bay | 876 |
| Clipper Cove - Sausalito ** | 832 | Blue Water - Sausalito ** | 870 |
| South Beach - San Francisco | 805 | Clipper Cove - Sausalito ** | 857 |
| San Francisco - MYH Proposed SF Discount * | 771 | South Beach - San Francisco | 829 |

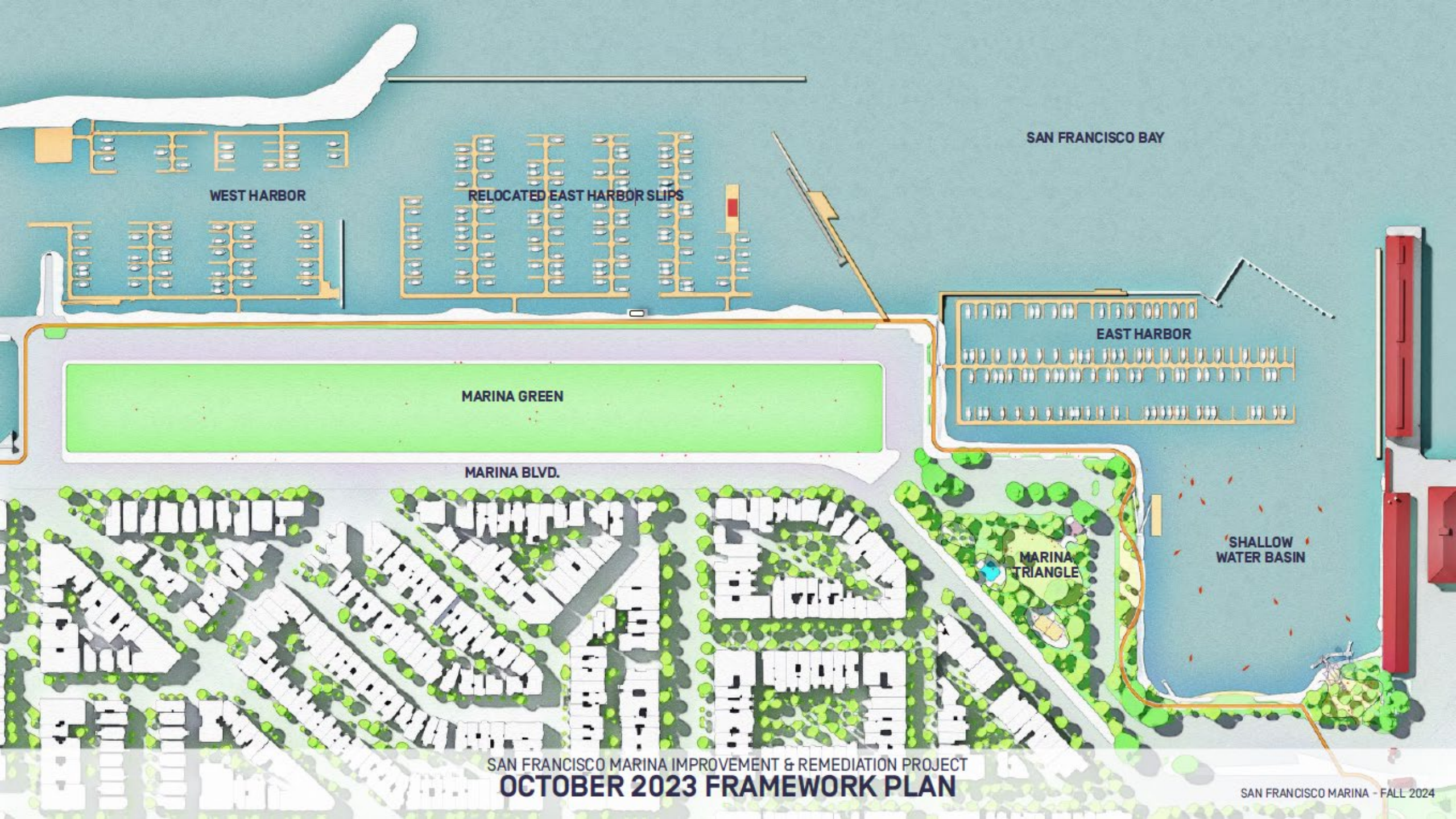
Data table includes a selection of local Marinas as well as three top of market Marinas in Orange County, Los Angeles County, San Diego, and Seattle.

