

# Budget & Finance Committee

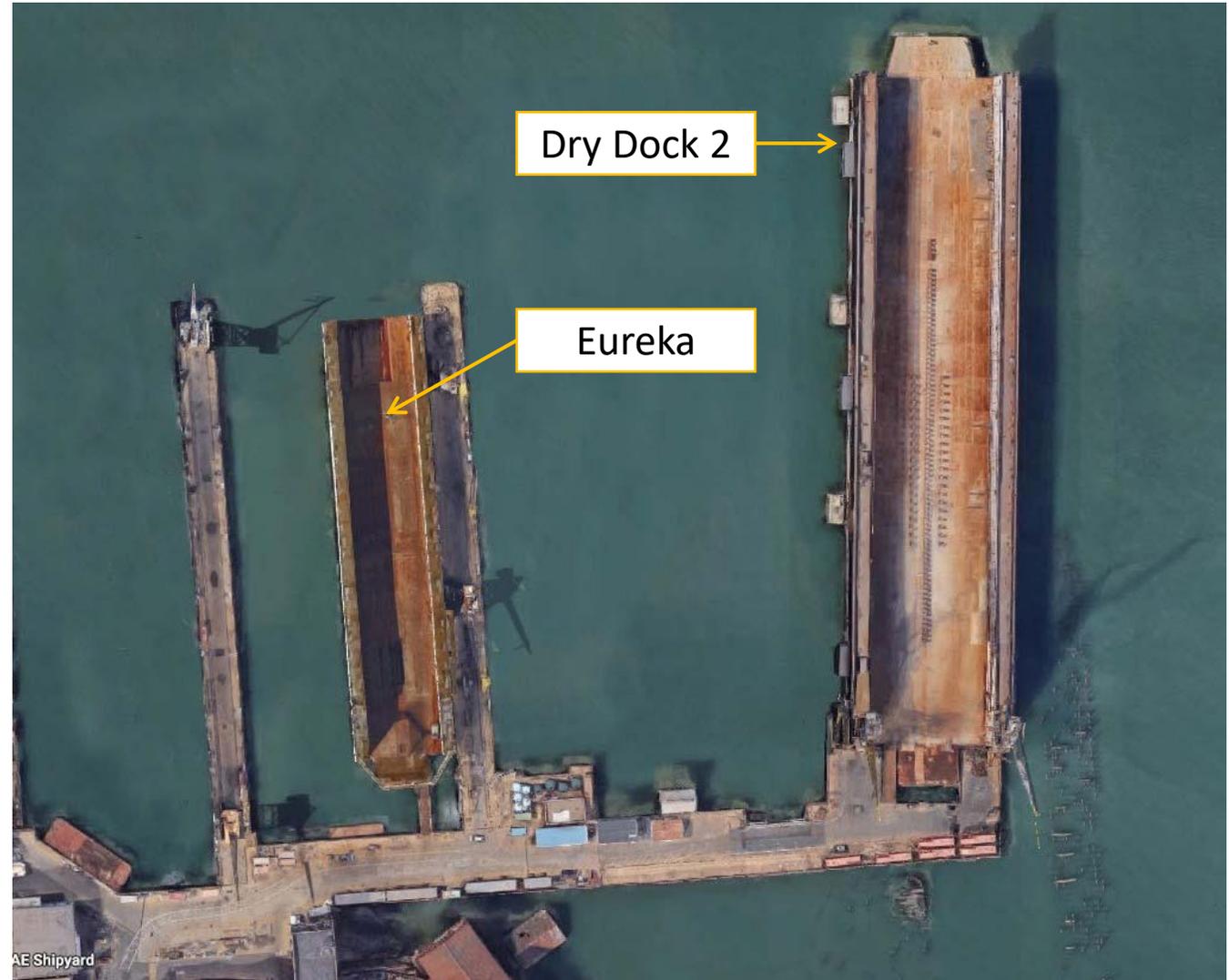
## Item 9. Emergency Declaration Dry Dock #2

