

File No. 091273

Committee Item No. 7

Board Item No. 16

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 11/18/09

Board of Supervisors Meeting

Date 11/24/09

Cmte Board

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Completed by: Gail Johnson

Date 11/13/09

Completed by: [Signature]

Date 11/19/09

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1 [Port Commission Revenue Bonds.]

2
3 **Resolution authorizing the issuance of up to \$45,000,000 aggregate principal amount of**
4 **Port revenue bonds for the purpose of financing certain capital improvements related**
5 **to the Port; approving the forms of documents relating thereto; approving the**
6 **maximum interest thereon; and related matters.**

7
8 WHEREAS, Pursuant to Section 9.107(4) of the Charter (the "Charter") of the City, the
9 Board of Supervisors of the City (the "Board") is authorized to provide for the issuance of
10 revenue bonds by the Port Commission of the City and County of San Francisco (the "Port
11 Commission") for any Port-related purpose and secured solely by Port revenues, such
12 revenue bonds to be issued and sold in accordance with State law or any procedure provided
13 for by ordinance; and,

14 WHEREAS, Pursuant to the procedures outlined in a procedural ordinance (the
15 "Procedural Ordinance") to be considered concurrently by this Board, a copy of which is on
16 file with the Clerk of the Board under File No. 091272, the Port Commission may
17 issue revenue bonds authorized in accordance with the Charter; and,

18 WHEREAS, The Port Commission, pursuant to the terms of Resolution No. 09-63,
19 adopted by the Port Commission on October 13, 2009 (the "Port Resolution"), has authorized
20 the issuance of up to \$45,000,000 aggregate principal amount of its Port Commission of the
21 City and County of San Francisco Port Revenue Bonds (the "Bonds" or the "Revenue
22 Bonds"), for the purpose of financing the costs of acquiring, constructing, improving and
23 developing facilities under the jurisdiction of the Port as well as for the payment of costs of
24 issuance and other incidental costs therefor; and,

1 WHEREAS, The Port Commission has approved the forms of various documents
2 relating to the issuance, sale and delivery of the Bonds (collectively, the "Financing
3 Documents," as further defined in Section 9 below); and,

4 WHEREAS, The provisions of the Port Resolution and the Financing Documents do not
5 conflict with the requirements of the Procedural Ordinance; now, therefore, be it

6 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
7 follows:

8 Section 1. Recitals. All of the recitals herein are true and correct.

9 Section 2. Approval and Authorization of Revenue Bonds. The issuance by the Port
10 Commission of the Port Revenue Bonds for the purposes of acquiring, constructing, improving
11 and developing facilities under the jurisdiction of the Port, as well as paying costs of issuance
12 and other incidental costs, is hereby approved as required by Section 43.12.5 of the
13 Procedural Ordinance. The total principal amount of the Port Revenue Bonds shall not
14 exceed \$45,000,000.

15 Section 3. No Conflict with Procedural Ordinance. The Revenue Bonds shall be
16 issued pursuant to the terms of the Financing Documents as each shall be approved as to
17 form by the City Attorney, which approval shall be conclusively evidenced by the signature of
18 the City Attorney on each such agreement; provided, that the terms of the Financing
19 Documents shall not conflict with the requirements of the Procedural Ordinance.

20 Section 4. Maximum Interest Rate. Pursuant to Section 43.12.5(b) of the Procedural
21 Ordinance, the maximum interest rate for the Port Revenue Bonds shall not exceed 12% per
22 annum.

23 Section 5. Approval of the Indenture and Authorization of Selection of the Trustee.
24 The forms of an indenture of trust and a first supplement to indenture of trust (collectively, the
25 "Indenture") each between the Port and a trustee selected by the Executive Director of the

1 Port or her designee (collectively, the "Executive Director"), copies of which are on file with
2 the Clerk of the Board under File No. _____, are hereby approved, with such
3 changes, additions, and modifications as the Executive Director may make or approve in
4 accordance with Section 9 hereof.