While the San Francisco Marina Yacht Harbor would be at the top of the San Francisco market, it's rates would be less or comparable to other Marinas on the west coast.

* Does not include West Harbor Dredging Assessment in FY 25 nor FY 26

** Last available rates from 2023 used for FY 25; rates could be higher

*** FY 26 assumes a 3% CPI increase for all Marinas except the SF Marina Yacht Harbor



SAN FRANCISCO BAY

WEST HARBOR

RELOCATED EAST HARBOR SLIPS

EAST HARBOR

MARINA GREEN

MARINA BLVD.

MARINA TRIANGLE

SHALLOW WATER BASIN

SAN FRANCISCO MARINA IMPROVEMENT & REMEDIATION PROJECT
OCTOBER 2023 FRAMEWORK PLAN



BREAKWATER

WEST HARBOR

FUEL DOCK (TBD)

MARINA GREEN

BREAKWATER

EAST HARBOR

MARINA BLVD.

MARINA TRIANGLE

SHALLOW WATER BASIN

SAN FRANCISCO MARINA IMPROVEMENT & REMEDIATION PROJECT
PROPOSED FRAMEWORK PLAN

East Harbor Remediation Project

Highlights of Revised Plan:

- **Reduced Slip Count**: The revised plan includes 170 fewer slips to optimize space and improve functionality.
- **West Harbor Breakwater**: A 225-foot breakwater will be added off the Jetty, significantly reducing dredging needs. This design has been reviewed and approved by the Exploratorium and Wave Organ artist.
- **East Harbor Breakwater**: A permanent 180-foot breakwater replaces the floating wave attenuator for enhanced durability and wave protection.
- **Improved Slip Orientation**: Slips in the East Harbor have been reoriented to address boaters' concerns, ensuring better usability and safety.
- **Fuel Dock Relocation**: The fuel dock may be relocated to the West Harbor to enhance accessibility and streamline operations.

: TODAY!

2023

2024

2025

2026

2027

2030

COMMUNITY ENGAGEMENT

PHASE 1
COMMUNITY
MEETINGS
SPRING 2023

PHASE 2
COMMUNITY
MEETINGS

REC & PARK
COMMISSION
PRESENTATION
OCT. 19 2023

MORPHOLOGICAL AND
FINANCIAL MODELING
CONDUCTED

PHASE 3
COMMUNITY
MEETINGS
WINTER 2024

ENVIRONMENTAL REVIEW & PERMITTING

WATER BOARD
CLEAN UP ORDER

REC & PARK
COMMISSION
PROJECT
APPROVAL

DETAILED DESIGN

BIDDING & CONSTRUCTION

REC & PARK
COMMISSION
CONSTRUCTION
CONTRACT AWARD

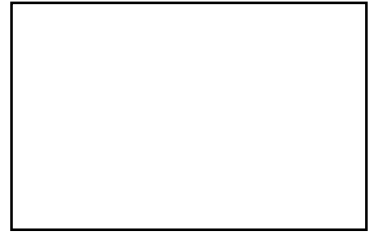
SAN FRANCISCO MARINA IMPROVEMENT & REMEDIATION PROJECT
PROJECT SCEDULE

SAN FRANCISCO
RECREATION
& **PARKS**

THANK YOU

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor [] inquires..."
- 5. City Attorney Request
- 6. Call File No. [] from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the Board on []

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Sherrill

Subject:

Resolution Adopting Findings of Fiscal Feasibility for the Marina Improvement and Remediation Project to Enable the Commencement of Design and Environmental Review

Long Title or text listed:

Resolution adopting findings that the Marina Improvement and Remediation Project is fiscally feasible and responsible under Administrative Code Chapter 29.

Signature of Sponsoring Supervisor: [/s/ Stephen Sherrill]