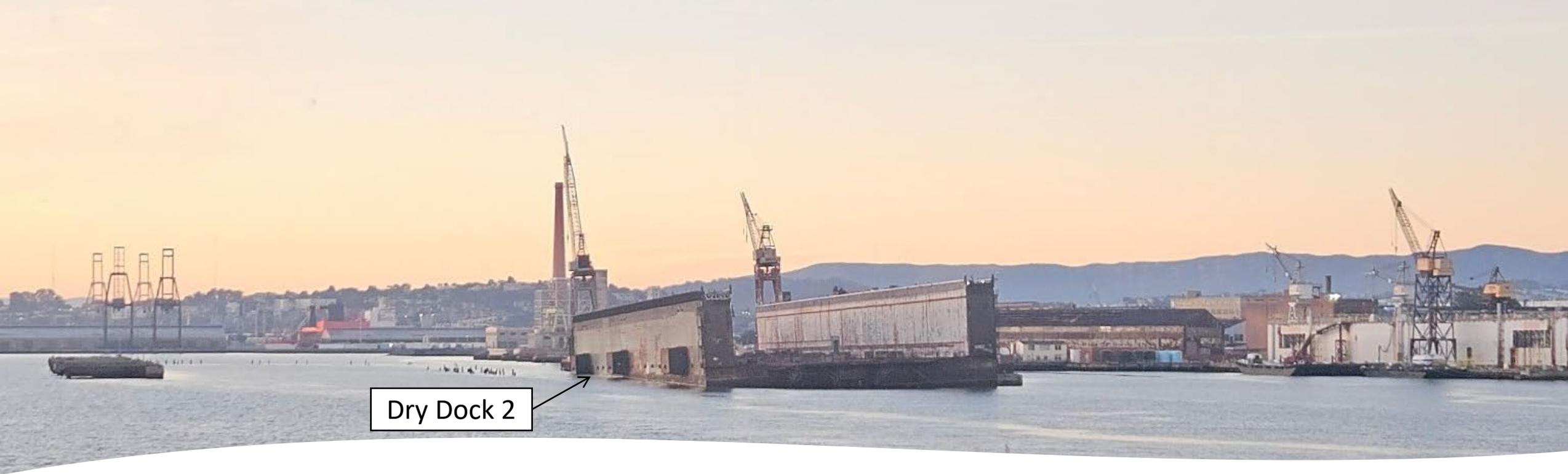
January 28, 2026



# 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