5 Section 6. Approval of Bond Purchase Contract relating to the Bonds. The form of a
6 bond purchase contract relating to the Bonds (the "Bond Purchase Contract"), a copy of which
7 is on file with the Clerk of the Board under File No. _____, is hereby approved,
8 with such changes, additions, and modifications as the Executive Director may make or
9 approve in accordance with Section 9 hereof.

10 Section 7. Approval of the Official Statement in Preliminary and Final Form. The form
11 of an official statement relating to the Bonds (the "Official Statement"), a copy of which is on
12 file in preliminary form with the Clerk of the Board under File No. _____, is hereby
13 approved, with such changes, additions, and modifications as the Executive Director may
14 make or approve in accordance with Section 9 hereof.

15 Section 8. Approval of the Continuing Disclosure Certificate. The form of a Continuing
16 Disclosure Certificate of the City, a copy of which is on file with the Clerk of the Board under
17 File No. _____, is hereby approved, with such changes, additions, and
18 modifications as the Executive Director may make or approve in accordance with Section 9
19 hereof.

20 Section 9. Modifications, Changes and Additions; Additional Agreements. The
21 approvals contained herein shall extend to any amendments to the Indenture, the Bond
22 Purchase Contract, the Official Statement, the Continuing Disclosure Certificate (collectively,
23 the "Financing Documents") and all agreements of the Port Commission supplemental
24 thereto, as well as to such additional agreements as the Port Commission may adopt or the
25 Port may execute for the purpose of implementing the issuance, sale and delivery of the Port

1 Revenue Bonds. The Executive Director's approval of such modifications, changes or
2 additions, made upon consultation with the City Attorney, shall be conclusively evidenced by
3 the execution and delivery by the Executive Director of the Financing Documents.

4 Section 10. General Authority. The Executive Director, the Director of the Office of
5 Public Finance (the "Director"), the City Attorney, and all other appropriate officers,
6 employees, representatives and agents of the City are hereby authorized and directed to do
7 everything necessary or desirable to provide for the issuance of the Port Revenue Bonds.

8
9 APPROVED AS TO FORM:

10 DENNIS J. HERRERA, City Attorney

11 By: Kenneth David Roux
12 KENNETH DAVID ROUX
13 Deputy City Attorney

Items 6, 7, and 8 - Files 09-1272, 09-1273, and 09-1274

Department: Port

Items: File 09-1272: Ordinance amending the City's Administrative Code to create a new Section 43.12, which would provide a procedure for the Port to issue revenue bonds without obtaining voter approval, subject to approval by the Board of Supervisors, for Port-related purposes to be repaid with Port revenues.

File 09-1273: Resolution authorizing the Port to issue up to \$45,000,000 in Port Revenue Bonds for seven Port repair and renovation projects, pursuant to proposed new procedure to issue revenue bonds proposed under File 09-1272 (see Financing Section below).

File 09-1274: Ordinance appropriating \$33,395,571 from the proceeds of the proposed Port Revenue Bonds authorized under File 09-1273 to finance seven Port repair and renovation projects (see Projects to be Funded Section below). The proposed ordinance would place the entire \$33,395,571 appropriation on Controller's reserve, pending the sale of the up to \$45,000,000 Port Revenue Bonds.

Amount: Up to \$45,000,000 (see Financing Section below)

Financing: Currently, Charter Section 9.107 provides the Port with authority to issue revenue bonds, without voter approval, pursuant to either (a) State law, or (b) a procedure approved by ordinance of the Board of Supervisors. To date, the Board of Supervisors has not approved a revenue bond issuance procedure by ordinance of the Board of Supervisors, such that the Port's only authorized procedure to issue revenue bonds is provided under State law.

The proposed ordinance (File 09-1272) would establish a procedure for the Port to issue an unlimited amount of revenue bonds, subject to

approval by the Board of Supervisors for each revenue bond issuance, by amending the City's Administrative Code to establish a new Section 43.12 entitled "Port Commission of the City and County of San Francisco Revenue Bond Law".

According to the new revenue bond issuance procedure proposed for the Port under File 09-1272, the Port would be authorized, subject to approval by the Board of Supervisors for each issuance of revenue bonds, to (a) issue revenue bonds only to finance Port projects, (b) repay such revenue bonds solely from Port revenues, (c) enter into necessary agreements¹ to facilitate the sale of such revenue bonds, and (d) sell such bonds through either competitive or negotiated sale.

