

File No. 220496

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date May 25, 2022

Board of Supervisors Meeting Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|-------------------------------------|--------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>State Lands Commission Report</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Brent Jalipa Date May 20, 2022

Completed by: Brent Jalipa Date _____

File Number: 220496
(Provided by Clerk of Board of Supervisors)

Grant Resolution Information Form
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: Accept and Expend Grant – California State Lands Commission – Operating and Capital Expenses – \$73,492,632 in FY 2022-23 and \$27,279,000 in FY 2023-24
2. Department: Port
3. Contact Person: Katharine Petrucione Telephone: 415-274-0481
4. Grant Approval Status (check one):
☒ Approved by funding agency ☐ Not yet approved
5. Amount of Grant Funding Approved or Applied for: \$100,771,632
6. a. Matching Funds Required: None
b. Source(s) of matching funds (if applicable):
7. a. Grant Source Agency: California State Lands Commission
b. Grant Pass-Through Agency (if applicable): NA
8. Proposed Grant Project Summary:

As a result of the COVID-19 pandemic total Port revenues fell by 40% of their prepandemic levels, for a loss of \$60,000,000 since the beginning of the pandemic, and \$80,000,000 over the next two years. In May 2021, Governor Gavin Newsom announced a one-time \$250 million allocation to California's ports to mitigate the negative economic impacts resulting from the COVID-19 pandemic. On December 8, 2021 and April 26, 2022, the California State Lands Commission authorized the disbursement of \$114,800,000 to the Port of San Francisco to recover revenue losses and direct costs incurred from the COVID-19 pandemic in calendar 2020 and 2021.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:
Start-Date: Effective Date, Likely July 1, 2022 End-Date: June 30, 2024
10. a. Amount budgeted for contractual services: \$4,400,000
b. Will contractual services be put out to bid? Yes
c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements? Yes
d. Is this likely to be a one-time or ongoing request for contracting out? One time
11. a. Does the budget include indirect costs?
☐ Yes ☒ No
b. 1. If yes, how much?
b. 2. How was the amount calculated?
c. 1. If no, why are indirect costs not included?
☐ Not allowed by granting agency ☒ To maximize use of grant funds on direct services
☐ Other (please explain):
c. 2. If no indirect costs are included, what would have been the indirect costs? na
12. Any other significant grant requirements or comments:

****Disability Access Checklist** (Department must forward a copy of all completed Grant Information Forms to the Mayor's Office of Disability)**

13. This Grant is intended for activities at (check all that apply):

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Existing Site(s) | <input type="checkbox"/> Existing Structure(s) | <input type="checkbox"/> Existing Program(s) or Service(s) |
| <input type="checkbox"/> Rehabilitated Site(s) | <input type="checkbox"/> Rehabilitated Structure(s) | <input type="checkbox"/> New Program(s) or Service(s) |
| <input type="checkbox"/> New Site(s) | <input type="checkbox"/> New Structure(s) | |

14. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the DPW Access Compliance Officer or the Mayor's Office on Disability Compliance Officers.

If such access would be technically infeasible, this is described in the comments section below:

Comments:

Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:

Wendy Proctor
(Name)

Senior Architect, ADA Coordinator
(Title)

Date Reviewed: 4/26/2022
(Signature Required) Wendy Proctor

Department Head or Designee Approval of Grant Information Form:

Elaine Forbes
(Name)

Executive Director
(Title)

Date Reviewed: 04/26/2022
(Signature Required) [Signature]

1 [Accept and Expend Grant - American Rescue Plan Act - California State Lands Commission -
2 Operating and Capital Expenses - \$73,492,632 in FY2022-2023 and \$27,279,000 in FY2023-
3 2024]

4 **Resolution authorizing the Port Commission to accept and expend a grant in the**
5 **amount of \$73,492,632 in Fiscal Year (FY) 2022-2023 and \$27,279,000 in FY2023-2024,**
6 **for a total amount of \$100,771,632 plus additional amounts up to 15% of the original**
7 **grant amount that may be offered, from the California State Lands Commission for any**
8 **lawful purpose; and authorizing the Port Director to enter into one or more grant**
9 **agreements with the State of California State Lands Commission for \$58,200,000.**
10

11 WHEREAS, Pre- COVID-19 pandemic the Port of San Francisco ("Port") welcomed
12 more than 24 million visitors annually, including nearly 300,000 from cruises, with cruise
13 visitors contributing \$27 million to San Francisco's economy in 2018; and

14 WHEREAS, During the onset of the COVID-19 pandemic tourism, travel, and
15 hospitality services such as cruise, hotels, restaurants, tourist attractions, and conventions
16 stalled and then ground to a halt; and

17 WHEREAS, The economic downturn had an outsized impact on the Port's leasing
18 revenue due to loss of tourism, empty offices and a sharp reduction of visitors to the
19 waterfront; and

20 WHEREAS, The Port's leasing revenue provides 75% of the Port's revenue budget and
21 subsidizes critical Port operations and public benefits; and

22 WHEREAS, As a result of the pandemic total Port revenues fell by 40% of their pre-
23 pandemic levels, for a loss of \$60 million since the beginning of the pandemic, and a
24 projected loss of \$80 million over the next two years, within a pre-pandemic total operating
25 budget of \$110 million; and

1 WHEREAS, Based on projections, the Port anticipates a five-year recovery timeframe
2 to return to pre-pandemic revenues; and

3 WHEREAS, On March 11, 2021, President Joe Biden signed the American Rescue
4 Plan Act of 2021 ("ARPA"), a \$1.9 trillion economic stimulus bill to address the pandemic,
5 including financial relief to state and local governments; and

6 WHEREAS, House Speaker Nancy Pelosi amended the ARPA to include language to
7 allow the State of California to help California ports recover from the devastating financial
8 impacts of the pandemic and restore desperately needed revenue; and

9 WHEREAS, The ARPA was the first financial relief package made available to public
10 seaports; and

11 WHEREAS, In May 2021, Governor Gavin Newsom announced a one-time \$250
12 million allocation from the ARPA to California's ports to mitigate the negative economic
13 impacts resulting from the COVID-19 pandemic; and

14 WHEREAS, On February 9, 2022, Governor Gavin Newsom signed Senate Bill 115
15 into law which changed the source of funding for California ports to mitigate the negative
16 economic impacts resulting from the COVID-19 pandemic from ARPA to the state's General
17 Fund; and

18 WHEREAS, On December 8, 2021, the California State Lands Commission authorized
19 the disbursement of \$56,616,130 to the Port of San Francisco to recover revenue losses and
20 direct costs incurred from the COVID-19 pandemic in calendar 2020; and

21 WHEREAS, On April 27, 2022, the California State Lands Commission authorized an
22 additional disbursement of \$58,800,000 to the Port of San Francisco for revenue losses in
23 calendar year 2021; and

1 WHEREAS, Under Administrative Code, Section 10.170-1, the acceptance and
2 expenditure of federal, state, or other grant funds in the amount of \$100,000 or more is
3 subject to the approval by Resolution of the Board of Supervisors; and

4 WHEREAS, On April 7, 2022, the Board of Supervisors approved the acceptance and
5 expenditure of \$14,044,498 from the California State Lands Commission for Port expenditure
6 in FY 2021-22; and

7 WHEREAS, The Port of San Francisco proposes to maximize the use of grant funds on
8 the program expenditures by not including indirect costs in the grant budget; and

9 WHEREAS, The Port proposes to use grant funds for eligible operating and capital
10 expenses, including \$73,492, 632 in FY2022-23 and \$27,279,000 in FY2023-24, for a total of
11 \$100,771,632; and

12 WHEREAS, The \$100,771,632 of grant funds are included in the Port's proposed
13 biennial budget for FY2022-2023 and FY2023-2024; now, therefore, be it

14 RESOLVED, That the Port Commission is hereby authorized to accept and expend
15 grant funding from the State of California State Lands Commission in the amount of
16 \$100,771,632 million for eligible expenses in FY2022-23 and FY2023-24, plus additional
17 amounts up to 15% of the original grant amount that may be offered or applied to FY 2022-23
18 and FY 2023-24 expenses; and, be it

19 FURTHER RESOLVED, That the Port Commission is hereby authorized to accept and
20 expend grant funding for FY2022-2023 and FY2023-2024 from the State of California State
21 Lands Commission pursuant to Administrative Code, Section 10.170-1; and, be it

22 FURTHER RESOLVED, That the Port Director is authorized to enter into one or more
23 grant agreements with the State of California State Lands Commission on behalf of the City
24 for acceptance of the grant funds authorized by the State of California State Lands
25 Commission for FY2021-2022, FY2022-2023 and FY2023-2024; and, be it

Mayor Breed
BOARD OF SUPERVISORS

FURTHER RESOLVED, That within thirty (30) days of each such grant agreement being fully executed by all parties, the Port Commission shall provide a copy to the Clerk of the Board of Supervisors for inclusion in the official file.

Recommended:

/s/
Executive Director, Port of San Francisco

Approved:

Approved:

/s/
Mayor

/s/
Controller

File Number: 220496
(Provided by Clerk of Board of Supervisors)

Grant Resolution Information Form
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: Accept and Expend Grant – California State Lands Commission – Operating and Capital Expenses – \$73,492,632 in FY 2022-23 and \$27,279,000 in FY 2023-24
2. Department: Port
3. Contact Person: Katharine Petrucione Telephone: 415-274-0481
4. Grant Approval Status (check one):
☒ Approved by funding agency ☐ Not yet approved
5. Amount of Grant Funding Approved or Applied for: \$100,771,632
6. a. Matching Funds Required: None
b. Source(s) of matching funds (if applicable):
7. a. Grant Source Agency: California State Lands Commission
b. Grant Pass-Through Agency (if applicable): NA
8. Proposed Grant Project Summary:

As a result of the COVID-19 pandemic total Port revenues fell by 40% of their prepandemic levels, for a loss of \$60,000,000 since the beginning of the pandemic, and \$80,000,000 over the next two years. In May 2021, Governor Gavin Newsom announced a one-time \$250 million allocation to California's ports to mitigate the negative economic impacts resulting from the COVID-19 pandemic. On December 8, 2021 and April 26, 2022, the California State Lands Commission authorized the disbursement of \$114,800,000 to the Port of San Francisco to recover revenue losses and direct costs incurred from the COVID-19 pandemic in calendar 2020 and 2021.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:
Start-Date: Effective Date, Likely July 1, 2022 End-Date: June 30, 2024
10. a. Amount budgeted for contractual services: \$4,400,000
b. Will contractual services be put out to bid? Yes
c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements? Yes
d. Is this likely to be a one-time or ongoing request for contracting out? One time
11. a. Does the budget include indirect costs?
☐ Yes ☒ No
b. 1. If yes, how much?
b. 2. How was the amount calculated?
c. 1. If no, why are indirect costs not included?
☐ Not allowed by granting agency ☒ To maximize use of grant funds on direct services
☐ Other (please explain):
c. 2. If no indirect costs are included, what would have been the indirect costs? na
12. Any other significant grant requirements or comments:

****Disability Access Checklist** (Department must forward a copy of all completed Grant Information Forms to the Mayor's Office of Disability)**

13. This Grant is intended for activities at (check all that apply):

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Existing Site(s) | <input type="checkbox"/> Existing Structure(s) | <input type="checkbox"/> Existing Program(s) or Service(s) |
| <input type="checkbox"/> Rehabilitated Site(s) | <input type="checkbox"/> Rehabilitated Structure(s) | <input type="checkbox"/> New Program(s) or Service(s) |
| <input type="checkbox"/> New Site(s) | <input type="checkbox"/> New Structure(s) | |

14. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the DPW Access Compliance Officer or the Mayor's Office on Disability Compliance Officers.

If such access would be technically infeasible, this is described in the comments section below:

Comments:

Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:

Wendy Proctor
(Name)

Senior Architect, ADA Coordinator
(Title)

Date Reviewed: 4/26/2022
(Signature Required) Wendy Proctor

Department Head or Designee Approval of Grant Information Form:

Elaine Forbes
(Name)

Executive Director
(Title)

Date Reviewed: 04/26/2022
(Signature Required) [Signature]

Line Item Budget Detail	
A. PERSONNEL SERVICES	
Avoided Layoffs	10,800,000
Restaffing to Pre-COVID Levels	5,400,000
Janitorial services (via existing contract)	1,040,000
Security management and services (via existing contract)	2,360,000
Subtotal: Personnel Services	\$19,600,000
B. OPERATING EXPENSES: General	
Police Services	2,040,000
Fire Protection Services	6,240,000
Restoring Materials and Supplies, Equipment, and IT to Pre-COVID levels	5,100,000
Race Equity Action Plan Implementation	1,020,000
Sidewalk Vending Management	50,000
Youth Employment and Greenagers	1,284,000
Subtotal Operating Expenses: General	\$15,734,000
C. CAPITAL EXPENSES	
Tenant Attraction and Retention	11,918,382
Dredging	3,749,146
Maritime Facility Improvements	10,150,000
Revenue Enhancement Projects	10,737,000
Shoreline Improvement and Resilience Projects	10,477,000
Project Delivery Capacity	12,500,000
Facility Assessment Inspections	2,000,000
Blight Removal	3,106,104
Subtotal: Capital	\$64,637,632
D. ANNUAL PROJECTS	
Miscellaneous Facility Improvements	800,000
Subtotal: Annual Projects	\$800,000
E. GRAND TOTAL (A+B+C+D)	\$100,771,632

Staff Report 60

Consider the second distribution of port stimulus funding to mitigate negative economic impacts from the COVID-19 pandemic pursuant to the 2021-2022 Budget Act.

BACKGROUND

In May 2021, Governor Newsom announced a one-time \$250 million allocation from federal American Rescue Plan Act of 2021 (ARPA) funding to California's ports to mitigate the negative economic impacts resulting from the Covid-19 pandemic (Port Stimulus Funds). The 2021-22 State budget appropriates the \$250 million to the California State Lands Commission for allocation to ports. The Budget Act requires that ports use these funds to support their economic recovery, such as for activities that include avoiding layoffs, restoring jobs and services lost due to the pandemic, and supporting safe operations.

At its [December 8, 2021 meeting](#), the Commission authorized disbursement of approximately \$136 million to six California ports. All ports, including those that did not apply during the first disbursement or that received an amount less than requested, were able to apply for the remaining \$113 million in funds.

On February 9, 2022, Governor Newsom signed SB 115 (Chapter 2, Statutes of 2022), which retroactively modified the source for the Port Stimulus Funds. The \$250 million had been allocated from the Coronavirus Fiscal Recovery Fund of 2021. SB 115 changed the fund source to the State's General Fund. Because of that change, recipient ports are no longer subject to federal ARPA requirements and restrictions, but they remain subject to the Budget Act requirements. The previous Budget Act also set an expenditure deadline of June 30, 2024, to align with ARPA requirements. SB 115 set a new expenditure deadline of December 31, 2026.

Staff released its application package for the second distribution on February 14, 2022, and the deadline for submission was March 14, 2022. Copies of the application package are available at <https://www.slc.ca.gov/content-types/covid-19-fiscal-recovery-funds/>.

The Budget Act directs the Commission to distribute funds to address negative economic impacts resulting from the Covid-19 pandemic and to support ports' economic recovery. In their applications, staff asked ports to describe the revenue impacts attributable to the Covid-19 pandemic as part of their funding request.

Some ports, particularly those with large travel and tourism components, suffered drastically reduced revenues during the pandemic. Others, such as ports with large cargo operations, may have had increased revenues in some operations that offset other losses. When considering funding requests, staff considered the amount of a port's revenue impacts, direct costs related to Covid-19, and whether the port received funds from a county or city's local fiscal recovery funds or other sources.

For costs incurred as a result of direct Covid-19 pandemic response and support, applicants were required to provide a list of the specific documentation (i.e., financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.). Ports were also required to describe the programs or projects they anticipate committing the recovery funds to. The required description ports included:

- Proposed projects, uses, or general categories.
- Cost estimates for each proposal.
- A description of the port's desired outcomes for the proposal.
- A narrative of how the program/project responds to the Covid-19 pandemic and supports the port's economic recovery.
- A description of the port's desired outputs.
- To the extent feasible, metrics by which the port will evaluate whether the outcome is achieved.

