

Request for Release of Reserves Economic Recovery Project



Budget & Finance Committee

March 13, 2024

Presented by:

Meghan Wallace, Economic Recovery Manager



A safe, equitable, and vibrant waterfront is key to the Port of San Francisco, City, and Port partners economic recovery. So much has and so much will continue to happen to invigorate the waterfront from the emergence from the COVID-19 financial crisis. The Port of San Francisco is proud of recent success and excited for the intentional waterfront activations planned that will ensure a waterfront for everyone.

- Waterfront Activation Plan, Fall/Winter 2022

Port Economic Recovery

Background

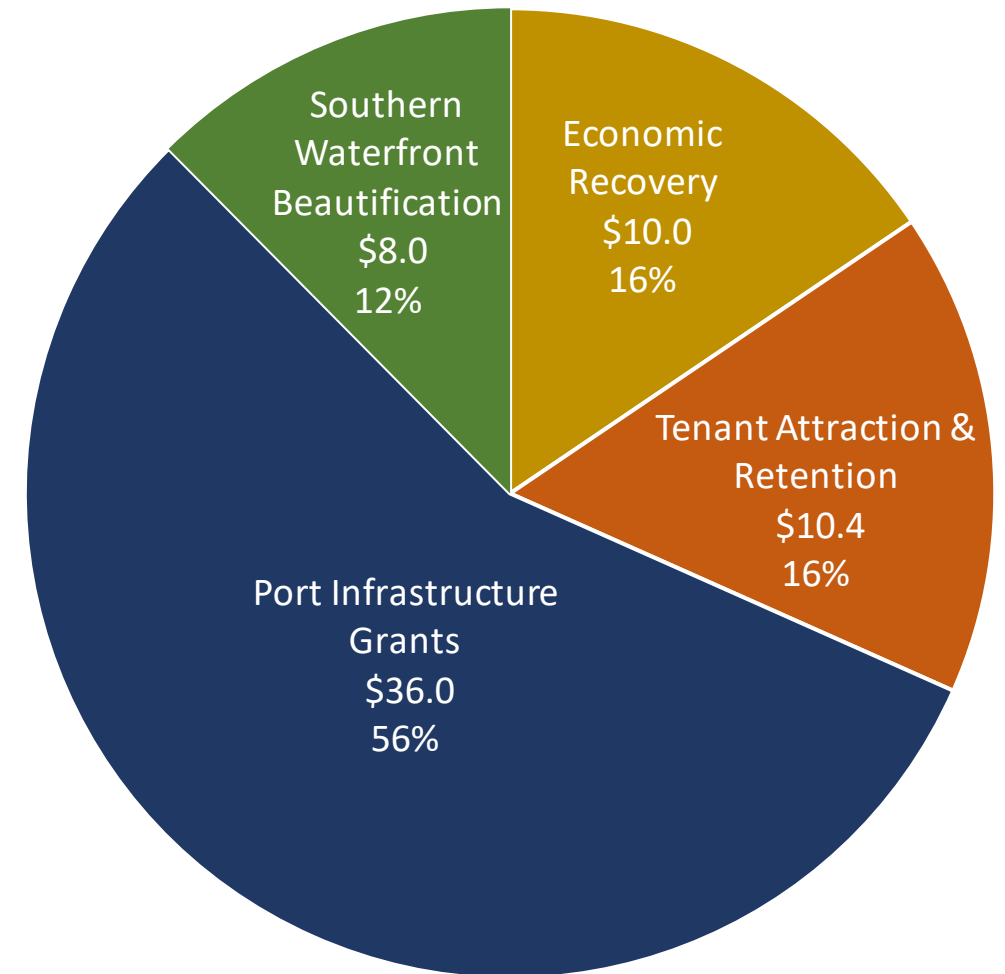
- The Port's Fiscal Year (FY) 2020-21 proposed operating budget included a **\$10 million Economic Recovery Project** for initiatives that would help the Port and its tenants recover from the pandemic.
 - The specific uses of funds were not clearly articulated
 - The Budget & Legislative Analyst recommended placing the funds on reserve pending a detailed expenditure plan.
- In November 2022, the Port's Economic Recovery Manager (Meghan Wallace) initiated a process to identify and prioritize investments.
- After over a year of diligent planning, in **January 2024 the Port Commission approved the Economic Recovery Project expenditure plan.**

Port Economic Recovery

Strategic Funding

- **The Economic Recovery Project** (Harbor Fund) supports initiatives to address the economic impacts of the pandemic.
- **Tenant Attraction & Retention** (Stimulus) will improve facilities to retain tenants and make vacant spaces more marketable.
- **Port Infrastructure Grants** (State & Federal) are being used to improve maritime facilities and operations in the Maritime Eco-Industrial Center.
- **Southern Waterfront Beautification** (Harbor Fund) will be used to improve and beautify the area south of Mariposa Street.