According to Deputy City Attorney Mr. Kenneth Roux, the existing procedure under State law established by the Revenue Bond Law of 1940, which presently allows the Port to issue revenue bonds, would not meet the ongoing needs of the Port because the State law is archaic and generally does not provide for the flexibility that the Port requires.

The proposed bond authorization resolution (File 09-1273) would authorize the Port to issue up to \$45,000,000 in revenue bonds, pursuant to the proposed new procedure to issue revenue bonds which would be established by the proposed ordinance under File 09-1272. According to Ms. Tina Olson, Director of Finance for the Port, the Port intends to issue \$36,461,792 in bonds to generate \$32,500,000 for Port repair and renovation projects, and related costs, subject to Board of Supervisors appropriations approval, as shown in Table 1 below (see Comment No. 1).

¹ Such agreements could include credit enhancement, liquidity agreements, or financial advisory services.

**Table 1: Proposed Use of Revenue Bond
Proceeds**

Project Costs (see Projects Section)	\$32,500,000
Environmental Review Costs	342,211
City Services Auditor Costs	66,792
Costs of Bond Issuance	486,568
Appropriation Subtotal	\$33,395,571
Debt Service Reserve Fund	3,066,221
Total Bond Issuance	\$36,461,792

According to Ms. Olson, the Port anticipates issuing the proposed \$36,461,792 in Revenue Bonds in January of 2010 with a term of 30 years and an estimated interest rate of 7.14 percent. Ms. Olson estimates the average annual debt service would be \$2,730,035 for total debt service costs of \$81,901,050 over the 30 year period, including \$36,461,792 in principal and \$45,439,258 in interest.

The debt service would be repaid from various Port revenues and would be subject to annual appropriation approval by the Board of Supervisors. According to Ms. Olson, in July of 2009, the Port retired existing revenue bond debt with an average annual debt service of \$4,700,000, such that the Port will have sufficient debt capacity to issue the proposed \$36,461,792 in revenue bonds, with an average annual debt service of \$2,730,035.

According to Ms. Olson, although the Port anticipates issuing \$36,461,792 in revenue bonds, the subject, requested up to \$45,000,000 revenue bond issuance authority provided in the proposed resolution (File 09-1273) exceeds the anticipated issuance amount of \$36,761,792 by \$8,538,208 in order to allow for fluctuations in the market.

**Projects To Be
Funded:**

The proposed appropriation ordinance of \$33,395,571 (File 09-1274) would partially fund seven Port projects, which have a total estimated project cost of \$103,839,947. According to Ms.

Olson, the Port intends to fully fund these seven projects by combining (a) \$2,462,827 previously appropriated by the Board of Supervisors to the Port in previous annual budgets, (b) \$32,500,000 out of the \$33,395,571 from the proposed appropriation ordinance, and (c) separate future appropriations, subject to appropriation approval by the Board of Supervisors, of an estimated \$69,377,120, as shown in Table 2 below.

Table 2: Anticipated Funding Plan for the Seven Port Projects Included in the Proposed Appropriation Ordinance

Project	Previously Appropriated by the Board of Supervisors	Proposed Appropriation Request for Project Costs	Future Appropriations	Total Project Cost
Pier 19 Roof Replacement	\$0	\$3,500,000	\$0	\$3,500,000
Pier 19 or 23 Renovation	34,614	2,000,000	16,000,000	18,034,614
Pier 27 Renovation	1,622,880	10,000,000	52,877,120 ²	64,500,000
Pier 33 Renovation	0	2,000,000	0	2,000,000
Pier 35 Repair	425,708	5,500,000	0	5,925,708
Pier 50 Repair	135,625	1,500,000	0	1,635,625
Southern Waterfront Backlands Renovation	244,000	8,000,000	0	8,244,000
Total	\$2,462,827	\$32,500,000	\$68,877,120	\$103,839,947

According to Ms. Olson, in addition to the proposed revenue bond issuance of \$36,461,792 anticipated in January of 2010, the Port anticipates issuing additional revenue bonds totaling \$68,877,120 in 2012, as shown in Table 2 above. The Budget Analyst notes that both the issuance of additional revenue bonds and the appropriation of such additional revenue bond proceeds would be subject to approval by the Board of Supervisors.