Within 45 days of the Commission's approval to disburse funds, ports are required to submit a Funding Agreement to the Commission. The Funding Agreement includes conditions for the State's distribution of funds, including indemnity provisions and a monitoring plan.

Staff's review process included a technical review of the applications and adherence to the eligibility criteria, as well as analyzing each port's request and potential risk of noncompliance based on a set of common factors. These factors included prior experience in managing federal funds, experience in managing state funds, previous audit findings showing misuse of funds, and the policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.

Staff has evaluated the ports' applications and requests that the Commission approve staff's recommended disbursements.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Budget Act of 2021 (AB 128, Chapter 21, Statutes of 2021, SB 129, Chapter 69, Statutes of 2021, AB 164, Chapter 84, Statutes of 2021, SB 115, Chapter 2, Statutes of 2022), Public Resources Code section 6005.

STATE'S BEST INTERESTS:

The Budget Act directs the Commission to allocate the funding in this item to California ports to address negative economic impacts due to the Covid-19 pandemic. It further provides that the Commission "may consider the level of revenue losses and Covid-19 expenditures in apportioning these funds." The Commission, therefore, has discretion over distribution of the funds to achieve the purpose of addressing negative economic impacts experienced by the ports. The Commission also considers the State's best interests when exercising its discretionary authority. (Pub. Resources Code section 6005.)

The Budget Act states that the Commission must distribute funds, and ports must use those funds, "consistent with all applicable federal law or guidance." Because SB 115 changed the funding source to the General Fund, there is no longer applicable federal law or guidance that apply to the Commission's distribution of funds or the recipient ports' use of the funds. Ports are required to use the funds to support their economic recovery such as, but not limited to, avoiding layoffs, restoring jobs lost due to Covid-19, providing government services at pre-pandemic levels, and maintaining public infrastructure vital to the California economy.

Staff reviewed each port's requested amount, including supporting financial data, and compared it to the pandemic-related costs and revenue impacts. Staff considered the costs and revenue impacts to equitably disburse funds among the ports, ensuring that recommended disbursements would reflect the magnitude of a port's negative impacts. For the second distribution of recovery funds, staff focused on revenue losses and direct costs in calendar year 2021. Staff also reviewed the ports' proposed projects for consistency with the Budget Act's directives, including the directive to provide the ports with the flexibility to respond to the Covid-19 pandemic and support their economic recovery.

SPECIFIC FUNDING REQUESTS

This section contains each applicant port's requested amount; a summary of its proposed uses; and staff's recommendation.

SAN DIEGO UNIFIED PORT DISTRICT

Requested Amount: \$45,200,000

Staff's Recommended Revised Amount: \$46,684,903

Proposed Uses:

The San Diego Unified Port District's application for the first distribution included 42 projects that are part of the Port's Economic Recovery Program, a Program the Port established to designate and track federal stimulus funds via the American Rescue Plan Act and the State of California's Coronavirus Fiscal Recovery Fund. The projects include major maintenance and repair projects necessary to maintain port assets so that they are safe and accessible to the public and are available as revenue-generating assets in the future. Projects also include completing the National City Balanced Plan environmental analysis, park maintenance improvement projects, an environmental education program, and completing several projects identified by the Maritime Clean Air Strategy. The Port provided revised expenditures for the proposed projects.

Staff Recommendation:

Staff recommends disbursing \$46,684,903 to the San Diego Unified Port District, which represents the amount of revenue loss and direct Covid-19 health emergency costs for the 2021 calendar year, and an additional \$1,605,848 that considers a 4.67% growth rate instead of 4.1% growth rate for revenue loss for the 2020 calendar year. Staff's recommendation also recognizes a downward adjustment for a rounding error in the Port's calculations. The Port used a 4.7% instead of a 4.67% growth rate formula.

PORT COMMISSION OF SAN FRANCISCO (PORT OF SAN FRANCISCO)

Requested Amount: \$58,200,000

Staff's Recommendation: \$58,200,000

Proposed Uses:

The Port of San Francisco will use funds to support economic recovery, avoid layoffs and restore jobs, restore services lost due to Covid-19, and support eligible port operations. Projects include deferred maintenance at Piers 29.5 and 26, design and seismic improvements, IT upgrades, improvements for cargo terminal access, and several other investments in maritime tourism and cargo operations and other capital projects. Expected outcomes include increased tourism and retail spending at the Port, more cargo and cruise activity, new leases being executed, reducing deferred maintenance, and investments in small businesses.

Staff Recommendation:

Staff recommends disbursing the requested amount to the Port of San Francisco, which represents the amount of revenue loss and direct Covid-19 health emergency costs for the 2021 calendar year.

NOYO HARBOR DISTRICT

Requested Amount: \$448,808

Staff's Recommendation: \$448,808

Proposed Uses:

The Noyo Harbor District will use the funds to implement a Vessel Destruction Program that will allow vessel owners who cannot afford to safely destroy their vessel to submit them to the Harbor District for removal. Funds will also be used to implement the Harbor District's Grader Park Enhancement Project encompassing sidewalk improvements, a fish cleaning station structure, new signage, and a public outdoor shower.

Staff Recommendation:

Staff recommends disbursing the requested amount to the Noyo Harbor District, which represents the estimated cost for the Vessel Destruction Program and Grander Park Enhancement Project.

OXNARD HARBOR DISTRICT (PORT OF HUENEME)

Requested Amount: \$206,724

Staff's Recommendation: \$206,724

Proposed Uses:

The Port of Hueneme secured \$2.2 million in grant funding for an electric crane plug-in project. The funds will allow the Port to continue to pursue the project, with a total estimated project cost of \$7.5 million. The project site is located on the South Terminal of the Port. The work includes installation of an electrical substation, three crane vault outlets, and installation of all supporting infrastructure for the crane vault outlets, and Southern California Edison's supporting electrical equipment.

Staff Recommendation:

Staff recommends disbursing the requested amount to the Oxnard Harbor District, which represents the amount of revenue loss and direct Covid-19 health emergency costs for the 2021 calendar year.

PORT SAN LUIS HARBOR DISTRICT

Requested Amount: \$1,957,500

Staff's Recommended Revised Amount: \$1,203,639

Proposed Uses:

The Port San Luis Harbor District's application includes plans to perform structural repairs that will rehabilitate the Avila Pier and public boat landing, replacement of an underground storage tank, sportfishing lease site redevelopment, harbor patrol vehicle replacement, electric vehicle charger installations, and the Front Street beach staircase replacement.

Staff Recommendation:

Staff recommends disbursing \$1,203,639 to the Port San Luis Harbor District, which represents the amount of revenue loss and direct Covid-19 health emergency costs for the 2020 and 2021 calendar year. The Harbor District's request for \$1,957,500 is based on estimated proposed project costs rather than revenue loss and direct Covid-19 costs.

VENTURA PORT DISTRICT

Requested Amount: \$122,979

Staff's Recommendation: \$122,979

Proposed Uses:

The City of Ventura is developing an Active Transportation Plan that will include connectivity into Ventura Harbor. The funding will be used for the development of an Active Transportation Plan to address the issues of congestion, conflicting uses, and interconnectivity between the City and access points across the Harbor. Funds will also be used to procure new vehicles, including the installation of electric vehicle charging infrastructure at the District's headquarters.

Staff Recommendation:

Staff recommends disbursing the requested amount to the Ventura Port District, which represents the amount of direct Covid-19 health emergency costs for the 2021 calendar year.

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT

Requested Amount: \$302,929

Staff Recommendation:

Although the Humboldt Bay Harbor, Recreation, and Conservation District incurred revenue losses in some categories due to the pandemic in 2021, the District's financials show positive 2021 revenue gains. Staff recommends applying an equitable distribution of funds to Ports based on 2021 revenue loss and direct costs due to the Covid-19 pandemic and not disbursing funds to the District at this time.

OTHER PERTINENT INFORMATION:

1. On December 8, 2021, the Commission authorized \$136,239,515 for the first distribution of funds, leaving \$113,760,485 to disburse for subsequent distributions.
2. Staff anticipates recommending the Commission reserve funds for staff costs. Executive Order No. E 21/22 – 199, issued on April 7, 2022, moved \$2 million of the \$250 million allocation from federal American Rescue Plan Act of 2021 to state operations to reimburse the Commission for staff costs incurred in distributing and monitoring the Port Stimulus Funds. Staff will provide more details and a recommendation at a future Commission meeting.
3. The total amount for this second disbursement authorization, as recommended by staff, is \$106,867,053. This leaves approximately \$6,893,432, after estimated staff costs, to disburse at a future Commission meeting.
4. This action is consistent with the “Prioritizing Social, Economic, and Environmental Justice” and “Committing to Collaborative Leadership” strategic focus areas of the Commission's 2021-2025 Strategic Plan.
5. Authorizing the disbursement of funds is not a project as defined by CEQA because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBIT:

A. Funding Request Summaries and Proposed Projects

RECOMMENDED ACTION:

It is recommended that the Commission:

STATE'S BEST INTERESTS:

Find that the disbursement to the ports is in the State's best interests because the funds will provide ports with the money necessary to sustain their essential services, maintain and develop critical infrastructure, retain and create jobs, and help to revitalize California's economic recovery following the significant negative impacts resulting from the Covid-19 pandemic.

Authorization:

1. Disburse funds as follows, contingent upon Commission staff receiving an executed Funding Agreement within 45 days of the Commission's authorization:
 - San Diego Unified Port District: \$46,684,903
 - Port Commission of San Francisco: \$58,200,000
 - Oxnard Harbor District (Port Hueneme): \$206,724
 - Port San Luis Harbor District: \$1,203,639
 - Noyo Harbor District: \$448,808
 - Ventura Port District: \$122,979
2. Delegate authority to the Executive Officer or her designee to modify the Funding Agreements and Monitoring Plans as needed to update or replace projects and project descriptions, timelines, metrics, outputs, or any other modification necessary for the Commission to monitor the ports' use of the funds.
3. Delegate authority to the Executive Officer or her designee to take actions necessary for compliance with the Funding Agreements, including enforcement.

Exhibit A

Funding Request Summaries and Proposed Uses

STATE OF CALIFORNIA – STATE LANDS COMMISSION
Funding Request Summary



APPLICANT / PORT NAME: San Diego Unified Port District
AMOUNT REQUESTED: 106,500,000

PERSON WE CAN CONTACT FOR QUESTIONS ABOUT THE INFORMATION PROVIDED ON THIS FORM

NAME: Aimee Heim
TITLE: Program Director
EMAIL: aheim@portofsandiego.org
PHONE: 619-686-6390
MAILING ADDRESS: 3165 Pacific Highway, San Diego, CA 92101

The terms “you” and “your” as used herein shall refer to the applicant/port named above. Responses may be provided on this document or on attached pages.

1. **COSTS INCURRED AS A RESULT OF DIRECT COVID-19 PANDEMIC RESPONSE AND SUPPORT**

Did you incur any costs as a result of direct pandemic response and support you provided in calendar year 2021?

YES ☒ NO ☐

If “Yes,” please specify the pandemic response and support you provided including dates.

Response/Support Provided

Dates Provided

Port of San Diego staff provided cleaning services, Jan 1, 2021 - Dec 31, 2021

If “Yes,” please list the cost types/categories and the total amounts associated with each.

Cost Type/Category

Amount

Labor and non-personnel expenses 1,756,012

Provide a list of the specific documentation (i.e. financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.) along with copies of the same, supporting each of the cost categories/types and amounts listed above. Please also specify the applicable page number of each supporting documentation containing the relevant information.

2. REVENUE LOSSES

Did you experience any declines in your 2021 calendar year revenues?

YES ☒

NO ☒

If "Yes," please calculate 2021 calendar year revenue decline as follows:

- a. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- b. Estimate 2021 counterfactual revenue, which is equal to base year revenue $\times [(1 + 4.1\% \text{ growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date December 31, 2021.
- c. Identify 2021 calendar year actual revenues, which equals total revenues collected over the past twelve months as of December 31, 2021 .
- d. The extent of the reduction in revenue is equal to 2021 counterfactual revenue less 2021 calendar year actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.
- e. The 4.1% growth adjustment is a standard baseline rate for all ports. However, if a port believes the growth rate exceeds the baseline rate, ports can submit a worksheet detailing their calculated growth rate along with all supporting documentation for the calculation. (Provide a list of the specific documentation (i.e. Financial Statements and/or Revenue reports for 2019 and 2020 ...etc.) along with copies of each, supporting the alternate calculation. Please also specify the applicable page number of each supporting documentation containing the relevant information.)
- f. The State Lands Commission has the discretion to utilize and rely upon any reasonable method to calculate revenue losses/growth rates, including methods which may differ from those utilized by the ports. If a requesting port believes there is a more applicable way to determine revenue losses than the method described, it may provide the calculation and explanation of why it should be considered. The port must also provide revenue calculations as described in subdivisions (a) through (e).

3. OTHER AID. Did the port receive aid from any other pandemic-related stimulus or aid programs (for example, compensation you received from FEMA, local fiscal recovery funds, or other pandemic-related stimulus/aid programs)?

YES ☐

NO ☒

If "Yes," please specify the total amount of compensation/monies you received from all other pandemic-related stimulus or aid programs: _____

Provide a list of the specific aid or stimulus programs and the amount received, and a list of current and anticipated applications for funding (including the COVID-19 Fiscal Relief for Special Districts program, if applicable).

3. **DESCRIBE PROPOSED USE OF THESE FUNDS.** Please provide a summary of anticipated/proposed activities that will be undertaken by the port and related cost estimates if full funding requested is approved by the Commission. For items identified below, the port will be required to track the actual cost, expected outcomes, outputs, and performance measures. If the total requests exceed the funds awarded to the port, the port will have 30 days to revise the summary of proposed activities. While each proposal will be at the port's discretion, activities may include, but are not limited to the following:
- a. Number of staff that can be rehired
 - b. Number of layoffs that are avoided
 - c. Projects that will support compliance with COVID-19 safety standards and guidelines for public access to the port's waterfront
 - d. Incentives or assistance to businesses to reopen, expand hours, or rehire staff within the port
 - e. Restoration of services at the port
 - f. Investments that result in additional economic activity within the port
 - g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities
 - h. Other planned uses
4. **NONCOMPLIANCE RISK FACTORS.** Please attach a brief written statement to assist the Commission in assessing noncompliance risk factors that outlines:
- a. Prior experience in managing Federal funds.
 - b. Prior experience in managing State funds.
 - c. Previous audit findings showing misuse of funds.
 - d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.