\$64.4 million
Economic Recovery Funding Sources



Port Economic Recovery

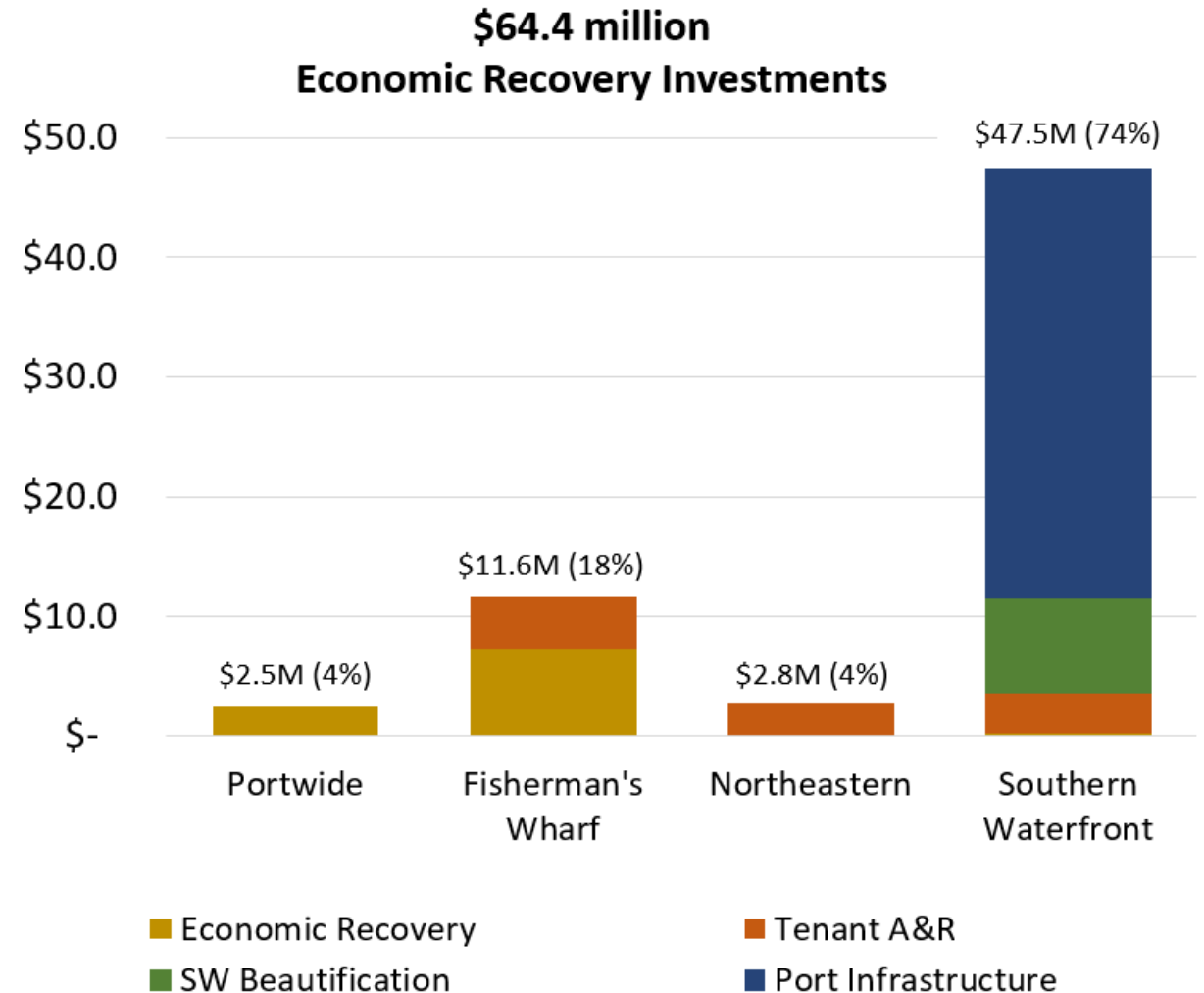
Regional Investments

■ Fisherman's Wharf

- Support commercial fishing.
- Activation, beautification to attract and retain visitors.
- Improve facilities to support marketability of vacant restaurants.