² According to Ms. Olson, the future appropriation for the Pier 27 Renovation Project will range from \$33,377,120 to \$72,377,120, depending on the chosen design. For the purposes of Table 2 above, the \$52,877,120 midpoint of that range is used.

The seven Port repair and renovation projects to be funded with \$32,500,000 of the proposed total revenue bond issuance of \$36,461,792 are as follows:

Pier 19 Roof Replacement

The Pier 19 Roof Replacement Project is a \$3,500,000 project which provides for the needed repairs of Pier 19's roof, which is currently leaking. The proposed ordinance (File 09-1274) would appropriate the entire \$3,500,000 needed to fund design and construction phases of the Pier 19 Roof Project. The construction phase of the Pier 19 Roof Replacement Project is estimated to begin in Summer of 2010 and be completed in Fall of 2010. Ms. Olson anticipates that the repair of the Pier 19 roof will be exempt from environmental review.

Pier 19 or Pier 23 Renovation Project

The Pier 19 or Pier 23 Renovation Project is estimated to cost a total of \$18,034,614 to provide for additional leasable office space. Ms. Olson estimates that after construction is complete and a tenant is found, the Pier 19 or Pier 23 Project will increase Port revenues by \$1,553,087 per year.

The proposed ordinance (File 09-1274) would appropriate \$2,000,000 to fund the design phase of the Pier 19 or Pier 23 Project. Ms. Olson stated that the Port is currently in negotiations with the San Francisco Bay Conservation and Development Commission (BCDC), a State created entity which regulates all development within 100 feet of the San Francisco Bay waterline, to determine whether to develop Pier 19 or Pier 23, and estimates that the determination of which Pier to renovate will be made by the end of June 2010.

As shown above in Table 2 above, the Port will request a separate future appropriation of approximately \$16,000,000 to fund the construction phase of the Pier 19 or Pier 23 Project, which is

estimated to begin in Winter of 2012 and be completed in Spring of 2014. Ms. Olson anticipates that renovation of either Pier 19 or 23 will require an Environmental Impact Report, which is anticipated to be completed in Fall of 2012.

Pier 27 Renovation Project

The Pier 27 Renovation Project provides for (a) the renovation of an existing shed on Pier 27 into a cruise ship terminal that would serve as a leasable event facility on non-cruise days, and (b) the creation of a public park in front of the new cruise ship terminal. Ms. Olson estimates that after construction is complete, the Pier 27 Renovation Project will increase Port revenues by \$2,595,000 per year.

As shown in Table 2 above, the Pier 27 Renovation Project was previously appropriated \$1,622,880 by the Board of Supervisors in order to fund initial planning and design costs. The proposed ordinance (File 09-1274) would appropriate \$10,000,000 to fund the remaining design costs for the Pier 27 Renovation Project. According to Ms. Olson, during the design phase, the Port will develop various design alternatives which are estimated to cost between \$33,377,120 and \$72,377,120 (see Footnote 2 above) to construct, such that total project costs are estimated to be between \$45,000,000 and \$84,000,000. The attached memorandum from Ms. Olson (Attachment I) describes the range of design alternatives and how the Port will select one.

The Port will request a separate future appropriation of between \$33,377,120 and \$72,377,120, depending on the selected design alternative, to fund the construction phase of the Pier 27 Renovation Project, which is estimated to begin in Spring of 2012 and completed in Spring of 2014. Ms. Olson anticipates that the Pier 27 Renovation Project will require an Environmental Impact Report, which is anticipated to be completed in Fall of 2012.

Pier 33 Renovation Project

The Pier 33 Renovation Project would cost approximately \$2,000,000 to install an elevator, restrooms, and other accessible³ features to make Pier 33 into a leasable space. Ms. Olson estimates that after construction is complete, the Pier 33 Renovation Project will increase Port revenues by \$233,050 per year.