Activity	Addressing the Economic Harms of COVID-19	Benefits	Projects	Purpose and Need
Major Maintenance	The COVID-19 public health emergency resulted in tourism revenue reductions that led to delays of critical major maintenance projects. This portion of the program would implement those projects delayed by COVID-19	Allows for continued and enhanced operation at the terminals	B Street Curtain Wall Repair	Deferred project on an asset which has a high failure risk resulting in inoperability of the Cruise Ship Terminal
		Implements major maintenance projects deferred due to COVID-19	National City Maine Terminal Berth 24-11 Structural Repair	Deferred project on an asset which has a high failure risk resulting in inoperability of on cargo terminal berth
		Increases safety to the public using waterfront facilities	Navy Pier Pile Repair	Deferred project on an asset which has a high failure risk resulting in loss of accessibility to the Midway Museum and Navy Pier
		Reduces financial risk to the District	Tenth Avenue Marine Terminal Electrical Improvements and Substation	Deferred project on an asset which has a high failure risk resulting in loss of electrical distribution on the Tenth Avenue Marine Terminal
		Reduces long-term maintenance liabilities to the District		
		Increases electrification of operations at		
Total Major Maintenance:				
Disadvantaged Community	The COVID-19 public health emergency severely impacted the tourism industry in San Diego. Of the jobs lost, 67% were in tourism or retail. The majority of those jobs are filled by people living in disadvantaged communities. In addition to reduction in port revenues, the COVID-19 shutdown significantly increased unemployment in disadvantaged communities. These projects serve the dual purpose of completing work delayed by lost revenues, and of enhancing facilities that provide waterfront access to residents and visitors and economic development opportunities in the region.	Improves air quality and access to outdoor recreational opportunities for disadvantaged communities	National City Balanced Plan Environmental Analysis and Preliminary Design	Project design and entitlement documents for projects benefiting a disadvantaged community
		Removes of contaminated soils to improve site conditions for habitat restoration activities	Pepper Park Maintenance and Improvements	Park maintenance and improvements benefiting a disadvantaged community
			Chula Vista Harbor Park Phase II Design	Park design located in a disadvantaged community
			Living Coast Discovery Center bus turnaround facility	Increased access to the Living Coast Discovery Center located in a disadvantaged community
			Chula Vista Marina Park Improvements	Park maintenance and improvements benefiting a disadvantaged community
			Imperial Beach Pond 20	Removal of hazardous materials located adjacent to a disadvantaged community
			Imperial Beach Pier Improvements	Pier maintenance and improvements providing community access to the water
Total Disadvantaged Communities:				

Activity	Addressing the Economic Harms of COVID-19	Benefits	Projects	Purpose and Need
Budget stabilization	The COVID-19 public health emergency severely impacted the tourism industry in San Diego, reducing the revenues that fund daily operations. These projects are necessary to meet the port's mission, but current budget year revenues are insufficient to cover them. These projects include economic development efforts at the "Seaport Village" group of small business that were hard-hit by the downturn, major maintenance projects necessary to maintain the safety and access of port assets, improvements to the Cruise Ship terminal's shore power system that eliminates air emissions from vessels while at berth.	Continues scheduled projects that are currently at risk due to negative budget impacts resulting from COVID	Seaport Village tenant improvements	Enhanced visitor serving amenities that are at risk for delay due to reduced revenues
			Cruise Ship Terminal Shore Power Expansion	Expanded electrification at an urban ship terminal, at risk due to reduced revenues
			Major Maintenance and General Maintenance projects	Major maintenance projects that are at risk due to reduced revenues
			Information Technology Program	Technology improvements that are at risk due to reduced revenues
Total budget stabilization:				
Retention payments	While most of the port's workforce was able to work from home during the COVID-19 public health emergency, many union employees perform work that required them to work on-site. This pay is to help retain those employees and compensate them for receiving the vaccine.	Slows the District's turnover rate Increases vaccination rates for lowest vaccinated departments in the District, which may reduce sick time and improve operational efficiencies Increases morale among employees	Retention pay for workers with a vaccination bonus	Payments to qualified employees
Total Retention Pay:				
Environmental Education Program	The COVID-19 public health emergency reduced tourism revenue and led to the delay of an environmental education program that teaches pollution reduction methods for San Diego Bay.	Contributes to a large environmental education program that will provide educational materials for 30,000 students in San Diego Bay watershed for pollution prevention and natural resources education over two years.	Environmental Education Program	Continued water quality improvement by educating local students on environmental protection
Total Environmental Education Program:				

Activity	Addressing the Economic Harms of COVID-19	Benefits	Projects	Purpose and Need
Storm Water	The COVID-19 public health emergency reduced revenue from tourism which delayed stormwater projects that will reduce the amount of pollutants flowing into the San Diego Bay.	Allows new uses for an old and underutilized area on TAMT and prevents contamination from the tanks from <u>entering the Bay</u>	Removal of Molasses Tanks	Continued water quality improvement by removing hazardous materials
		Improves San Diego Bay water quality and improves the visitor experience.	B Street Pier – installation of pier-wide stormwater BMPs	Continued water quality improvement by implementing stormwater enhancements
			Flap gates on outfalls at all terminals	Continued water quality improvement by implementing stormwater enhancements
			Trash Retrofits	Continued water quality improvement by implementing stormwater enhancements
Total Storm Water:				
Economic Development - Blue Tech	The COVID-19 public health emergency resulted in increased unemployment throughout the San Diego region and reduced port revenues from the tourism sector. These projects support local economic development, generating new job opportunities, and diversification of the job market and future port revenues	Continues operation with maintenance and asset management	FLUPSY	Support regional aquaculture and generate revenue to the District
		Expands seaweed and shellfish infrastructure and creates habitat for <u>native species in the Bay</u>	Sunken Seaweed - infrastructure	Support regional aquaculture and generate revenue to the District
		Blue Economy pilot project development and management	Marine sensor and renewable energy pilot projects	Support regional aquaculture and generate revenue to the District
		Health testing and monitoring of shellfish and seaweed per Dept of Health regs.	University of North Carolina / CA Department of Public Health Shellfish & Seaweed Permitting	Support regional aquaculture and generate revenue to the District
		Creation of necessary EIR for restorative Aquaculture Builders Initiative	Restorative Aquaculture - EIR	Support regional aquaculture and generate revenue to the District
Total Economic Development - Blue Tech:				
Visitor Serving	The COVID-19 public health emergency reduced tourism revenue resulting in delays to improvements to the waterfront properties that attract residents and visitors. These projects would implement those delayed landscape projects, improve visitors' first impression, and provide assistance to homeless persons living in the areas where this work is being performed	Clears out dead plants, replant borders with drought resistant plants, which saves water, and beautifies the experience for <u>visitors on Tidelands</u>	Landscape Restoration	Enhanced visitor experience
		Work with local organizations and agencies to provide connected services to homeless community on Tidelands	Homeless Support	Enhanced public experience and increased access to services
Total Visitor Serving:				

Activity	Addressing the Economic Harms of COVID-19	Benefits	Projects	Purpose and Need
Technology	The COVID-19 public health emergency reduced tourism revenue and delayed technology projects needed for port business operations. This funding would implement those projects.	Enables data access and full reporting for human resources, budgeting, grant management and other, including tracking ARPA funds	Enterprise Resource Planning	Improved enterprise data management and reporting capability
		Improves customer and tenant interaction and allow for on-line payments, which assists in operational efficiencies and services	Customer Portals	Improved customer experience
		Will improve the movement of documents from old system to new resulting in operational efficiencies	Content Management	Consolidated document management system and protocols
		Procurement and installation of new hardware and tools that keep IT operations current	Hardware, TWIC reader, Wi-Fi upgrade and monitoring tools	Necessary updates to IT systems
		Tidelands camera operation and maintenance to support public safety.	Video and Camera upgrades	Improved security
		Improves communication and employee operations	Locational improvements at Port Administration Building Emergency Communications Center and San Diego International Airport	Improved communications
		Improves cybersecurity capability	Cybersecurity upgrades with MSFT	Improved security
		Technology Total:		
Electrification	Prior to the start of the COVID-19 public health emergency, the port began work on a Maritime Clean Air Strategy (MCAS) to mitigate the impacts of air emissions on nearby disadvantaged communities. The COVID-19 pandemic has also had an outsized health impact on communities with poor air quality such as Barrio Logan and National City. These projects, identified in the MCAS, would reduce air emissions caused by port operations, thereby reducing impacts on the nearby community. The port's ability to pay for these projects was reduced by the loss of tourism revenues as a result of the COVID-19 pandemic.	Replaces existing diesel mobile harbor crane that is at its end of useful life and is the most polluting equipment at the terminal with electric harbor crane system. Both improves air quality and expands heavy lifting capacity for spot cargo	Purchase of an Electrical Crane System for Tenth Avenue Marine Terminal	Improve port cargo handling operations while simultaneously reducing emissions from cargo handling equipment
		Supports the Tenth Avenue Marine Terminal EIR Mitigation Measure requiring the conversion of 20 pieces of cargo handling equipment to zero emissions, improving air quality.	Purchase electric Utility Trucks (UTS) at Tenth Avenue Marine Terminal	Improve port cargo handling operations while simultaneously reducing emissions from cargo handling equipment
		Procures zero emissions Port vehicles and equipment and charging stations to reduce emissions associated with Port operations.	Electrify Port Fleet	Reduce emissions from port-owned vehicles

Activity	Addressing the Economic Harms of COVID-19	Benefits	Projects	Purpose and Need
		Installs the first of three required shore power systems to reduce at-berth emissions associated with vessels.	Shore Power Phase 1 at National City Marine Terminal	Reduce emissions from vessels while at berth
		Advances the adoption and procurement of zero emission trucks to reduce emissions associated with drayage trucks operating between Port facilities.	Clean Trucks Corridor Deployment	Reduce emissions from short haul cargo drayage operations
Electrification Total:				
Total				

Amt Requested	Revised Amount Requested	Outcomes/Outputs	Economic Impact or Success Metric
\$ 10,812,000	\$ 14,352,169.00	Project delivered on time Project delivered on schedule Public works contract issued	Jobs created Economic impact
\$ 11,000,000	\$ 11,000,000	Project delivered on time Project delivered on schedule Public works contract issued	Jobs created Economic impact
\$ 11,700,000	\$ 11,700,000	Project delivered on time Project delivered on schedule Public works contract issued	Jobs created Economic impact
\$ 2,000,000	\$ 2,000,000	Project delivered on time Project delivered on schedule Public works contract issued	Jobs created Economic impact
\$ 35,512,000	\$ 39,052,169.00		
\$ 3,000,000	\$ 3,000,000	Completed environmental document for NC Balanced Plan and design park improvements	Completed project environmental entitlements
\$ 850,000	\$ 850,000	Improved park facilities	Increased park visitors
\$ 2,000,000	\$ 500,000	Completed design for Chula Vista Harbor Park Phase II	Completed design
\$ 1,000,000	\$ 1,000,000	Improved visitor access to the Living Coast Discovery Center	Turnaround facility completed
\$ 850,000	\$ 850,000	Park improvements	Increased park visitors
\$ 3,000,000	\$ 3,000,000	Improved site conditions by removing contaminated soils	Amount of contaminated soil removed
\$ 850,000	\$ 850,000	Pier improvements	Increased pier use by the public
\$ 11,550,000	\$ 10,050,000.00		

Amt Requested	Revised Amount Requested	Outcomes/Outputs	Economic Impact or Success Metric
\$ 4,500,000	\$ 4,534,000	Improved facilities that attract visitors and residents to the waterfront	Jobs created Economic impact
\$ 3,300,000	\$ 3,850,000	Sufficient shore power capacity at the Cruise Terminal to simultaneously plug in two vessels to grid-based power	Emissions Reductions Jobs created Economic impact
\$ 1,800,000	\$ 2,398,500	Projects delivered on time: Projects delivered on schedule: Public works contracts issued:	Jobs created Economic impact
\$ 2,433,000	\$ 5,100,500	Improved technology for port staff	software packages deployed
\$ 12,033,000	\$ 15,883,000.00		
\$ 2,900,000	\$ 2,900,000	Hold or decrease in vacancy rates Reduction in COVID-related sick time Increase in vaccination rates for lowest vaccinated groups of workers	Reduction in recruitment cost, increase in public-facing services, increase in local spending
\$ 2,900,000	\$ 2,900,000.00		
\$ 80,000	\$ 80,000	Improves water quality	Students reached
\$ 80,000	\$ 80,000.00		

Amt Requested	Revised Amount Requested	Outcomes/Outputs	Economic Impact or Success Metric
\$ 1,500,000	\$ 1,500,000	Supports Port operations	Molasses tanks removed
\$ 3,400,000	\$ 3,400,000	Improves water quality	Project completion
\$ 150,000	\$ 150,000	Improves water quality	Project completion
\$ 75,000	\$ 75,000	Improves water quality	Project completion
\$ 5,125,000	\$ 5,125,000.00		
\$ 100,000	\$ 100,000	Supports Port operations Increase in sustainable food supply	Revenue share to the District from sales of product
\$ 150,000	\$ 150,000	Supports Port operations Increase in sustainable food supply	Revenue share to the District from sales of product
\$ 835,000	\$ 835,000	Supports Port operations	Number of new projects Revenue share to the Port
\$ 50,000	\$ 50,000	Supports Port operations Increase in sustainable food supply	Number of new seaweed farms or businesses
\$ 50,000	\$ 50,000	Supports Port operations Increase in sustainable food supply	Number of new seaweed farms or businesses
\$ 1,185,000	\$ 1,185,000.00		
\$ 3,150,000	\$ 3,150,000	Improves the public experience	Acres landscaped
\$ 1,200,000	\$ 1,200,000	Improves the public experience	Number of people served
\$ 4,350,000	\$ 4,350,000.00		

Amt Requested	Revised Amount Requested	Outcomes/Outputs	Economic Impact or Success Metric
\$ 775,000	\$ 775,000	Supports Port operations	Software deployed
\$ 2,257,000	\$ 2,257,000	Supports Port operations	Customers served
\$ 130,000	\$ 130,000	Supports Port operations	Documents transferred
\$ 938,000	\$ 938,000	Supports Port operations	Equipment installed
\$ 1,450,000	\$ 1,450,000	Supports Port operations	Cameras installed
\$ 200,000	\$ 200,000	Supports Port operations	Office relocation complete [date]
\$ 250,000	\$ 250,000	Supports Port operations	Upgrades deployed
\$ 6,000,000	\$ 6,000,000.00		
\$ 14,000,000	\$ 14,700,000	Supports Port operations; Benefits historically marginalized / disadvantaged communities Supports deferred maintenance; Investment potential to result in additional economic activity within the Port	Emissions Reduced Cargo Tonnage Capabilities Operational Efficiencies
\$ 1,685,000	\$ 1,685,000	Supports Port operations; Benefits historically marginalized / vulnerable communities	Emissions Reduced UTRs Deployed
\$ 1,000,000	\$ 1,000,000	Supports Port operations; Benefits historically marginalized / vulnerable communities; Supports deferred maintenance	Emissions Reduced Vehicles and Equipment Purchased

Amt Requested	Revised Amount Requested	Outcomes/Outputs	Economic Impact or Success Metric
\$ 3,500,000	\$ 3,500,000	Supports Port operations; Benefits historically marginalized / vulnerable communities; Investment potential to result in additional economic activity within the Port	Emissions Reduced Shore Power Installed
\$ 1,080,000	\$ 1,080,000	Supports Port operations; Benefits historically marginalized / vulnerable communities	Emissions Reduced Vehicles Purchased Zero Emission Truck Trips
\$ 21,265,000	\$ 21,965,000.00		
\$ 100,000,000	\$ 106,590,169.00		

STATE OF CALIFORNIA – STATE LANDS COMMISSION

Funding Request Summary



APPLICANT / PORT NAME: _____

AMOUNT REQUESTED: _____

PERSON WE CAN CONTACT FOR QUESTIONS ABOUT THE INFORMATION PROVIDED ON THIS FORM

NAME: _____

TITLE: _____

EMAIL: _____

PHONE: _____

MAILING ADDRESS: _____

The terms “you” and “your” as used herein shall refer to the applicant/port named above. Responses may be provided on this document or on attached pages.

1. COSTS INCURRED AS A RESULT OF DIRECT COVID-19 PANDEMIC RESPONSE AND SUPPORT

Did you incur any costs as a result of direct pandemic response and support you provided in calendar year 2021?

YES ☐

NO ☐

If “Yes,” please specify the pandemic response and support you provided including dates.

Response/Support Provided

Dates Provided

If “Yes,” please list the cost types/categories and the total amounts associated with each.

Cost Type/Category

Amount

Provide a list of the specific documentation (i.e. financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.) along with copies of the same, supporting each of the cost categories/types and amounts listed above. Please also specify the applicable page number of each supporting documentation containing the relevant information.

2. REVENUE LOSSES

Did you experience any declines in your 2021 calendar year revenues?

YES ☐

NO ☐

If "Yes," please calculate 2021 calendar year revenue decline as follows:

- a. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- b. Estimate 2021 counterfactual revenue, which is equal to base year revenue $\times [(1 + 4.1\% \text{ growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date December 31, 2021.
- c. Identify 2021 calendar year actual revenues, which equals total revenues collected over the past twelve months as of December 31, 2021 .
- d. The extent of the reduction in revenue is equal to 2021 counterfactual revenue less 2021 calendar year actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.
- e. The 4.1% growth adjustment is a standard baseline rate for all ports. However, if a port believes the growth rate exceeds the baseline rate, ports can submit a worksheet detailing their calculated growth rate along with all supporting documentation for the calculation. (Provide a list of the specific documentation (i.e. Financial Statements and/or Revenue reports for 2019 and 2020 ...etc.) along with copies of each, supporting the alternate calculation. Please also specify the applicable page number of each supporting documentation containing the relevant information.)
- f. The State Lands Commission has the discretion to utilize and rely upon any reasonable method to calculate revenue losses/growth rates, including methods which may differ from those utilized by the ports. If a requesting port believes there is a more applicable way to determine revenue losses than the method described, it may provide the calculation and explanation of why it should be considered. The port must also provide revenue calculations as described in subdivisions (a) through (e).