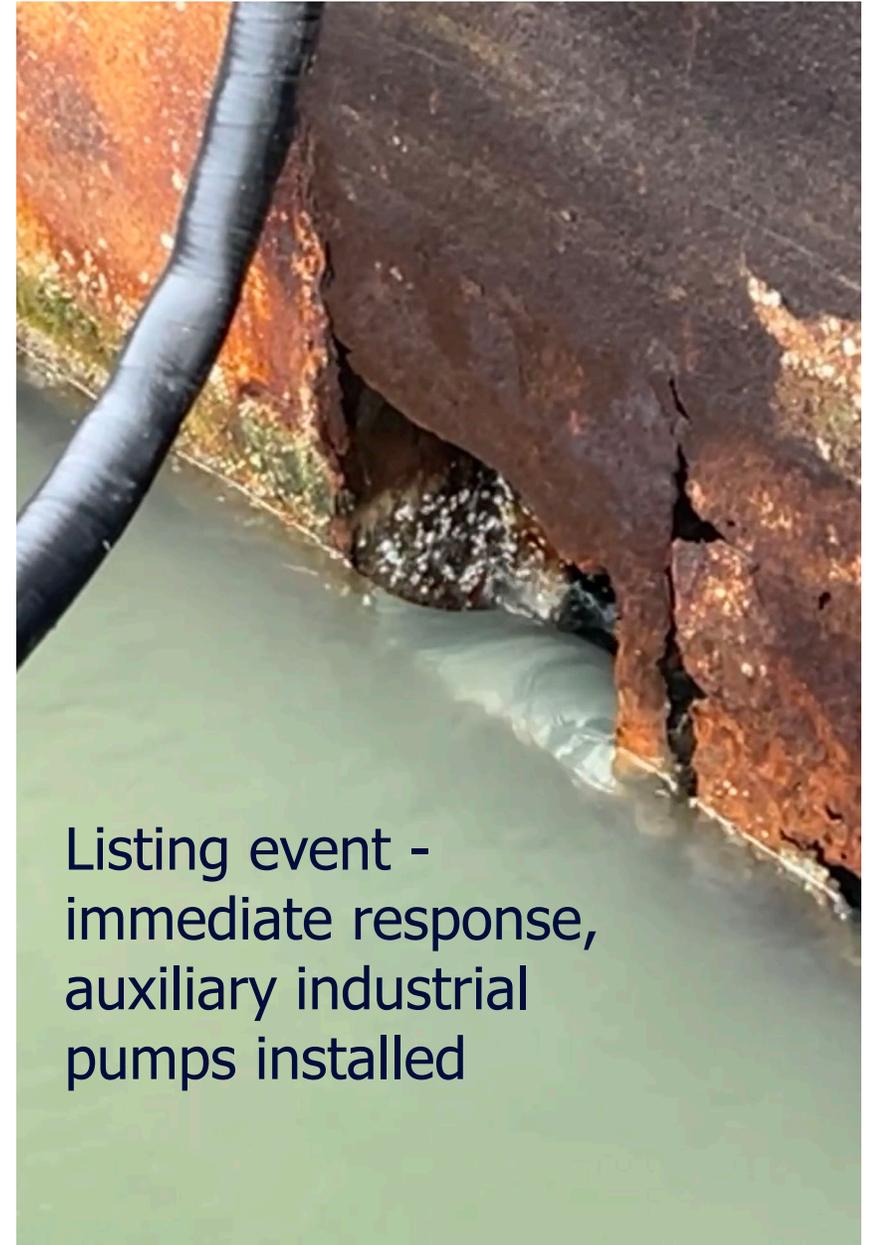
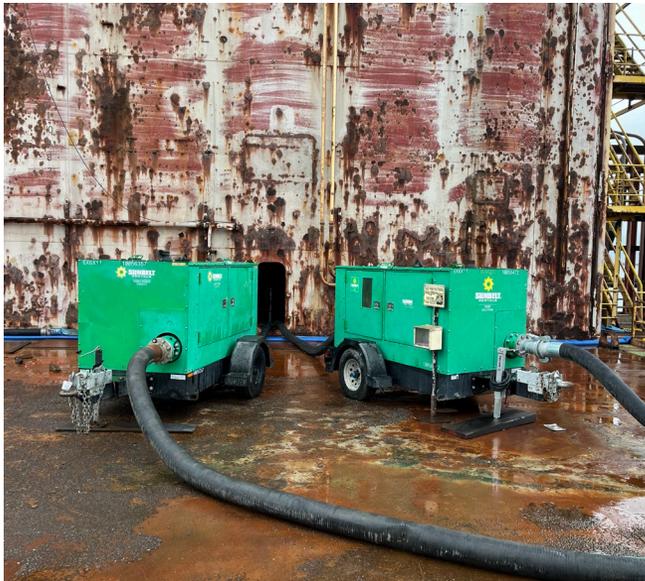
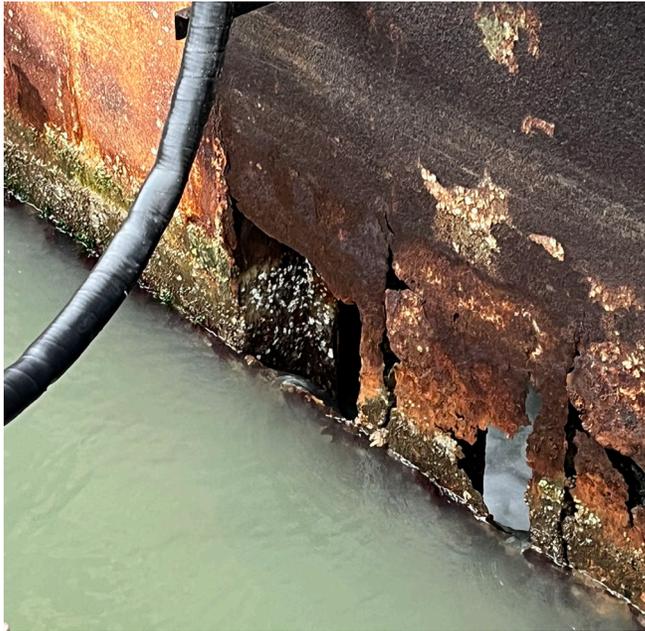