The proposed ordinance (File 09-1274) would appropriate \$2,000,000 to fund the design and construction phases of the Pier 33 Project, which is anticipated to begin in Fall of 2010 and be completed in Summer of 2011. Ms. Olson anticipates that the Pier 33 Project will be exempt from environmental review.

Pier 35 Repair Project

Pier 35 is the Port's current primary cruise terminal. The Pier 35 Repair Project is estimated to cost \$5,925,708 to provide urgent repairs to Pier 35's wood columns, pilings, beams and girders, and install new accessible restrooms in Pier 35's lobby. According to Ms. Olson, Pier 35's lobby does not currently have public restrooms which are customary in cruise terminals.

As shown in Table 2 above, the Pier 35 Repair Project was previously appropriated \$425,708 by the Board of Supervisors for engineering and preliminary design work. The proposed ordinance (File 09-1274) would appropriate \$5,500,000 to fund the remaining design work and construction of the Pier 35 Repair Project. The construction phase of the Pier 35 Repair Project is anticipated to begin in Fall of 2010 and be completed by Spring of 2011. Ms. Olson anticipates that the Pier 35 Repair Project will be exempt from environmental review.

³ Throughout this report, the term "Accessible" means in accordance with the accessibility requirements in the Federal Americans with Disabilities Act.

Pier 50 Repair Project

The Pier 50 Repair Project is estimated to cost \$1,635,625 to repair the entryway to Pier 50, of which a portion has been condemned. As shown in Table 2 above, the Pier 50 Repair Project was previously appropriated \$135,625 by the Board of Supervisors for the project's design phase. The proposed ordinance (File 09-1274) would appropriate \$1,500,000 to fund the construction phase of the Pier 50 Repair Project, which is anticipated to begin in Spring of 2010 and be completed by Spring of 2011. Ms. Olson anticipates that the Pier 50 Repair Project will be exempt from environmental review.

Southern Waterfront Backlands Renovation

The Southern Waterfront Backlands Renovation Project is estimated to cost \$8,244,000 to provide new roads and utilities in unused space near Piers 90 and 94 in order to create additional leasable space. Ms. Olson estimates that after construction is complete, the Southern Waterfront Backlands Renovation Project will increase Port revenues by \$2,500,000 per year.

As shown in Table 2 above, the Southern Waterfront Backlands Project was previously appropriated \$244,000 by the Board of Supervisors for project design. The proposed ordinance (File 09-1274) would appropriate \$8,000,000 to fund the construction of the Southern Waterfront Backlands Renovation Project, which is anticipated to begin in Spring of 2010 and be completed in Spring of 2011. Ms. Olson anticipates that the Southern Waterfront Backlands Renovation Project will be exempt from environmental review.

Table 3 below provides a summary of the Port's expenditure plan, for each of the seven projects discussed above, under the proposed \$33,395,571 appropriation ordinance (File 09-1274).

Table 3: Expenditure Plan for Proposed Appropriation

Project	City Staff Costs	Consultant Architecture and Engineering	Construction	Total
Pier 19 Roof Repair	\$259,900	\$84,000	\$3,156,100	\$3,500,000
Pier 19 or 23 Renovation	0	2,000,000	0	2,000,000
Pier 27 Renovation	4,000,000	6,000,000	0	10,000,000
Pier 33 Renovation	557,500	67,500	1,375,000	2,000,000
Pier 35 Repair	218,370	876,430	4,405,200	5,500,000
Pier 50 Repair	0	0	1,500,000	1,500,000
Southern Waterfront Backlands Renovation	0	0	8,000,000	8,000,000
Projects Subtotal	\$5,035,770	\$9,027,930	\$18,436,300	\$32,500,000
Environmental Review				342,211
City Services Auditor				66,792
Costs of Issuance				486,568
Total				\$33,395,571

Comments:

1. As shown in Table 1 above, the \$486,568 for the costs of bond issuance are included in the proposed appropriation ordinance, but the \$3,066,221 Debt Service Reserve Fund is not included in the proposed appropriation. According to Ms. Olson the Debt Service Reserve Fund does not need to be appropriated because it will be held by a third party trustee on behalf of the Port to be used in the event the Port is unable to make debt service or to cover the final debt service payment.