3. OTHER AID. Did the port receive aid from any other pandemic-related stimulus or aid programs (for example, compensation you received from FEMA, local fiscal recovery funds, or other pandemic-related stimulus/aid programs)?

YES ☐

NO ☐

If "Yes," please specify the total amount of compensation/monies you received from all other pandemic-related stimulus or aid programs: _____

Provide a list of the specific aid or stimulus programs and the amount received, and a list of current and anticipated applications for funding (including the COVID-19 Fiscal Relief for Special Districts program, if applicable).

3. **DESCRIBE PROPOSED USE OF THESE FUNDS.** Please provide a summary of anticipated/proposed activities that will be undertaken by the port and related cost estimates if full funding requested is approved by the Commission. For items identified below, the port will be required to track the actual cost, expected outcomes, outputs, and performance measures. If the total requests exceed the funds awarded to the port, the port will have 30 days to revise the summary of proposed activities. While each proposal will be at the port's discretion, activities may include, but are not limited to the following:
- a. Number of staff that can be rehired
 - b. Number of layoffs that are avoided
 - c. Projects that will support compliance with COVID-19 safety standards and guidelines for public access to the port's waterfront
 - d. Incentives or assistance to businesses to reopen, expand hours, or rehire staff within the port
 - e. Restoration of services at the port
 - f. Investments that result in additional economic activity within the port
 - g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities
 - h. Other planned uses
4. **NONCOMPLIANCE RISK FACTORS.** Please attach a brief written statement to assist the Commission in assessing noncompliance risk factors that outlines:
- a. Prior experience in managing Federal funds.
 - b. Prior experience in managing State funds.
 - c. Previous audit findings showing misuse of funds.
 - d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.

4. Proposed Use of Funds <i>(see Description of Use Categories document)</i>	Tranche		Total Projected Cost	Outcomes and Measures	State Budget Goals				State Lands Factors					
	1	2			1: Mitigate Negative Economic Impacts	2: Generate Economic Growth	3: Restores Jobs/ Services	4: Supports Safe Operations	A: Avoids Layoffs	B: Restores Jobs/ Services	C: Supports Port Operations	D: Delayed Capital or Maint.	E: Benefits Marginalized Groups	F: Benefits the Public
1. Avoiding Approximately 50 Layoffs over 2 Years														
a. Avoiding 30 Direct Layoffs														
15 Maintenance Positions	5,400,000	-	5,400,000	n/a	X	X	.	X	X	.	X	.	.	.
10 Real Estate and Maritime Operations	3,600,000	-	3,600,000	n/a	X	X	.	X	X	.	X	.	.	.
5 Management and Executive positions	1,800,000	-	1,800,000	n/a	X	X	.	.	X	.	X	.	.	.
b. Filling Positions Left Vacant During COVID														
20 Various Positions	5,400,000	-	5,400,000	n/a	X	X	X	X	.	X	X	.	X	.
2. Driving Revenues to Fuel the Recovery														
a.Supporting a clean and safe waterfront for tourism														
Janitorial services along the Embarcadero and at Port tenancie	1,560,000	-	1,560,000	Increased retail rents compared to 2020	X	X	.	X	X	.	X	.	.	X
Public safety support	5,700,000	780,000	6,480,000	Increased retail rents compared to 2021	X	X	.	X	X	.	X	.	.	X
Emergency public safety repairs	3,282,498	-	3,282,498	Increased retail rents compared to 2022	.	.	.	X	.	.	X	X	.	X
Fireboat support	-	9,360,000	9,360,000	Increased retail rents compared to 2023	X	X	.	X	X	.	X	.	.	X
b. Filling Port rental vacancies, maintaining and increasing rent revenue														
Deferred Maintenance at Pier 29.5	-	1,737,000	1,737,000	n/a	X	X	.	X	X	.	.	X	.	.
Marketing resources for Port vacancies	750,000	-	750,000	Sqft and base rent of new leases executed	X	X	.	X	X	X	X	.	.	.
Legal support for leasing activity	-	2,000,000	2,000,000	Sqft and base rent of new leases executed	X	X	.	X	X	X	X	.	.	.
Saftey improvements for Roundhouse 2*	-	8,000,000	8,000,000	Sqft and base rent of new leases executed	X	X	.	X	X	.	.	X	.	.

4. Proposed Use of Funds (see Description of Use Categories document)	Tranche		Total Projected Cost	Outcomes and Measures	State Budget Goals				State Lands Factors					
	1	2			1: Mitigate Negative Economic Impacts	2: Generate Economic Growth	3: Restores Jobs/ Services	4: Supports Safe Operations	A: Avoids Layoffs	B: Restores Jobs/ Services	C: Supports Port Operations	D: Delayed Capital or Maint.	E: Benefits Marginalized Groups	F: Benefits the Public
Fire Safety Improvements for Pier 26	-	800,000	800,000	Sqft and base rent of new leases executed	X	X	.	X	X	.	.	X	.	.
Unpaid rent collection resources	1,090,000	-	1,090,000	Sqft and base rent of new leases executed	X	X	.	.	X	.	X	.	.	.
c. Investing in Maritime Tourism and Cargo Operations														
Dredging cargo and cruise terminal berths*	5,749,146	-	5,749,146	Increased maritime income compared to 2020	X	X	.	X	X	.	X	.	X	.
Cargo terminal storm water management improvements	-	750,000	750,000	Increased maritime income compared to 2021	X	X	.	X	X	.	X	X	X	.
Improving bollards and fenders that secure ships to piers*	-	9,400,000	9,400,000	Increased maritime income compared to 2022	X	X	.	X	X	.	X	X	X	.
3. Restoring Investments Delayed/Deferred/Cut due to COVID														
a. Capital Projects and Resources														
Pile removal in southern waterfront	1,956,104	-	1,956,104	# of piles removed	.	.	X	X	.	X	.	X	X	X
Facility safety and repair inspections	3,000,000	-	3,000,000	# of facilities inspected	.	.	X	X	.	X	X	X	.	X
Hiring of a pile crew	-	2,400,000	2,400,000	crew hired	.	.	X	X	.	X	X	X	X	
Design seismic improvements to maintenance facility	-	3,800,000	3,800,000	completion of design	.	.	X	X	.	.	.	.	.	.
Project management resources to deliver capital projects	3,600,000	-	3,600,000	# of projects managed	.	.	.	.	.	.	X	X	.	.
Design road improvements for cargo terminal access*	-	6,164,000	6,164,000	completion of design	X	X	.	X	X	.	X	X	X	X
Crane barge	-	6,500,000	6,500,000	purchase completed	.	.	X	X	.	.	X	X	.	.
Ladders and Skylight Safety Improvements	-	1,000,000	1,000,000	# of safety repairs made	.	.	X	X	.	.	X	X	.	.
b. Operating Expenses														
Restoring delayed equipment purchases	2,000,000	-	2,000,000	n/a	.	.	X	.	.	X	X	X	.	.

4. Proposed Use of Funds (see Description of Use Categories document)	Tranche		Total Projected Cost	Outcomes and Measures	State Budget Goals				State Lands Factors					
	1	2			1: Mitigate Negative Economic Impacts	2: Generate Economic Growth	3: Restores Jobs/ Services	4: Supports Safe Operations	A: Avoids Layoffs	B: Restores Jobs/ Services	C: Supports Port Operations	D: Delayed Capital or Maint.	E: Benefits Marginaliz ed Groups	F: Benefits the Public
Restoring materials and supplies inventory	1,600,000	-	1,600,000	n/a	.	.	X	.	.	X	X	X	.	.
Restoring IT system upgrades	-	1,500,000	1,500,000	n/a	.	.	X	.	.	X	X	.	.	.
4. Helping Communities Disporportionately Impacted by COVID														
a. Supporting BIPOC Communities														
Design the removal of blighted/abandoned silos	1,150,000	-	1,150,000	completion of design	.	.	X	X		X	.	X	X	X
Youth Employment Programs	1,926,000	-	1,926,000	# of participants	.	.	.	.	.	.	.	.	X	X
Race equity staff training, outreach, and planning	1,020,000	-	1,020,000	n/a	.	.	X	.	.	X	X	.	X	X
Heron's Head Park Improvements	-	513,000	513,000	project completed	X	X	.	.	X	.	.	.	X	X
b. Supporting Small Businesses and BIPOC Entrepreneurs														
Small business loans	400,000	-	400,000	# of businesses/ entrepreneurs assisted	X	X	.	.	.	.	.	.	X	.
Entrepreneur vending program support	50,000	-	50,000	# of businesses/ entrepreneurs assisted	X	X	.	X	X	.	X	.	X	X
Tenant improvement to attract & retain tenants*	4,582,382	3,496,000	9,078,382	# of businesses/ entrepreneurs assisted	X	X	.	.	.	.	X	.	X	.
GRAND TOTAL	55,616,130	58,200,000	114,816,130											

**Indicates a change in uses from our Nov 2021 submission due to reprioritization of capital needs after severe rainstorms of Fall 2021 identified significant problems in key assets. Total amounts are unchanged.*

STATE OF CALIFORNIA – STATE LANDS COMMISSION

Funding Request Summary



APPLICANT / PORT NAME: _____

AMOUNT REQUESTED: _____

PERSON WE CAN CONTACT FOR QUESTIONS ABOUT THE INFORMATION PROVIDED ON THIS FORM

NAME: _____

TITLE: _____

EMAIL: _____

PHONE: _____

MAILING ADDRESS: _____

The terms “you” and “your” as used herein shall refer to the applicant/port named above. Responses may be provided on this document or on attached pages.

1. COSTS INCURRED AS A RESULT OF DIRECT COVID-19 PANDEMIC RESPONSE AND SUPPORT

Did you incur any costs as a result of direct pandemic response and support you provided in calendar year 2021?

YES ☐ NO ☐

If “Yes,” please specify the pandemic response and support you provided including dates.

Response/Support Provided

Dates Provided

If “Yes,” please list the cost types/categories and the total amounts associated with each.

Cost Type/Category

Amount

Provide a list of the specific documentation (i.e. financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.) along with copies of the same, supporting each of the cost categories/types and amounts listed above. Please also specify the applicable page number of each supporting documentation containing the relevant information.

2. REVENUE LOSSES

Did you experience any declines in your 2021 calendar year revenues?

YES ☐

NO ☐

If "Yes," please calculate 2021 calendar year revenue decline as follows:

- a. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- b. Estimate 2021 counterfactual revenue, which is equal to base year revenue $\times [(1 + 4.1\% \text{ growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date December 31, 2021.
- c. Identify 2021 calendar year actual revenues, which equals total revenues collected over the past twelve months as of December 31, 2021 .
- d. The extent of the reduction in revenue is equal to 2021 counterfactual revenue less 2021 calendar year actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.
- e. The 4.1% growth adjustment is a standard baseline rate for all ports. However, if a port believes the growth rate exceeds the baseline rate, ports can submit a worksheet detailing their calculated growth rate along with all supporting documentation for the calculation. (Provide a list of the specific documentation (i.e. Financial Statements and/or Revenue reports for 2019 and 2020 ...etc.) along with copies of each, supporting the alternate calculation. Please also specify the applicable page number of each supporting documentation containing the relevant information.)
- f. The State Lands Commission has the discretion to utilize and rely upon any reasonable method to calculate revenue losses/growth rates, including methods which may differ from those utilized by the ports. If a requesting port believes there is a more applicable way to determine revenue losses than the method described, it may provide the calculation and explanation of why it should be considered. The port must also provide revenue calculations as described in subdivisions (a) through (e).

3. OTHER AID. Did the port receive aid from any other pandemic-related stimulus or aid programs (for example, compensation you received from FEMA, local fiscal recovery funds, or other pandemic-related stimulus/aid programs)?

YES ☐

NO ☐

If "Yes," please specify the total amount of compensation/monies you received from all other pandemic-related stimulus or aid programs: _____

Provide a list of the specific aid or stimulus programs and the amount received, and a list of current and anticipated applications for funding (including the COVID-19 Fiscal Relief for Special Districts program, if applicable).

3. **DESCRIBE PROPOSED USE OF THESE FUNDS.** Please provide a summary of anticipated/proposed activities that will be undertaken by the port and related cost estimates if full funding requested is approved by the Commission. For items identified below, the port will be required to track the actual cost, expected outcomes, outputs, and performance measures. If the total requests exceed the funds awarded to the port, the port will have 30 days to revise the summary of proposed activities. While each proposal will be at the port's discretion, activities may include, but are not limited to the following:
- a. Number of staff that can be rehired
 - b. Number of layoffs that are avoided
 - c. Projects that will support compliance with COVID-19 safety standards and guidelines for public access to the port's waterfront
 - d. Incentives or assistance to businesses to reopen, expand hours, or rehire staff within the port
 - e. Restoration of services at the port
 - f. Investments that result in additional economic activity within the port
 - g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities
 - h. Other planned uses
4. **NONCOMPLIANCE RISK FACTORS.** Please attach a brief written statement to assist the Commission in assessing noncompliance risk factors that outlines:
- a. Prior experience in managing Federal funds.
 - b. Prior experience in managing State funds.
 - c. Previous audit findings showing misuse of funds.
 - d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.



Jim Hurst	Doug Albin	Dan Platt	Michelle Norvell	Richard Shoemaker	Anna Neumann
Chair	Vice Chair	Commissioner	Commissioner	Commissioner	Harbormaster

March 10, 2022

California State Lands Commission
Attn: Benjamin Johnson
Legal Division
100 Howe Ave., Ste. 100-S
Sacramento, CA 95825

Subject: Funding Request Letter, Noyo Harbor District

Dear Mr. Johnson:

The Noyo Harbor District is located in Mendocino County near the mouth of the Noyo River in Fort Bragg, CA. Noyo Harbor is an all-weather port and receives the most traffic of all ports between Bodega Bay and Humboldt Bay. The Noyo Harbor District is requesting consideration of funding through the California State Lands Commission COVID-19 Fiscal Recovery Port Funding for two projects as outlined in this funding request letter. Each of the categories below reflects the items as outlined in 'Exhibit A, Funding Request Summary' of the COVID-19 Fiscal Recovery Funds Guidelines for Port Funding Requests.

Costs Incurred as a Result of Direct COVID-19:

The Harbor did not have significant cost incurred as a direct result of the pandemic. The Harbor retained employees and services throughout the pandemic thus far.

Revenue Losses:

During the 2021 calendar year the Harbors estimated counterfactual revenue would be \$1,356,854.35 with an actual revenue of \$504,147, totaling losses of \$852,707 during 2021.

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 2

Other Aide:

To date the only COVID-19 related relief received is \$1,232,438 through COVID-19 Relief from California Special Districts. The Harbor anticipates using this funding to purchase land to implement capital improvements necessary to meet the Harbor's economic needs.

Description of Proposed Use of Funds:

The Noyo Harbor District (Harbor) is requesting \$ 448,808 to fund the Vessel Destruction Program of which \$270,000 is needed and the Grader Park Enhancement Project of which \$178, 808 is needed.

Vessel Destruction Program: Funds will be used to create a program where vessel owners, who cannot afford to safely destroy their vessel, can turn them over to the Harbor for destruction. The COVID 19 pandemic was the final straw for many commercial fishers that were barely able to remain in the industry. As the fishers fell out of the industry, their vessels transformed from an important source of revenue to a financial burden to them and the Harbor. Those who could not afford to keep up with vessel maintenance and slip fees have left the harbor with abandoned vessels which will have to be removed and destroyed. Grant funding does exist for the safe destruction of recreational vessels via the Salvaged and Abandoned Vessels Exchange (SAVE) Program implemented by the Division of Boating and Waterways. However, there is no money in this program for the destruction of commercial or federally documented vessels that do not remain in navigable waterways. Funds dispensed by this grant would directly go toward the destruction of these vessels. In addition to releasing the fishers and the Harbor of the financial burden of these vessels, it would also allow the Harbor to fill the slips where the abandoned vessels are docked with new long-term tenants. Currently, the Harbor has a 5-year waitlist for slips for both commercial and recreational vessels. New long-term tenants also have the potential to breath financial life into the Harbor and Fort Bragg community.