■ Southern Waterfront

- Improve and expand maritime operations.
- Improve the community's experience accessing the Blue Greenway.



Port Economic Recovery

Economic Recovery Project Expenditure Plan

Investments focus on:

- **Activating Fisherman's Wharf to:**
 - ❖ Support the local commercial fishing industry
 - ❖ Draw in tenants to fill six (6) newly vacant restaurants, and
 - ❖ Retain the neighborhood's status as a primary destination for locals and visitors.
- **Building on the popularity and accessibility of the Port's parks and open spaces** to help draw more visitors and businesses to the waterfront and into San Francisco.
- **Improving organizational efficiency and employee engagement.**

STRATEGIC OBJECTIVE/ INITIATIVE		
Targeted Activation: Fisherman's Wharf		\$7.3M
Commercial Fishing	Improve commercial fishing facilities, including a new ice machine.	\$3.3M
Gangway & Float	Build a new gangway and float in the Outer Lagoon to support commercial fishers and attract the public.	\$3.0M
Vacant Space Leasing	Improve vacant facilities and public spaces for leasing or activation to draw in public interest and revenues.	\$1.0M
Targeted Activation: Parks & Open Space		\$1.7M
Waterfront Walk	Establish the waterfront as a local and regional destination by investing in improvements and activations.	\$1.5M
So. Waterfront Activations	Supplement the Portwide Waterfront Walk initiative with a focused effort in the Southern Waterfront.	\$0.2M
Enterprise Recovery		\$1.0M
Internal Efficiencies	Operational efficiencies, e.g., utility mapping, assessing real estate management software, and digital filing organization.	\$0.7M
Revenue Initiatives	Economic impact analysis and revenue initiative studies.	\$0.2M
Staff Engagement	Educational activities that strengthen the Port as a community.	\$0.1M
GRAND TOTAL		\$10.0M

Port Economic Recovery

Tracking Performance

- The Port's financial outlook depends on the delivery of initiatives, particularly leasing.
- It is critical to closely manage and monitor outcomes resulting from the Port's investments.
- Economic recovery metrics were selected to indicate both Port and City progress.

Metric	Purpose	
Budget vs. Actuals of Strategic Investments	Progress and effectiveness of staff in delivering initiatives	
Projects Delivered	Progress and effectiveness of staff in delivering initiatives	
Leased Facilities	Track revenue trends relative to forecast:	
	<ul style="list-style-type: none"> ■ 490 Jefferson ■ Pompei's Grotto ■ Lou's ■ Castagnola's ■ Tarantino's 	<ul style="list-style-type: none"> ■ Alioto's ■ Fisherman's Grotto #9 ■ Pier 33.5 (formerly Butterfly) ■ Ferry Building East
Fisherman's Wharf Visitors	Port revenue trends, attraction for new tenants	
SkyStar Ridership	Port revenue trends, attraction for new tenants	
Unpermitted Vending Enforcement	Impact on Port tenants, quality of experience for visitors	
Car Break-Ins	Impact on Port tenants, quality of experience for visitors	
Hotel Occupancy Rates	Citywide trends as an indicator of Port visitor trends	
Office Vacancy Rates		
Citywide	Citywide trends as an indicator of Port trend	
Port	Comparison with citywide trends and Port goals	

Port Economic Recovery

Conclusion



- The Port is using a variety of funding sources to deliver strategic initiatives.
- Investments are largely distributed between **Fisherman's Wharf** and the **Southern Waterfront**, with a **Waterfront Walk** work plan under development that aims to build a cohesive portwide identity.
- Economic recovery metrics will help staff understand the impact of investments and track leasing goals.
- **Request: Approval of \$10M Economic Recovery Project Expenditure Plan.**