2. As discussed in the Projects to be Funded Section above, the proposed bond authorization resolution (File 09-1273) and proposed appropriation ordinance (File 09-1274) would provide funding for the design of two projects which, as of the writing of this report, the Port is uncertain as to either the

total cost (the Pier 27 Renovation Project) or final location (the Pier 19 or Pier 23 Renovation Project). However all construction costs for these projects will be subject to separate, future Board of Supervisors appropriation approval.

3. Of the seven projects included in the proposed appropriation ordinance, three are repair projects (the Pier 19 Roof Replacement Project, the Pier 35 Repair Project, and the Pier 50 Repair Project) which are needed to maintain Port property and four are renovation projects (the Pier 19 or 23 Renovation Project, the Pier 27 Renovation Project, the Pier 33 Renovation Project, and the Southern Waterfront Backlands Renovation Project) intended to improve Port property and provide increased lease revenue to the Port. In order to select these seven projects, and as described in the attached memorandum from Ms. Olson (Attachment II), the Port identified projects which either (a) most benefited the Port financially by transforming under-utilized Port assets into performing assets, (b) met the Port's maritime and public access missions, or (c) ensured the safety of Port employees. According to Ms. Olson, all of the seven projects proposed to receive funding meet at least one of these criteria.

The Budget Analyst requested a cost benefit analysis from the Port of the proposed four renovation projects, which are intended to generate additional lease revenues for the Port. Ms. Olson stated that a cost benefit analysis was not performed prior to choosing the proposed four renovation projects.

The Budget Analyst notes that the Pier 33 Renovation Project (at a total project cost of \$2,000,000) and the Southern Waterfront Backlands Renovation Project (at a total project cost of \$8,244,000), are the only renovation projects which would not need future additional appropriations. Table 4 below demonstrates that these two projects are anticipated to generate

estimated additional annual revenues of \$1,870,359 in excess of their estimated annual debt service under the proposed Port Revenue Bonds.

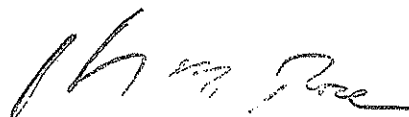
Table 4: Comparison of Debt Service to Increased Revenue Resulting From the Pier 33 Renovation Project and the Southern Waterfront Backlands Renovation Project

Project	A	B	C	D	E
	Total Project Costs	Percent of \$32,500,000 in Total Requested Appropriated Project Costs	Percent of Estimated Annual Debt Service (\$2,730,035) Attributable to Project	Estimated Annual Revenue Increase Resulting from Project	Project Revenues in Excess of Project Debt Service
	see Table 2 above	= A ÷ \$32,500,000	= B x \$2,730,035	see Projects to Be Funded Section above	= D - C
Pier 33 Renovation	\$2,000,000	6.2%	\$169,262	\$233,050	\$63,788
Southern Waterfront Backlands Renovation	8,244,000	25.4%	693,429	2,500,000	1,806,571
Total	\$10,244,000	31.6%	\$862,691	\$2,733,050	\$1,870,359

In addition to the two renovation projects shown in Table 4 above which are fully funded by the proposed appropriation ordinance, the proposed ordinance would partially fund the Pier 19 or 23 Renovation Project and the Pier 27 Renovation Project. Because (a) these projects would be partially funded by the proposed appropriation ordinance, and (b) as discussed above, the total cost of the Pier 27 Renovation Project is not yet known, the Budget Analyst could not include such projects in the analysis shown in Table 4 above. Ms. Olson stated that the Port would provide information regarding the benefits of the Pier 19 or 23 Renovation Project and the Pier 27 Renovation Project directly to the Budget and Finance Committee at its meeting of November 28, 2009.

4. As discussed above, the Board of Supervisors has not previously approved a procedure, by Board of Supervisors ordinance, for the Port to issue Revenue Bonds. Because the proposed legislation (File 09-1272, 09-1273 and 09-01274) would (a) create a new Port Revenue Bond issuance procedure, (b) authorize the issuance of Port Revenue Bonds pursuant to such a new procedure, and (c) appropriate the proceeds from the Port Revenue Bonds issued under the proposed new procedure, the Budget Analyst considers approval of the proposed legislation to be a policy matter for the Board of Supervisors.