It is important to note that many of these vessels pose an environmental risk if left unattended. Many of them have fuel and hydraulic fluid aboard and other hazardous materials. The safe destruction, by a licensed contractor, of these vessels is critical to protect sensitive habitats within the Noyo River.

The Harbor has identified eight (8) vessels that are not eligible for SAVE grant funding and the owners have expressed interest in destroying their boat or have abandon the vessel. Five of the vessels are estimated to cost \$20,000 each to destroy, while the remaining three (3) are likely to cost \$50,000 each. These estimates are based off destruction costs for similarly-sized vessels in similar conditions.

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 3

Success will be measured by the number of vessels that have been safely removed and destroyed from the Noyo Harbor Mooring Basin. Vessel owners will have to sign a Release of Interest form before the vessel will be accepted, to legally protect the Harbor. A Release of Interest form can be drafted by the Harbor's legal counsel.

A Preliminary Cost Estimate has been prepared and is attached as Exhibit A. The total program costs include \$250,000 for vessel destruction, \$12,500 (at 5% of project costs) for Harbor employee program administration, and \$7,500 (at 3% of project costs) for grant administration reporting requirements.

Vessel destruction costs will be the direct expenses associated with vessel removal and disposal. This work will be completed by procured qualified contractors. All ARPA statutes and requirements will be observed when undertaking this work.

Program administration costs will be the direct project administration completed by Harbor employees when working with vessel owners, executing contracts, procuring contractors, and other direct program tasks.

Grant administration costs will be direct grant tasks undertaken by Harbor employees or federally procured consultants as required by California State Lands Commission and ARPA, such as reporting, program updates, and monitoring activities.

Grader Park Enhancement Project: Funds will be used to implement a much-needed park improvement at the Harbor's Grader Park within the Noyo Harbor District. If funded the Grader Park Enhancement Project would provide a new outdoor public facility in the Harbor. It would include sidewalk improvements, new signage, a fish cleaning station structure, and a public outdoor shower.

During the COVID-19 pandemic it became all too clear how essential free, outdoor publicly accessed facilities are in low-income communities like ours. The Harbor does not currently own or maintain a fish cleaning station and recreation users are left with very few options, if any, when it comes to proper fish cleaning and waste disposal in the Noyo Harbor.

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 4

Due to revenue losses experienced during the COVID-19 pandemic through the drop in slip rental contract payments the Harbor must rely on grant programs more than ever to implement and complete needed improvements. The fishing cleaning station will be an economic asset in the Harbor increasing the Harbors visitor-serving facilities which will draw and generate additional tourism in the Harbor. The Fish Cleaning Station will be accompanied by environmental signage, cultural signage, and a “Caught in Noyo Harbor” marketing sign. Additionally, the proposed fish cleaning station will incorporate a shower. A public shower will give spear fishers or scuba divers an opportunity to wash themselves off after a day of diving, fulfilling a need many spear fishers and scuba divers have voiced in the past.

A new public fish cleaning station and park improvements would benefit the public, providing visitors and locals the opportunity to avoid illicit fish waste product disposal in the river and would expand the park facilities in the Harbor’s Grader Park.

The Harbor is working to increase economic opportunities for fishers in the Harbor by recently developing and promoting a monthly fish market. A new fish cleaning station at the site of the fish market would accompany market festivities and potential economic opportunities for fishers very well.

The fish cleaning station is identified on the Harbor’s Community Sustainability Plan that was developed through much community and stakeholder engagement. The table below¹ highlights some benefits of a new fish cleaning station facility in the Harbor.

¹ Table 7.6 can be found on pg. 97 of the Harbors Community Sustainability Plan document:
<http://www.noyoharbordistrict.org/wp-content/uploads/Noyo-Harbor-CSP-June-2019-FINAL.pdf>

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 5

TABLE 7.6 SUSTAINABILITY BENEFITS —INSTALL FISH CLEANING STATION

Environmental	Social	Economic
Fish cleaning stations help avoid illicit fish waste product disposal in the river, and may deter landings in excess of bag limits	A fish cleaning station on the south side of the harbor would benefit recreational fishermen and CPFV operators and make their experience in the harbor more memorable. Social interaction often occurs on and around marine infrastructure and services. A fish cleaning station also provides a location for educational materials.	A fish cleaning station is an amenity that supports recreational fishing which, in turn, contributes to a healthy economy in the Harbor and the wider community.

Project success will be measured by the completion of the work. If funded, the below schedule would be followed to ensure timely expenditure of funds and completion of work.

Fish Cleaning Station Schedule:

Activity	Estimated Time to Complete Activity	Estimated Completion Date
Notice of Award	Milestone	May 1, 2022
Grant Agreement Executed	Milestone	May 30, 2022
Environmental and Permit Phase	12 months	June 1, 2023
Preliminary (50%) Design	3 months	September 1, 2022
Final Design	2 months	November 1, 2022
Construction Phase	XX months (split between seasons)	
Notice of Completion	Milestone	

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 6

Grant Expenditure Deadline	Milestone	June 30, 2024
----------------------------	-----------	---------------

A Preliminary Cost Estimate has been prepared and is attached as Exhibit B. The total program costs include \$35,000 for Planning, Engineering, and Permitting, \$134,400 for the construction phase, and Construction Management at \$9,480 (at 7% of project costs).

Planning, Engineering, and Permitting costs will be the direct expenses associated with planning services, engineering services and permitting fees. This work will be completed by the Harbors federally procured qualified consultants, hired to implement the Community Sustainability Plan projects. All ARPA statutes and requirements will be observed when undertaking this work.

Construction Management costs will be direct expenses incurred during the construction phase to meet all local, state, and federal construction and labor standards.

Construction costs will be direct expenses for the labor, materials, and equipment to complete the construction of the Grader Park Enhancement Project. This work will be completed by a federally procured construction contractor.

Grant administration costs will be direct grant tasks undertaken by Harbor employees or federally procured consultants as required by California State Lands Commission and ARPA, such as reporting, program updates, and monitoring activities.

Preliminary design for the proposed Grader Park Enhancement Project is attached as Exhibit C.

Noncompliance Risk Factors

a. Prior experience in managing Federal funds.

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 7

The Harbor is currently executing grant agreement FEMA/CAL OES HMGP #4305-110-10R in the amount of \$396,643 to complete a Noyo Harbor Tsunami Damage Prevention through the Noyo Harbor Dock Improvement Project.

b. Prior experience in managing State funds.

The Harbor has successfully executed the following grants from the Division of Boating and Waterways:

2012/2013 Abandoned Watercraft and Abatement Fund	Amount: \$5000
2013/2014 Abandoned Watercraft and Abatement Fund	Amount: \$6000
2014/2015 Abandoned Watercraft and Abatement Fund	Amount: \$4500
3/2021 Noyo Harbor Boat Launching Facility Grant	Amount: \$300,000
2015/2016 Abandoned Watercraft and Abatement Fund	Amount: \$7,500
2016/2017 Abandoned Watercraft and Abatement Fund	Amount: \$9,000

The Noyo Harbor District is currently executing:

2020/2021 Salvaged and Abandoned Vessels Exchange	Amount: \$65,499
---	------------------

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 8

2021/2022 Salvaged and Abandoned Vessels Exchange

Amount: \$111,500

c. Previous audit findings showing misuse of funds.

The Harbor has not had an audit report the misuse of funds.

d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.

The Harbor will use accounting software to track the disbursement of funds to procured contractors for all grant related expenses. Harbor employees will follow internal tracking procedures to ensure all administrative tasks are captured through timesheet reports. The Harbor will abide by their internal procurement policy for hiring general contractors which aligns with all local, state, and federal procurement policies. The Harbor along with federally procured consultants will implement awards by following all required statutes, regulations, and laws that govern this grant program.

If awarded, the Noyo Harbor District will execute the Grant Agreement and any required forms as requested by the Commission. All the information provided in the Noyo Harbor District Funding Request Summary, Funding Request Letter, and any supporting documentation from the California State Land Commission Port Funding program is true and correct.

Thank you,

Anna Neumann

Anna Neumann

Harbormaster

Noyo Harbor District

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 9

Exhibit A

PRELIMINARY OPINION OF PROJECT COST					
2022 Vessel Destruction Program			Date:	3/7/2022	
ITEM	ITEM DESCRIPTION	UNIT OF	ESTIMATED	ITEM	TOTAL
NO		MEASURE	QUANTITY	PRICE	
	Planning, Engineering, and Permitting				
	Vessel Destruction Costs				
	Small Vessel Destruction	EA	5	\$ 20,000.00	\$ 100,000
	Large Vessel Destruction	EA	3	\$ 50,000.00	\$ 150,000
	Vessel Destruction Total				\$ 250,000
	Administration Costs				
	Program Administration				\$ 12,500
	Grant Administration				\$ 7,500
	Total Administration Costs				\$ 20,000
	Preliminary Total Items (Engineer's Estimate)				\$ 270,000

Noyo Harbor District Funding Request Letter

March 10, 2022

Page 10

Exhibit B

PRELIMINARY OPINION OF CONSTRUCTION COST (ENGINEER'S ESTIMATE)					
Fish Cleaning Station and Park Improvements		Date:	3/5/2022		
ITEM	ITEM DESCRIPTION	UNIT OF	ESTIMATED	ITEM	TOTAL
NO		MEASURE	QUANTITY	PRICE	
	Planning, Engineering, and Permitting				
	Planning and Permitting	EA	1	\$ 15,000.00	\$ 15,000
	Engineering (Plans and Specifications)	EA	1	\$ 20,000.00	\$ 20,000
	Construction				
	Site Preparation and Grading	EA	1	\$ 5,000.00	\$ 5,000
	Fish Cleaning Station Concrete Foundation	SF	200	\$ 50.00	\$ 10,000
	Fish Cleaning Station Structure including plumbing, and electrical	SF	200	\$ 200.00	\$ 40,000
	5' Wide 4" Thick Concrete Sidewalk Including 3" Aggregate Base	LF	200	\$ 75.00	\$ 15,000
	Mascerator Pump for Fish Cleaning Station	EA	1	\$ 15,000.00	\$ 15,000
	Utility connections (Sewer, Water, Storm Drain, Electrical)	LS	1	\$ 20,000.00	\$ 20,000
	Cold Water Shower with Concrete Pad and Drain	LS	1	\$ 5,000.00	\$ 5,000
	Caught from Noyo Harbor Photo Opportunity Sign	EA	1	\$ 2,000.00	\$ 2,000
	Construction Contingency (20%)				\$ 22,400
	Construction Total				\$ 134,400
	Construction Management				
	Project Management & Inspections (7%)				\$ 9,408
	Preliminary Total Items (Engineer's Estimate)				\$ 178,808

STATE OF CALIFORNIA – STATE LANDS COMMISSION

Funding Request Summary



APPLICANT / PORT NAME: Port of Hueneme/ Oxnard Harbor District

AMOUNT REQUESTED: \$206,724

PERSON WE CAN CONTACT FOR QUESTIONS ABOUT THE INFORMATION PROVIDED ON THIS FORM

NAME: Letitia Austin

TITLE: Public & Government Relations Manager

EMAIL: laustin@portofh.org

PHONE: (805) 271-2205

MAILING ADDRESS: 333 Ponomo Street, Port Hueneme, CA 93041

The terms “you” and “your” as used herein shall refer to the applicant/port named above. Responses may be provided on this document or on attached pages.

1. COSTS INCURRED AS A RESULT OF DIRECT COVID-19 PANDEMIC RESPONSE AND SUPPORT

Did you incur any costs as a result of direct pandemic response and support you provided in calendar year 2021?

YES ☒

NO ☐

If “Yes,” please specify the pandemic response and support you provided including dates.

Response/Support Provided

Dates Provided

Issued Ordinance No,241 (See Appendix A-1)

Signed March 17, 2020



If “Yes,” please list the cost types/categories and the total amounts associated with each.

Cost Type/Category

Amount

See Appendix A-2. Backup files sent via Onedrive.

See Appendix A-2



Provide a list of the specific documentation (i.e. financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.) along with copies of the same, supporting each of the cost categories/types and amounts listed above. Please also specify the applicable page number of each supporting documentation containing the relevant information.

2. REVENUE LOSSES

Did you experience any declines in your 2021 calendar year revenues?

YES ☐

NO ☒

If "Yes," please calculate 2021 calendar year revenue decline as follows:

- a. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- b. Estimate 2021 counterfactual revenue, which is equal to base year revenue $\times [(1 + 4.1\% \text{ growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date December 31, 2021.
- c. Identify 2021 calendar year actual revenues, which equals total revenues collected over the past twelve months as of December 31, 2021 .
- d. The extent of the reduction in revenue is equal to 2021 counterfactual revenue less 2021 calendar year actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.
- e. The 4.1% growth adjustment is a standard baseline rate for all ports. However, if a port believes the growth rate exceeds the baseline rate, ports can submit a worksheet detailing their calculated growth rate along with all supporting documentation for the calculation. (Provide a list of the specific documentation (i.e. Financial Statements and/or Revenue reports for 2019 and 2020 ...etc.) along with copies of each, supporting the alternate calculation. Please also specify the applicable page number of each supporting documentation containing the relevant information.)
- f. The State Lands Commission has the discretion to utilize and rely upon any reasonable method to calculate revenue losses/growth rates, including methods which may differ from those utilized by the ports. If a requesting port believes there is a more applicable way to determine revenue losses than the method described, it may provide the calculation and explanation of why it should be considered. The port must also provide revenue calculations as described in subdivisions (a) through (e).

3. OTHER AID. Did the port receive aid from any other pandemic-related stimulus or aid programs (for example, compensation you received from FEMA, local fiscal recovery funds, or other pandemic-related stimulus/aid programs)?

YES ☐

NO ☒

If "Yes," please specify the total amount of compensation/monies you received from all other pandemic-related stimulus or aid programs: _____

Provide a list of the specific aid or stimulus programs and the amount received, and a list of current and anticipated applications for funding (including the COVID-19 Fiscal Relief for Special Districts program, if applicable).

3. **DESCRIBE PROPOSED USE OF THESE FUNDS.** Please provide a summary of anticipated/proposed activities that will be undertaken by the port and related cost estimates if full funding requested is approved by the Commission. For items identified below, the port will be required to track the actual cost, expected outcomes, outputs, and performance measures. If the total requests exceed the funds awarded to the port, the port will have 30 days to revise the summary of proposed activities. While each proposal will be at the port's discretion, activities may include, but are not limited to the following:

Please See Appendix B

- a. Number of staff that can be rehired
- b. Number of layoffs that are avoided
- c. Projects that will support compliance with COVID-19 safety standards and guidelines for public access to the port's waterfront
- d. Incentives or assistance to businesses to reopen, expand hours, or rehire staff within the port
- e. Restoration of services at the port
- f. Investments that result in additional economic activity within the port
- g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities
- h. Other planned uses

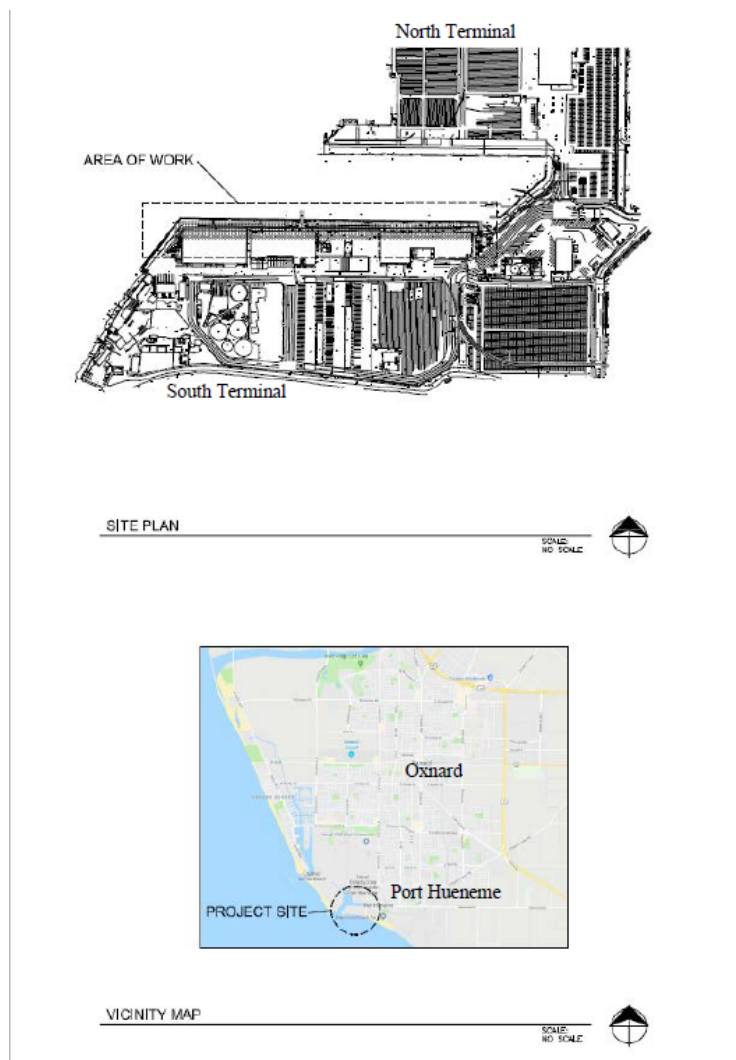
4. **NONCOMPLIANCE RISK FACTORS.** Please attach a brief written statement to assist the Commission in assessing noncompliance risk factors that outlines: Please See Appendix C

- a. Prior experience in managing Federal funds.
- b. Prior experience in managing State funds.
- c. Previous audit findings showing misuse of funds.
- d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.