Dry Dock 2

## Listing Event Emergency Declaration

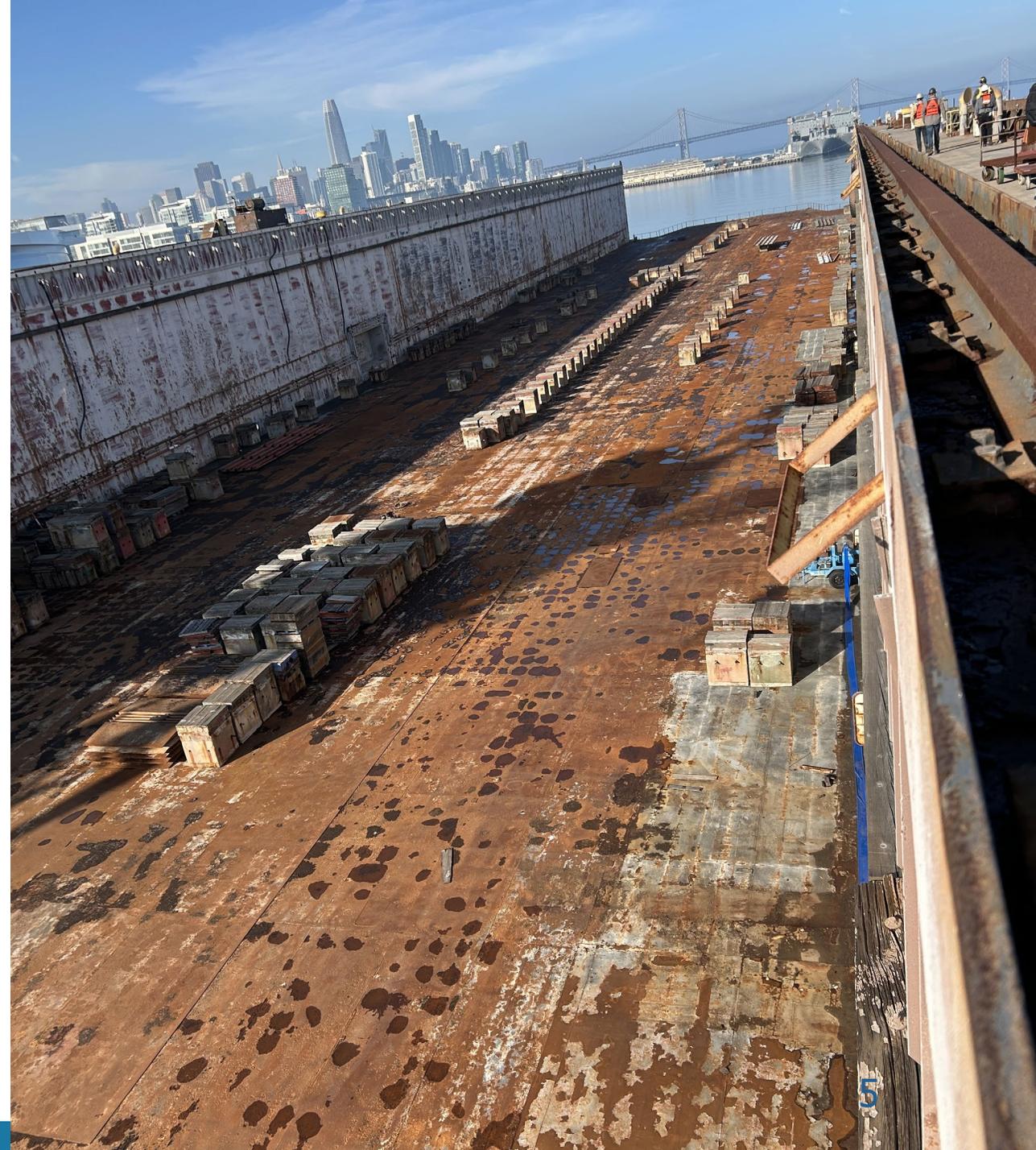
- November 2025 – storm
- Damage enlarged existing tears, new tears
- Drydock flooding created actual emergency as defined in San Francisco Administrative Code



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.**

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