Recommendation: Pursuant to Comment No. 4 above, approval of the proposed legislation (Files 09-1272, 09-1273 and 09-1274) is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Avalos
Supervisor Mirkarimi
Supervisor Chu
President Chiu
Supervisor Alioto-Pier
Supervisor Campos
Supervisor Daly
Supervisor Dufty
Supervisor Elsbernd
Supervisor Mar
Supervisor Maxwell
Clerk of the Board
Cheryl Adams
Controller
Greg Wagner



MEMORANDUM

Date: November 9, 2009
To: Nathan Cruz, Budget Analyst's Office
From: Tina Olson, Port of San Francisco
Subject: Method for selecting the Pier 27 Cruise Project

As requested, the following is a description of the range of design alternatives for the Pier 27 Cruise Terminal and the factors in deciding which design alternative the Port will select.

Background on the Pier 27 Cruise Terminal

In September 2007, Mayor Newsom's Blue Ribbon Cruise Terminal Advisory Panel recommended that the Port of San Francisco develop a new, primary cruise terminal to meet the increased demand for cruise ships and enhance San Francisco's reputation as a world class, waterfront city and tourist destination. Pier 27 was selected to be the primary cruise terminal site because it represented the most cost-effective and operationally-efficient location on the San Francisco waterfront. The Port intends to transform the existing Pier 27 shed into a vibrant year-round Cruise Terminal that will meet the evolved security and passenger handling demands of the cruise industry while also being configured to allow special event uses when not occupied for cruise purposes.

Per the Cruise Terminal Advisory Panel's recommendation, the Port's goal is to develop a world-class home port cruise terminal that reflects the values of San Francisco residents and the city's leadership, meets international cruise terminal standards for mega-cruise vessels and meets community and regulatory requirements, including the Port's commitment to the stewardship of waterfront historic resources within the Embarcadero Historic District.

In February 2009, the Port completed the Pier 27 Cruise Terminal Conceptual Site Planning Study. The study looked at several alternatives and provided high-level, conceptual planning information and analysis to transform the existing pier and maritime shed of approximately 178,100 square feet for use as a primary, single-berth cruise terminal. The Port has reviewed and evaluated these alternative studies and is moving the project forward based on certain elements of several schemes.

Design Alternatives for the Pier 27 Cruise Terminal Project

The Pier 27 Cruise terminal will be required to achieve a level of environmental performance in compliance with a LEED Certification level to be determined during the initial Programming and Conceptual Design Phase. In addition, the project will be required to meet the City's green building design principles.

There will be three (3) levels of conceptual design programs and cost estimates. The total duration for the Programming and Concept Phases is approximately six (6) months. (Estimated completion by: June 2010)

The programs will include Northeast Wharf Plaza, renovation of the existing maritime shed, exterior interface for landside and waterside cruise terminal operations, passenger and materials handling connections and equipment, ticketing and baggage handling area and fixed equipment; communication and security systems, customs and border patrol, retail, shared event space, etc.

The base level of program will include basic site improvements and a fundamental level of cruise terminal functionality for a 3,200 passenger level.

The intermediate level of program will include a higher level of site improvements, improved cruise terminal functionality for a 3,200 passenger level; core and shell build-out for retail, and additional finished areas that could be used for special events.

The third level of program will include features of the intermediate level, but scaled up for a 4,400 passenger level representative of future cruise ships' capabilities.

The results of the conceptual design programs and cost estimates will be presented to the Port for selection of the elements for one scheme that will be developed through to the end of Schematic Design.