Appendix C. Proposed Use of the Funds

In a continuing effort to reach near zero and zero emissions goals, the Port of Hueneme has secured a combined \$2.2 million grant funding from ZANZEFF and Carl Moyer to fund the Electric Crane Plug-In Project. The project site for the mobile harbor crane plug-in infrastructure is located on the South Terminal of the Port. The scope of work includes installation of an electrical substation, three crane vault outlets, and installation of all supporting infrastructure for the crane vault outlets, and Southern California Edison's supporting electrical equipment.

In the near term, this project is anticipated to reduce 7.425 tons of NOx and 0.21 tons of DMP emissions annually with three operational hybrid mobile harbor cranes. More emissions reduction will be possible when additional mobile harbor cranes are retrofitted.



The project cost is \$7.5 million and it is a dual funding source project that was estimated at about \$3.5 million prior to the start of the COVID-19 pandemic. However, due to the increased costs of electrical supplies, raw materials, transportation, labor costs, etc. as a result of the continuing pandemic, the

actual bid received for the project exceeded the initial estimate of approximately \$4 million and came in at \$7.5 million.

Approximately \$5.3 million is still needed to complete this project and to further reach the Port's decarbonization goals. The rest of budget funding (\$4 million) might possibly be made from the Port's unrestricted General Fund unless alternate funds are received through this ARPA Allocation Grant. Staff will continue to search for additional funding opportunities for the General Fund portion of the project, such as Federal/State/ local grants and new market tax credit program, etc.

Funding Requirement- the Electric Crane Plug-In Project

FUNDING SOURCE	GRANT FUND	PORT GENERAL FUND	UNIDENTIFIED FUNDING SOURCE	TOTAL
ZANZEFF GRANT	\$ 1,700,000			\$ 1,700,000
CARL MOYER GRANT	\$ 500,000	\$ 500,000		\$ 1,000,000
PORT GENERAL FUND		\$ 800,000	\$ 4,000,000	\$ 4,800,000
TOTAL	\$ 2,200,000	\$ 1,300,000	\$ 4,000,000	\$ 7,500,000

The Port of Hueneme will be able to utilize funding received from the ARPA Allocation to California Ports to moderate the direct COVID-related impact cost on capital projects.



STATE OF CALIFORNIA – STATE LANDS COMMISSION

Funding Request Summary

APPLICANT / PORT NAME: _____

AMOUNT REQUESTED: _____

PERSON WE CAN CONTACT FOR QUESTIONS ABOUT THE INFORMATION PROVIDED ON THIS FORM

NAME: _____

TITLE: _____

EMAIL: _____

PHONE: _____

MAILING ADDRESS: _____

The terms “you” and “your” as used herein shall refer to the applicant/port named above. Responses may be provided on this document or on attached pages.

1. COSTS INCURRED AS A RESULT OF DIRECT COVID-19 PANDEMIC RESPONSE AND SUPPORT

Did you incur any costs as a result of direct pandemic response and support you provided in calendar year 2020?

YES ☐

NO ☐

If “Yes,” please specify the pandemic response and support you provided including dates.

Response/Support Provided

Dates Provided

If “Yes,” please list the cost types/categories and the total amounts associated with each.

Cost Type/Category

Amount

Provide a list of the specific documentation (i.e. financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.) along with copies of the same, supporting each of the cost categories/types and amounts listed above. Please also specify the applicable page number of each supporting documentation containing the relevant information.

2. REVENUE LOSSES

Did you experience any declines in your 2020 calendar year revenues?

YES ☐

NO ☐

If "Yes," please calculate 2020 calendar year revenue decline as follows:

- a. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- b. Estimate 2020 counterfactual revenue, which is equal to base year revenue $\times [(1 + 4.1\% \text{ growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date December 31, 2020.
- c. Identify 2020 calendar year actual revenues, which equals total revenues collected over the past twelve months as of the calculation date.
- d. The extent of the reduction in revenue is equal to 2020 counterfactual revenue less 2020 calendar year actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.
- e. The 4.1% growth adjustment is a standard baseline rate for all ports. However, if a port believes the growth rate exceeds the baseline rate, ports can submit a worksheet detailing their calculated growth rate along with all supporting documentation for the calculation. (Provide a list of the specific documentation (i.e. Financial Statements and/or Revenue reports for 2019 and 2020 ...etc.) along with copies of each, supporting the alternate calculation. Please also specify the applicable page number of each supporting documentation containing the relevant information.)
- f. The State Lands Commission has the discretion to utilize and rely upon any reasonable method to calculate revenue losses/growth rates, including methods which may differ from those utilized by the ports. If a requesting port believes there is a more applicable way to determine revenue losses than the method described, it may provide the calculation and explanation of why it should be considered. The port must also provide revenue calculations as described in subdivisions (a) through (e).

3. OTHER AID. Did the port receive aid from any other pandemic-related stimulus or aid programs (for example, compensation you received from FEMA, local fiscal recovery funds, or other pandemic-related stimulus/aid programs)?

YES ☐

NO ☐

If "Yes," please specify the total amount of compensation/monies you received from all other pandemic-related stimulus or aid programs: _____

Provide a list of the specific aid or stimulus programs and the amount received, and a list of current and anticipated applications for funding (including the COVID-19 Fiscal Relief for Special Districts program, if applicable).

3. **DESCRIBE PROPOSED USE OF THESE FUNDS.** Please provide a summary of anticipated/proposed activities that will be undertaken by the port and related cost estimates if full funding requested is approved by the Commission. For items identified below, the port will be required to track the actual cost, expected outcomes, outputs, and performance measures. If the total requests exceed the funds awarded to the port, the port will have 30 days to revise the summary of proposed activities. While each proposal will be at the port's discretion, activities may include, but are not limited to the following:
- a. Number of staff that can be rehired
 - b. Number of layoffs that are avoided
 - c. Projects that will support compliance with COVID-19 safety standards and guidelines for public access to the port's waterfront
 - d. Incentives or assistance to businesses to reopen, expand hours, or rehire staff within the port
 - e. Restoration of services at the port
 - f. Investments that result in additional economic activity within the port
 - g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities
 - h. Other planned uses
4. **NONCOMPLIANCE RISK FACTORS.** Please attach a brief written statement to assist the Commission in assessing noncompliance risk factors that outlines:
- a. Prior experience in managing Federal funds.
 - b. Prior experience in managing State funds.
 - c. Previous audit findings showing misuse of funds.
 - d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.

STATE OF CALIFORNIA – STATE LANDS COMMISSION
Funding Request Summary



APPLICANT / PORT NAME: Port San Luis Harbor District
AMOUNT REQUESTED: \$1,957,500

PERSON WE CAN CONTACT FOR QUESTIONS ABOUT THE INFORMATION PROVIDED ON THIS FORM

NAME: Chris Munson
TITLE: Facilities Manager
EMAIL: chris@portsanluis.com
PHONE: 805-595-5419
MAILING ADDRESS: PO Box 249, Avila Beach, CA 93424

The terms "you" and "your" as used herein shall refer to the applicant/port named above. Responses may be provided on this document or on attached pages.

1. **COSTS INCURRED AS A RESULT OF DIRECT COVID-19 PANDEMIC RESPONSE AND SUPPORT**

Did you incur any costs as a result of direct pandemic response and support you provided in calendar year 2021?

YES ☒ NO ☐

If "Yes," please specify the pandemic response and support you provided including dates.

Response/Support Provided

Dates Provided

Please see detail on additional information sheet

If "Yes," please list the cost types/categories and the total amounts associated with each.

Cost Type/Category

Amount

Provide a list of the specific documentation (i.e. financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.) along with copies of the same, supporting each of the cost categories/types and amounts listed above. Please also specify the applicable page number of each supporting documentation containing the relevant information.

2. REVENUE LOSSES

Did you experience any declines in your 2021 calendar year revenues?

YES ☒

NO ☐

If "Yes," please calculate 2021 calendar year revenue decline as follows:

- a. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- b. Estimate 2021 counterfactual revenue, which is equal to base year revenue $\times [(1 + 4.1\% \text{ growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date December 31, 2021.
- c. Identify 2021 calendar year actual revenues, which equals total revenues collected over the past twelve months as of December 31, 2021 .
- d. The extent of the reduction in revenue is equal to 2021 counterfactual revenue less 2021 calendar year actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.
- e. The 4.1% growth adjustment is a standard baseline rate for all ports. However, if a port believes the growth rate exceeds the baseline rate, ports can submit a worksheet detailing their calculated growth rate along with all supporting documentation for the calculation. (Provide a list of the specific documentation (i.e. Financial Statements and/or Revenue reports for 2019 and 2020 ...etc.) along with copies of each, supporting the alternate calculation. Please also specify the applicable page number of each supporting documentation containing the relevant information.)
- f. The State Lands Commission has the discretion to utilize and rely upon any reasonable method to calculate revenue losses/growth rates, including methods which may differ from those utilized by the ports. If a requesting port believes there is a more applicable way to determine revenue losses than the method described, it may provide the calculation and explanation of why it should be considered. The port must also provide revenue calculations as described in subdivisions (a) through (e).

3. OTHER AID. Did the port receive aid from any other pandemic-related stimulus or aid programs (for example, compensation you received from FEMA, local fiscal recovery funds, or other pandemic-related stimulus/aid programs)?

YES ☒

NO ☐

If "Yes," please specify the total amount of compensation/monies you received from all other pandemic-related stimulus or aid programs: Please see attached additional information sheet

Provide a list of the specific aid or stimulus programs and the amount received, and a list of current and anticipated applications for funding (including the COVID-19 Fiscal Relief for Special Districts program, if applicable).

3. **DESCRIBE PROPOSED USE OF THESE FUNDS.** Please provide a summary of anticipated/proposed activities that will be undertaken by the port and related cost estimates if full funding requested is approved by the Commission. For items identified below, the port will be required to track the actual cost, expected outcomes, outputs, and performance measures. If the total requests exceed the funds awarded to the port, the port will have 30 days to revise the summary of proposed activities. While each proposal will be at the port's discretion, activities may include, but are not limited to the following:
- a. Number of staff that can be rehired
 - b. Number of layoffs that are avoided
 - c. Projects that will support compliance with COVID-19 safety standards and guidelines for public access to the port's waterfront
 - d. Incentives or assistance to businesses to reopen, expand hours, or rehire staff within the port
 - e. Restoration of services at the port
 - f. Investments that result in additional economic activity within the port
 - g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities
 - h. Other planned uses
4. **NONCOMPLIANCE RISK FACTORS.** Please attach a brief written statement to assist the Commission in assessing noncompliance risk factors that outlines:
- a. Prior experience in managing Federal funds.
 - b. Prior experience in managing State funds.
 - c. Previous audit findings showing misuse of funds.
 - d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.

CALIFORNIA STATE LANDS COMMISSION COVID-19 MITIGATION

PORT SAN LUIS HARBOR DISTRICT COVID-19 FUNDING REQUEST SUMMARY – ADDITIONAL INFORMATION

1. Costs Incurred as a result of direct COVID-19 pandemic response and support.

Response/Support Provided	Dates Provided
Extended Lifeguard season due to County recommending beaches as safe outdoor activity. Regular season Memorial Day to Labor Day, 2021 extended April thru October.	April – October 2021
Covid-19 sick leave, several employees were maintenance crew members responsible for sanitation of public areas, additional over-time paid for crews to cover shifts.	January – December 2021
Harbor Patrol enforced County/State closures and disbursement of group gatherings per State at Home Orders, in addition to regular duties.	January – December 2021

Cost Type/Category	Amount
Salaries & Benefits	\$33,900.62

2. Revenue Losses 2021

- a. FY 2019 \$2,269,442 – Actual revenues
- b. Calendar 2021 \$2,410,433 – Anticipated revenues applying the allowed 4.1% growth rate
- c. Calendar 2021 \$2,136,080 – Actual revenues
- d. Decline in 2021 revenues: \$274,353
- e. Comprehensive Annual Financial Report (reference pages 8 and 21 of the document; PDF pages 28 and 41)

This audited financial report provides the District's operating statement for fiscal years ending June 2021 and 2020. This is the only official document available for the covered period.

3. Other Aid

The District received \$16,890 from the COVID-19 Fiscal Relief for Special Districts. This amount was directly tied to the cost of providing pandemic response direct expenses for increased sanitation in 2020. If this grant is subsequently disallowed by receipt of COVID-19 Fiscal Recovery Funds, the District will reimburse the Special Districts program.

No grant funding has been received to support lost revenue in 2020 nor 2021.

4. Proposed Use of Funds

The District plans to use the allocation to provide capital investment that will reopen facilities and support increased economic activity in both the harbor and the adjacent community of Avila Beach. Please see following list of COVID-19 Impact and Request Projects for additional detail.

5. Noncompliance Risk Factors

The Port San Luis Harbor District has a demonstrated history of responsible financial management. This is evidenced by more than eight years of comprehensive annual financial reports which have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting, along with a clear history of no audit findings. Funds and projects will be managed in compliance with all applicable policies and procedures. Multiple successful grant projects have been managed and delivered, including projects funded by the California Division of Boating and Waterways, State Coastal Conservancy, San Luis Obispo County Beautification Grant, NPP Nuclear Grants, Joint Cable Fisheries Liaison Committee, and Avila Beach Community Foundation.

The District will account for expenditures of grant funds by project, and support such expenditures with appropriate documentation, including invoices as well as project budget-to-actual reports. Grant reporting will include documentation of all compliance metrics and environmental targets, along with photographs of the physical improvements.

CALIFORNIA STATE LANDS COMMISSION COVID-19 MITIGATION

PORT SAN LUIS HARBOR DISTRICT COVID-19 IMPACT AND RECOVERY PROJECTS

INTRODUCTION

Port San Luis Harbor District and its users have been impacted significantly by COVID-19. During the pandemic, the Harbor District experienced a variety of impacts such as closures of beaches and businesses, increases in visitation and use of facilities, hiring freezes, loss of revenue, and deferment of projects.

The Harbor District is seeking the funding of the following projects to help mitigate the impacts of the pandemic on the Harbor District, its users, businesses, and the public at large. Funding these projects will help reduce the impacts of the pandemic and assist with the recovery from it.

The projects listed are shovel-ready or close to shovel-ready and will be able to be completed within the funding period of June 30, 2024. The District holds Operations and Maintenance permits and project specific permits with Coastal Commission and the U.S. Army Corps of Engineers which will expedite commencement of the projects. The total amount requested for the listed projects is \$1,957,500

1. AVILA PIER REHABILITATION

Amount Requested: \$750,000

A. Project Description

i. Overview

The Harbor District plans to perform structural repairs that will rehabilitate the Avila Pier and public boat landing at the end of the pier in San Luis Bay in the County of San Luis Obispo, California. When open, the pier serves visitors with opportunities to fish, walk, and view wildlife. The boat landing at the end allows boaters to embark/disembark conveniently from the Port's main anchorage which is located next to the Avila Pier. Approximately half of the pier has been closed to the public since 2015 due to concerns with structural load capacity and integrity. The purpose of the project is to restore safe and continued public access to the entire pier and to its public boat landing.

The Harbor District has acquired funding for and is about to commence the 1st phase of the project which will rehabilitate the roadway of the pier. When complete, these structural repairs will allow access to the end of the pier, however large portions of the project remain unfunded.

These unfunded project components include:

- **Rehabilitating the Pier Terminus:** The pier terminus is the wider portion at the end of the pier. While shorter in length than the roadway, it is much wider and accounts for about half of the area. The decking (surface) of the terminus is 40 years old and has deteriorated. The surface is uneven and worn after decades of use and exposure. The sub-surface structure is in relatively good condition, but some areas need repairs as well. Replacing the decking will extend the life of the pier and greatly improve ADA accessibility.
- **Replacement of Restrooms and Bait Shop:** The restrooms and bait shop at the end of the pier are in poor condition. The roof section of the bait shop was damaged during a storm and the interior has been exposed to the elements. The restrooms are showing extensive wear and are likely no longer ADA compliant. Replacing them would ensure continued use of the facilities and that they are compliant with current ADA requirements.
- **Labor:** The District intends to use its own staff for the majority of the repairs. However, using its existing staff would impact other necessary projects and defer maintenance to other Port facility. To minimize this impact, the District is seeking funds to either hire contractors or 2 temporary workers for the duration of the project.
- **Utility Replacement:** At nearly 40 years old, the pier's utilities need replacement. In 2021 alone, the waterline/fireline experienced 3 separate failures. The conduit for electricity and sewer line are also in poor condition. Currently the waterline and sewer line are on the deck of the pier in the roadway. When replaced, they would be placed outside of the railing which will clear the roadway and increase ADA access.

ii. COVID-19 Impacts

Prior to the pandemic, the Harbor District helped create a non-profit, Friends of Avila Pier, to fundraise for the pier's rehabilitation. The non-profit set a goal of fundraising between \$1-2 million in donations. The pandemic has severely hampered the non-profit's ability to conduct public outreach, hold meetings, and seek donations. While the non-profit has successfully and admirably managed to acquire approximately \$250,000 in donations during the pandemic, there is a significant gap from the \$1-2 million which was expected.

The entire pier's rehabilitation is projected to cost approximately \$3-4.5 million. The District was able to secure \$1.5 million in grant funding for the first phase of the project. The pandemic has made it difficult to secure additional grant funding due to lack of opportunities caused by staffing disruptions and funding shortages by the granting agencies. Increases in material and labor costs also reduce what the District is able to achieve with the grants which it has secured.

B. Expenditures and Costs

- i. Rehabilitating the Pier's Terminus (\$400,000): Costs include lumber, piles, and hardware necessary to repair the terminus decking and substructure.
- ii. Replacement of Restrooms and Bait Shop (\$200,000): Costs include design and material costs for the replacement of both facilities.
- iii. Labor (\$300,000-\$1,600,000): To hire two temporary employees for the two-year duration of the project, it will cost approximately \$300,000. An engineering firm provided a cost estimate of approximately \$800,000 for a contractor to re-deck the roadway. If the work of both the roadway and terminus is contracted, the estimated cost is \$1,600,000.
- iv. Utility Replacement (\$275,000): Costs include design and material costs for pipe, conduit, conductor, and associated appurtenances for the replacement of all utilities on the pier. A portion of these costs will be paid for by Friends of the Avila Pier.

C. Expected Outcomes and Outputs

Once fully rehabilitated, the Avila Pier will be fully accessible and available for public use. The rehabilitation is expected to extend the pier's life by at least 15 years, likely significantly more. The District has committed to a long-term maintenance plan and is budgeting accordingly.

Nearly 100,000 people visited Avila Pier annually before its closure. Complete rehabilitation of the pier will allow visitors to use the pier again and help boost the local economy. Restoring the landing on the end will help increase the number of transient boaters that anchor in the Port to the levels they were prior to the pier and landing's closure.

D. Performance Metrics

- i. Full length of the Avila Pier Rehabilitated: Currently, only the roadway portion is funded for rehabilitation. Additional funding will allow for the terminus to be repaired as well, which would complete the pier's rehabilitation for its full length.
- ii. Improve ADA access: Replacing the decking on the terminus and relocating the utilities would improve surfaces and remove obstacles, greatly improving ADA access.
- iii. Improve Boating Facilities: The rehabilitation will include repairs to the landing and restore access to it. Boaters using the landing will also benefit from improved and restored facilities such as the restroom and bait shop.
- iv. New Facilities and Utilities: Funds will be used to replace the restrooms, bait shop, and utilities. These will extend the usable life of the pier and enhance user experience.

2. UNDERGROUND STORAGE TANK REPLACEMENT

Amount Requested: \$450,000

A. Project Description

i. Overview

The Harbor District currently has a 12,000-gallon single-walled underground storage tank (UST). The UST supplies diesel to commercial and recreational boaters at Port San Luis. It is the only public-owned fueling facility for marine vessels for at least a 100-mile radius. As a public facility, it provides low-cost fuel and likely keeps neighboring private facilities costs more competitive. As fuel is a significant cost of doing business for commercial fishing, increases in fuel costs have a detrimental impact on the fleet.

The State Waterboard requires all single-walled USTs to be closed or replaced with dual-walled tanks by December 31, 2025. The Harbor District is seeking funding to replace its single-walled UST with a new dual-walled UST to meet this requirement and continue its marine diesel service.

ii. COVID-19 Impacts

The commercial fishing fleet of Port San Luis has been hit hard by the pandemic. The Port has not had a fish market for the duration of the pandemic. The previous owners intended to build a new fish market, but closed their existing location and rescinded the lease on their new location, citing the pandemic as the reason. Opportunities at markets beyond Port San Luis, have also been impacted due to closures, quarantines, staffing, and demand. Hagfish, which is currently the largest commercial fishery at Port San Luis has been heavily impacted by quarantines and restrictions by the hagfish importers of South Korea.

The Harbor District is often assisted by granting agencies such as the Central Coast Joint Cable/Fisheries Liaison Committee to fund projects such as the UST replacement since it has a direct benefit to commercial fishing. However, due to the pandemic they have limited their funding opportunities and meetings.

In absence of grant funds, the Harbor District will likely need to increase fuel costs substantially to fund the UST replacement. This will have a detrimental effect on both the commercial fishing fleet and recreational boaters. The commercial fishing fleet of Port San Luis is already struggling due to the pandemic and an increase in fuel prices will further stagnate the recovery.

B. Expenditures and Costs

UST Replacement (\$450,000): These costs include the design, materials, labor and permitting to replace the existing UST with a dual-walled system. The District received a proposal for \$383,000 in 2020, but it did not include de-

watering. The project cost has been increased to include the dewatering and to account for material and labor cost increases.

C. Expected Outcomes and Outputs

Funding of the UST replacement will ensure the continued service of marine diesel at Port San Luis for both commercial and recreational boaters. If the Harbor District does not expend funds on the project, it will not need to pass them on to the consumer in the form of higher fuel costs. Higher fuel costs would be detrimental to the Port San Luis commercial fishing fleet which is already struggling to recover from the pandemic's impacts. A strong commercial fishing fleet greatly benefits the local economy and community.

D. Performance Metrics

- i. Compliant Fueling Facilities: The UST replacement will make the fueling facilities compliant with the State Waterboards requirements
- ii. Continued Marine Diesel Service at Port San Luis: The UST replacement will ensure the port continues to provide diesel for both commercial and recreational users. The lower-cost public rates provided at the facility will help the local economy and help keep private facilities competitive.

3. SPORTFISHING LEASE-SITE REDEVELOPMENT

Amount Requested: \$494,000

A. Project Description

i. Overview

For over 50 years, Port San Luis Harbor District has had a Sportfishing lease site on Harford Pier which serves thousands of recreational anglers each year. The pier structure underneath the lease site needs repairs and the facilities above must be demolished to do them. The current lease site includes a 600 sq. ft. building, landing, hoist, and storage sheds. After the facilities have been demolished, piles will be replaced, and the pier will be repaired. The lease facilities will be reconstructed after the repairs to the pier.

ii. COVID-19 Impacts and Recovery

The lease site went out to RFP in late 2019 and had one respondent, the current lessee. Additional parties showed interest but held reservations due to the upfront costs involved with development. The terms of the RFP required the lessee to build the structures for the future sportfishing site. Before significant lease negotiations could be made, the COVID-19 pandemic hit. Sportfishing at Port San Luis was severely impacted due to the pandemic. At the onset, the sportfishing fleet was halted by quarantines and restrictions that made it impossible to operate. When restrictions eased, sportfishing continued to be limited by restrictions on the number of passengers, travel constraints, and

customers cautious of exposure. In late 2021, the sportfishing lease RFP was cancelled in large part due to the financial burden of developing the site without the guarantee of a proportional return on investment. Before the pandemic, sportfishing was a thriving business that likely could have sustained such an investment.

B. Expenditures and Costs

- i. Building Demo and Pier Rebuild (\$120,000): Cost include lumber, piles, hardware, equipment rentals, and labor to demolish the existing structures and rebuild the pier. Majority of work will be conducted by District staff with contractors used as needed.
- ii. Temporary Sport Fishing Office During Relocation (\$24,000): During the demolition and reconstruction, the sportfishing business will require the rental of a temporary modular building to continue business.
- iii. Building Construction (\$150,000): Costs include design, materials, and labor. District staff will assist with construction. Consultants and contractors will be used for design, utility installation, and code compliance.
- iv. Landing and Hoist (\$200,000): Costs include design, materials, and labor. District staff will install the landing and hoist. Hoist and landing will be fabricated by a contractor.

C. Expected Outcomes and Outputs

Funding the reconstruction of the Sportfishing Lease Site will take the financial burden and uncertainty off prospective lease proposers. Doing so will ensure the continued operation of a sportfishing business at Port San Luis. Given the uncertainty of future regulations and restrictions, by removing the burden of redevelopment costs the lease site once again becomes viable location to do sportfishing business. In absence of financial assistance, the Harbor District may be faced with the difficult decision to seek a different use which is more viable which can absorb the costs of redevelopment. Once sportfishing leaves Port San Luis, it is unlikely to return. Preserving coastal dependent uses is of great importance and should be supported.

D. Performance Metrics

- i. Rebuilt Pier at Lease Site: The repaired pier will be able to support the new lease site for 30-50 years.
- ii. Rebuilt Lease Site Facilities: The new building and its facilities will allow a sportfishing presence at Port San Luis for years to come. By taking the financial burden off redevelopment off the lessee, it makes the continued operation of a sportfishing business more viable.

4. HARBOR PATROL VEHICLE

Amount Requested: \$50,000

A. Project Description

i. Overview

The Harbor Patrol regularly has two patrol trucks as part of the Harbor District fleet. Funds will be used to replace one of the existing trucks. The Harbor District has a vehicle replacement plan which states that the Harbor Patrol trucks should be taken out of service after 5-years. The current vehicle is scheduled to exceed that interval due to budget deferment.

ii. COVID-19 Impacts

Budget shortfalls due to the COVID-19 pandemic caused the Harbor District to reduce projects for the 2021-2022 fiscal year. The replacement Harbor Patrol truck was deferred due to the lack of available funds.

B. Expenditures and Costs

- i. Harbor Patrol Truck (\$50,000): Costs include the purchased of a Ford F-250 or F-350 and associated law enforcement outfitting (lightbar, decals, etc.).

C. Expected Outcomes and Outputs

Harbor Patrol will have a new truck for 5-years of service. Keeping the patrol trucks new minimizes interruptions in service caused by repairs and mechanical issues. Since Harbor Patrol acts as first responders and law enforcement, these interruptions in service pose a risk to health and safety. Vehicle replacement helps reduce that risk.

D. Performance Metrics

- i. Newly Outfitted Harbor Patrol Truck: The new truck will remain in service with the Harbor Patrol for 5 years.

5. ELECTRIC VEHICLE CHARGERS

Amount Requested: \$110,000

A. Project Description

i. Overview

The Harbor District does not currently have electric vehicle chargers. Funding would be used to purchase and install at least two Level 3 fast charging stations for the Harford Landing area. Port San Luis is located about 200 miles from both the Bay Area and Los Angeles. Since most electric vehicles have a range just over 200 miles, it makes Port San Luis an ideal stopping point for travelers going between the two locations. Level 3 chargers take about 30 minutes to fully

charge compared to the more common Level 2 charges which take about 4.5 hours. Quicker charging times make them more appealing to travelers and create more turnover so they may be used by other visitors.

ii. COVID-19 Impacts

Port San Luis experienced an explosion of visitors during the pandemic since it was one of the few remaining places open that people could freely and safely recreate. This increase in visitation is expected to extend well into the future due to both increased demand for travel and continued uneasiness with flying due to the ongoing pandemic. Funding the charging stations will allow electric vehicles owners to visit Port San Luis more conveniently during this time of recovery. Local businesses who have been impacted by the pandemic will also benefit from added foot traffic while the vehicles are charging.

B. Expenditures and Costs

- i. Two Level 3 Charging Stations (\$110,000): Costs include the design, permitting, purchase, installation, and upgrades necessary to set up two level 3 charging stations. Port San Luis received an initial estimate of \$35,000-\$75,000 per charging station. It is anticipated that the actual cost will be in the middle of that range since the units will share the same pedestal and associated utility upgrades (transformer, conduit)

C. Expected Outcomes and Outputs

Port San Luis will have the only two Level 3 charging stations in the area. The District will be better prepared to handle to the continued influx of visitors caused by the pandemic. It will attract electric vehicle users throughout the state who will benefit from its convenience and location. Local businesses who have been impacted by COVID-19 will benefit from increased foot traffic from visitors who would not normally visit the area. Providing more charging stations will make electric vehicle purchases more appealing which will help the State's goal of reducing carbon emissions and greenhouse gasses.

D. Performance Metrics

Two Level 3 Charging Stations in Service: If funded, the District plans to install at least two Level 3 charging stations, possibly more if funding allows. The charging stations are expected to provide service for at least 10 years.

6. FRONT STREET BEACH STAIRCASE REPLACEMENT

Amount Requested: \$103,500

A. Project Description

i. Overview

The eastern most staircase to access Avila Beach has been closed for the past few years due to disrepair. The rise of the stairs is no longer to code, which will require the demolition and replacement of the entire staircase. The project remains of the deferred maintenance list due to lack of District financial resources.

ii. COVID-19 Impacts

The Harbor District's beaches also experienced an explosion of visitors during the pandemic since they were some of the few remaining places open that people could freely and safely recreate. This increase in visitation is expected to extend well into the future due to both increased demand for travel and continued uneasiness with flying due to the ongoing pandemic. With increased visitation, beach goers are forced to park farther away and more frequently. While use of these stairs was only needed on weekends and summer weekdays before, the growth in visitation necessitates their restoration.

B. Expenditures and Costs

- i. Design/Engineering (\$18,500): Costs include the design of the stairs by a licensed engineer. Since the stairs are set on a revetment and retaining wall and the slope of the stairs will change, the new staircase cannot replicate the existing design and requires some engineering.
- ii. Staircase (\$85,000): Costs include the labor and materials required to install the new staircase

C. Expected Outcomes and Outputs

Restoring the Avila Beach staircase will allow more convenient access to beach visitors. Since it will be easier for visitors to both access the beach and the Town of Avila Beach, local businesses that have been impacted by COVID-19 will experience an increase in foot traffic.

D. Performance Metrics

Avila Beach Staircase: If funded, the staircase will serve as an additional public access point for the beach for at least 20 years and likely more.