Cruise Terminal Design Steering Committee

The Port is in the process of setting up a Cruise Terminal Design Steering Committee ("Steering Committee") to establish decisions that may impact the Cruise Terminal building or the Northeast Wharf Plaza design. The Port's Executive Director has invited one representative from each of the following organizations to participate in the proposed Committee:

1. Port's cruise agent, Metro Stevedore Company
2. San Francisco Convention and Visitor's Bureau
3. Port's Maritime Division
4. Port's Planning and Development Division
5. Port's Finance and Administration Division
6. Port's Chief Harbor Engineer
7. San Francisco Bay Conservation and Development Commission (BCDC)

8. San Francisco Historic Preservation Community
9. Business Community At Large
10. Architect At Large
11. Three Neighborhood Representatives
12. International Longshore and Warehouse Union Representative
13. Port Commission Member

The Steering Committee will meet on an as-needed basis to review the progress of the Project and make decisions needed to advance the Project. The first meeting is planned for the first quarter of 2010 when the conceptual design is well underway.

Public Outreach

The Port working with San Francisco Bay Conservation and Development Commission ("BCDC") staff will provide a series of opportunities to help shape and review a concept design for the cruise terminal and the Northeast Wharf Plaza. Following the design team's initial site evaluation, there will be a public workshop in the spring of 2010 to review and comment on concept alternatives. The alternatives will then be reviewed at a public hearing of the BCDC Design Review Board and the Waterfront Design Advisory Committee. A second public workshop and design review hearing will follow to review a concept design. As is the Port's customary practice, the concept will also be presented to waterfront advisory groups, interested neighborhood and civic groups, and at informational hearings before the Port Commission prior to the Port Commission being asked to consider selecting a concept design.



MEMORANDUM

Date: November 9, 2009

To: Nathan Cruz, Budget Analyst's Office

From: Tina Olson, Port of San Francisco

Subject: Method for selecting projects to be included in the Port's proposed revenue bond

As you know, the Port retired its previous revenue bonded indebtedness on July 1, 2009. In anticipation of new debt capacity created by that repayment, Port staff developed a list of projects to be funded with a new revenue bond through an inter-divisional planning effort. Port staff focused on identifying projects that would (1) most benefit the Port financially by transforming under-utilized Port assets into performing assets, (2) meet the Port's maritime and public access missions, and (3) ensure the safety of Port employees. As a result of that effort, Port staff recommended the Cruise Terminal at Pier 27, Piers 19 and 23, Pier 33 North, Pier 35, Pier 50 Entryway and the Backlands Improvements and Seawall Repairs be funded through Port revenue bonds. All of the projects listed above meet at least one of those criteria. The Cruise Terminal at Pier 27 meets two of the criteria by increasing the Port's annual revenues through the proposed restaurant and special event uses of the facility while meeting the Port's maritime and public access missions by providing a cruise terminal and public plaza. The Pier 50 Entryway project will ensure the safety of the Port's Maintenance employees but will most likely not increase the Port's annual revenues. The Pier 35 project allows the Port to continue to meet its maritime mission by continuing to provide a cruise terminal at Pier 35 until the new cruise terminal at Pier 27 is complete.

After agreeing internally on the list of proposed projects, we analyzed the potential revenue benefits associated with new uses of underutilized Port assets. We based the analysis on (1) the amount of leasable square footage created through the projects, (2) the probable new uses for the new leasable square footage, and (3) the expected rent per square foot of those facilities associated with the new uses.



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Gavin Newsom
RE: Ordinance Amending the San Francisco Administrative Code to Authorize the Issuance of Revenue Bonds by the Port Commission; Resolution Authorizing the Issuance Revenue Bonds; and Ordinance Appropriating Bond Revenues.
DATE: November 3, 2009

Dear Madame Clerk:

Attached for introduction to the Board of Supervisors are the following three pieces of legislation for the Port of San Francisco:

- 091272 1. Ordinance amending the Administrative Code to authorize the Port to issue revenue bonds;
- 091273 2. Resolution authorizing the Port to issue up to \$45.0 million revenue bonds for the purpose of financing certain capital improvements related to the Port; and
- 091274 3. Ordinance appropriating \$33.5 million of those funds to make repairs and renovations to Piers 35, 33, 19 or 23, 27, and 50 for Fiscal Year 2009-2010.

I request that these items be scheduled together in the Budget and Finance Committee as soon as possible.

Should you have any questions, please contact Starr Terrell (415) 554-5262.

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