STATE OF CALIFORNIA – STATE LANDS COMMISSION

Funding Request Summary

APPLICANT / PORT NAME: Ventura Port District (VPD)

AMOUNT REQUESTED: \$122,978.66

PERSON WE CAN CONTACT FOR QUESTIONS ABOUT THE INFORMATION PROVIDED ON THIS FORM

NAME: Brian D. Pendleton

TITLE: General Manager

EMAIL: BPendleton@VenturaHarbor.com

PHONE: 805-642-8538 x103

MAILING ADDRESS: 1603 Anchors Way Drive, Ventura CA 93001

The terms “you” and “your” as used herein shall refer to the applicant/port named above. Responses may be provided on this document or on attached pages.

1. COSTS INCURRED AS A RESULT OF DIRECT COVID-19 PANDEMIC RESPONSE AND SUPPORT

Did you incur any costs as a result of direct pandemic response and support you provided in calendar year 2021?

YES ☒ NO ☐

Total Costs Incurred = \$8,365.61

If “Yes,” please specify the pandemic response and support you provided including dates.

Response/Support Provided

Dates Provided

- Provision of 2021 COVID-19 Supplemental Paid Sick Leave for staff*
Jan. 1, 2021 – Dec. 31, 2021

* Although private sector businesses can recover these costs through tax credits, as a government organization that does not pay taxes, these costs have not been eligible for reimbursement through any other funding source.

If “Yes,” please list the cost types/categories and the total amounts associated with each.

Cost Type/Category

Amount

- Provision of 2021 COVID-19 Supplemental Paid Sick Leave for staff*
\$8,365.61

* Although private sector businesses can recover these costs through tax credits, as a government organization that does not pay taxes, these costs have not been eligible for reimbursement through any other funding source.

Provide a list of the specific documentation (i.e. financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.) along with copies of the same, supporting each of the cost categories/types and amounts listed above. Please also specify the applicable page number of each supporting documentation containing the relevant information.

[Appendix A – Employee COVID Related Costs 2021](#)

[Appendix B – Income Analysis- Full PL Balances 2021 \(Page 1\)](#)

2. REVENUE LOSSES

Did you experience any declines in your 2021 calendar year revenues?

YES ☒ NO ☐

Total Revenue Loss = \$114,613.05

If “Yes,” please calculate 2021 calendar year revenue decline as follows:

- a. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- b. Estimate 2021 counterfactual revenue, which is equal to base year revenue $\times [(1 + 4.1\% \text{ growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date December 31, 2021.
- c. Identify 2021 calendar year actual revenues, which equals total revenues collected over the past twelve months as of December 31, 2021.
- d. The extent of the reduction in revenue is equal to 2021 counterfactual revenue less 2021 calendar year actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.
- e. The 4.1% growth adjustment is a standard baseline rate for all ports. However, if a port believes the growth rate exceeds the baseline rate, ports can submit a worksheet detailing their calculated growth rate along with all supporting documentation for the calculation. (Provide a list of the specific documentation (i.e. Financial Statements and/or Revenue reports for 2019 and 2020 ...etc.) along with copies of each, supporting the alternate calculation. Please also specify the applicable page number of each supporting documentation containing the relevant information.)
- f. The State Lands Commission has the discretion to utilize and rely upon any reasonable method to calculate revenue losses/growth rates, including methods which may differ from those utilized by the ports. If a requesting port believes there is a more applicable way to determine revenue losses than the method described, it may provide the calculation and explanation of why it should be considered. The port must also provide revenue calculations as described in subdivisions (a) through (e).

Category	2019 Actual	2020 Counterfactual	2021 Counterfactual	2021 Actual
TOTAL	8,559,032	8,909,952	9,275,260	9,853,484

Although VPD revenues were up in most categories, VPD did provide partial rent abatements for retail, restaurant, charter, and entertainment tenants that experienced sales reductions caused by the pandemic by decreasing common area maintenance (CAM) and promotional (Promo) charges for impacted businesses. This cost was incurred by VPD in order to help sustain impacted businesses and preserve jobs. Currently, additional CAM and base rent abatements are pending Board Port of Commissioners' approval on the March 16, 2022 meeting. The VPD respectfully requests that this rent abatement be considered as applicable revenue loss and eligible for reimbursement through this grant.

The total amounts requested: \$114,613.05

- CAM fees abated to VPD tenants in 2021: \$42,390.23
- Promo fees abated to VPD tenants in 2021: \$31,824.73

Further abatements pending Board Port of Commissioners' approval on March 16, 2022 meeting:

- CAM fees abated to VPD tenants in 2021: \$10,188.00
- Base rent abated to VPD tenants in 2021: \$30,210.09

Appendix C – CAM (\$42,390.23) and Promo (\$31,824.73) Fee Revenue Losses

Appendix D – Staff Report for Board consideration of additional abatements that relate to 2021 (Financial document to follow pending approval on March 16,2022)

Appendix E – CAM fee (\$10,188.00) and Base Rent (\$30,210.09) Revenue Losses (Financial document to follow pending approval on March 16,2022)

3. OTHER AID. Did the port receive aid from any other pandemic-related stimulus or aid programs (for example, compensation you received from FEMA, local fiscal recovery funds, or other pandemic-related stimulus/aid programs)?

YES ☒ NO ☐

If "Yes," please specify the total amount of compensation/monies you received from all other pandemic-related stimulus or aid programs: \$1,060,484.00

Provide a list of the specific aid or stimulus programs and the amount received, and a list of current and anticipated applications for funding (including the COVID-19 Fiscal Relief for Special Districts program, if applicable).

Grant Received:

- SLC COVID-19 Fiscal Recovery Funds Tranche 1: \$1,060,484.00 for costs and lost revenue experienced exclusively during calendar year 2020.

Current Applications for Funding (no funding received as of time of submission):

- FEMA California COVID-19 Pandemic (Application #4482DR-CA; Appendix F): \$77,757.00 for cost incurred exclusively during calendar year 2020.

Appendix F – FEMA California COVID-19 Pandemic Application #4482DR-CA

3. **DESCRIBE PROPOSED USE OF THESE FUNDS.** Please provide a summary of anticipated/proposed activities that will be undertaken by the port and related cost estimates if full funding requested is approved by the Commission. For items identified below, the port will be required to track the actual cost, expected outcomes, outputs, and performance measures. If the total requests exceed the funds awarded to the port, the port will have 30 days to revise the summary of proposed activities. While each proposal will be at the port's discretion, activities may include, but are not limited to the following:

- a. Number of staff that can be rehired

Note: There were no VPD layoffs during the pandemic.

- b. Number of layoffs that are avoided

Note: There were no VPD layoffs during the pandemic.

- c. Projects that will support compliance with COVID-19 safety standards and guidelines for public access to the port's waterfront

Active Transportation Plan: \$100,000

The VPD Commissioners have expressed on multiple occasions in public Board Meetings the interest in promoting alternative methods of active transportation to and within Ventura Harbor (VH), including walking, biking, and on-water human-powered boating.

One of the most utilized amenities of VH is the pedestrian Promenade. The Promenade connects many areas of the VH for pedestrians to be able to walk between businesses. However, there are possibilities for further improving the interconnectivity. In addition, there are challenges associated with the use of bicycles on the Promenade, particularly with the emergence of powered bicycles. A key issue experienced during the pandemic was that VH had a surge in visitors wishing to experience the open-air environment while using various methods of active transportation that created challenges regarding congestion, conflicting uses, and connectivity. In relation to COVID-19 impacts, these challenges created difficulty for visitors to maintain the level of social distancing required.

The City of Ventura (City) is currently developing an Active Transportation Plan, part of which will include connectivity into VH. VPD desires to create a plan that will leverage the City's plan and further expand the interconnectivity between the City and all points across VH. Moreover, VPD's plan will be tailored to meet VH's needs. For example, calming measures need to be incorporated for bicycles in congestion areas

with pedestrians and/or motor vehicles. Also, it is important that VPD's plan considers the ability to utilize water to actively travel throughout the harbor on pedal boats, kayaks, and paddleboards.

If awarded, the grant would be applied to cover a portion of the costs of the development of an Active Transportation Plan to address the issues of congestion, conflicting uses, and improved connectivity. Additional grant funding will be sought via the California Transportation Commission's Active Transportation Program Cycle 6 funding.

- d. Incentives or assistance to businesses to reopen, expand hours, or rehire staff within the port
- e. Restoration of services at the port
- f. Investments that result in additional economic activity within the port
- g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities

Maintenance Vehicle Replacement (2): \$80,000

In addition to Ventura Harbor Village, VPD maintains three public amenities at VH: Surfer's Knoll Beach, Harbor Cove Beach, and the Ventura Harbor Public Launch Ramp. All these facilities include restrooms, public parking, which require daily maintenance and upkeep. Those maintenance services are provided directly by the VPD's Maintenance Department.

Contrary to expectations during the COVID-19 pandemic, the Maintenance Department at VH had a surge in demand. Usage of the beaches and launch ramp increased dramatically as the public sought the opportunity for outdoor, fresh-air experiences. Restaurants transitioned to take-out containers which created a significant surge in trash creation and the need for managing it. In addition, higher usage and higher standards of cleanliness required more frequent and more diligent cleaning measures for public restrooms.

The VPD Maintenance Department has a small fleet of vehicles to allow staff to conduct the variety of tasks required, including trash collection, cleaning of restrooms and public spaces, landscaping, repairs, etc. Currently, two vehicles require replacement, which were deferred due to COVID-19 related financial impacts. It is the anticipation of VPD to acquire hybrid or fully electric vehicles to be environmentally sustainable.

If awarded, the requested amount will be used towards the procurement of the new vehicles including procuring any necessary equipment to conduct maintenance operations. VPD will fund the costs of the procurement process as well as installing Electric Vehicle charging infrastructure at the District's headquarters. Bidding would be open and competitive per the VPD's procurement policy.

- h. Other planned uses

4. NONCOMPLIANCE RISK FACTORS. Please attach a brief written statement to assist the Commission in assessing noncompliance risk factors that outlines:

- a. Prior experience in managing Federal funds.
 - a. 2018 NOAA Sea Grant \$266,660 – all requirements fulfilled as of August 31, 2021

- b. 2015 NOAA Sea Grant \$264,470 – all requirements fulfilled as of August 31, 2018
 - c. 2005 FEMA Grant Office of Emergency Services \$417,458 - all requirements fulfilled as of March 21, 2007
- b. Prior experience in managing State funds.
- a. California Coastal Conservancy Grant \$318,600 – all requirements fulfilled as of August 24, 2021 and final invoices submitted November 1, 2021.
 - b. California State Parks Division of Boating & Waterways Public Launch Ramp Rehabilitation Project \$2,205,355.47 – all requirements fulfilled as of October 2015 and final retention received March 2016.
 - c. California State Parks Division of Boating & Waterways Abandoned Watercraft \$3,851.45 - all requirements fulfilled as of December 20, 2017.
 - d. California State Parks Division of Boating & Waterways Abandoned Watercraft \$13,000 - all requirements fulfilled as of October 28, 2017.
 - e. California State Parks Division of Boating & Waterways, Misc. Equipment Grant \$30,000 - all requirements fulfilled as of August 20, 2010.
 - f. California State Parks Division of Boating & Waterways, Misc. Equipment Grant \$34,418.60 - all requirements fulfilled as of August 24, 2014.
 - g. California State Parks Division of Boating & Waterways Division Equipment Grant \$45,557 - all requirements fulfilled as of November 3, 2017
 - h. California State Parks Division of Boating & Waterways Equipment Grant \$80,000 - all requirements fulfilled as of November 2, 2011
- c. Previous audit findings showing misuse of funds.
Not applicable.
- d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.
The VPD follows Resolution No. 3428 Procurement Policy ([Resolution-No.-3428-revised-Procurement-Policy.pdf \(venturaharbor.com\)](#)) and Resolution 3404 Investment Policy ([Resolution-No.-3404-Investment-Policy-CURRENT.pdf \(venturaharbor.com\)](#)).

STATE OF CALIFORNIA – STATE LANDS COMMISSION

Funding Request Summary



APPLICANT / PORT NAME: _____

AMOUNT REQUESTED: _____

PERSON WE CAN CONTACT FOR QUESTIONS ABOUT THE INFORMATION PROVIDED ON THIS FORM

NAME: _____

TITLE: _____

EMAIL: _____

PHONE: _____

MAILING ADDRESS: _____

The terms "you" and "your" as used herein shall refer to the applicant/port named above. Responses may be provided on this document or on attached pages.

1. **COSTS INCURRED AS A RESULT OF DIRECT COVID-19 PANDEMIC RESPONSE AND SUPPORT**

Did you incur any costs as a result of direct pandemic response and support you provided in calendar year 2021?

YES ☐

NO ☐

If "Yes," please specify the pandemic response and support you provided including dates.

Response/Support Provided

Dates Provided

If "Yes," please list the cost types/categories and the total amounts associated with each.

Cost Type/Category

Amount

Provide a list of the specific documentation (i.e. financial statements, salary or payroll reports, invoices, receipts, cash flow statements, or other financial or accounting documentation, etc.) along with copies of the same, supporting each of the cost categories/types and amounts listed above. Please also specify the applicable page number of each supporting documentation containing the relevant information.

2. REVENUE LOSSES

Did you experience any declines in your 2021 calendar year revenues?

YES ☐

NO ☐

If "Yes," please calculate 2021 calendar year revenue decline as follows:

- a. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
- b. Estimate 2021 counterfactual revenue, which is equal to base year revenue $\times [(1 + 4.1\% \text{ growth adjustment})^{(n/12)}]$, where n is the number of months elapsed since the end of the base year to the calculation date December 31, 2021.
- c. Identify 2021 calendar year actual revenues, which equals total revenues collected over the past twelve months as of December 31, 2021 .
- d. The extent of the reduction in revenue is equal to 2021 counterfactual revenue less 2021 calendar year actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.
- e. The 4.1% growth adjustment is a standard baseline rate for all ports. However, if a port believes the growth rate exceeds the baseline rate, ports can submit a worksheet detailing their calculated growth rate along with all supporting documentation for the calculation. (Provide a list of the specific documentation (i.e. Financial Statements and/or Revenue reports for 2019 and 2020 ...etc.) along with copies of each, supporting the alternate calculation. Please also specify the applicable page number of each supporting documentation containing the relevant information.)
- f. The State Lands Commission has the discretion to utilize and rely upon any reasonable method to calculate revenue losses/growth rates, including methods which may differ from those utilized by the ports. If a requesting port believes there is a more applicable way to determine revenue losses than the method described, it may provide the calculation and explanation of why it should be considered. The port must also provide revenue calculations as described in subdivisions (a) through (e).

3. OTHER AID. Did the port receive aid from any other pandemic-related stimulus or aid programs (for example, compensation you received from FEMA, local fiscal recovery funds, or other pandemic-related stimulus/aid programs)?

YES ☐

NO ☐

If "Yes," please specify the total amount of compensation/monies you received from all other pandemic-related stimulus or aid programs: _____

Provide a list of the specific aid or stimulus programs and the amount received, and a list of current and anticipated applications for funding (including the COVID-19 Fiscal Relief for Special Districts program, if applicable).

3. **DESCRIBE PROPOSED USE OF THESE FUNDS.** Please provide a summary of anticipated/proposed activities that will be undertaken by the port and related cost estimates if full funding requested is approved by the Commission. For items identified below, the port will be required to track the actual cost, expected outcomes, outputs, and performance measures. If the total requests exceed the funds awarded to the port, the port will have 30 days to revise the summary of proposed activities. While each proposal will be at the port's discretion, activities may include, but are not limited to the following:
- a. Number of staff that can be rehired
 - b. Number of layoffs that are avoided
 - c. Projects that will support compliance with COVID-19 safety standards and guidelines for public access to the port's waterfront
 - d. Incentives or assistance to businesses to reopen, expand hours, or rehire staff within the port
 - e. Restoration of services at the port
 - f. Investments that result in additional economic activity within the port
 - g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities
 - h. Other planned uses
4. **NONCOMPLIANCE RISK FACTORS.** Please attach a brief written statement to assist the Commission in assessing noncompliance risk factors that outlines:
- a. Prior experience in managing Federal funds.
 - b. Prior experience in managing State funds.
 - c. Previous audit findings showing misuse of funds.
 - d. Policies, processes, and procedures the port will use to track these funds to ensure expected outcomes, outputs, and performance indicators are achieved.



MEMORANDUM

February 18, 2022

TO: MEMBERS, PORT COMMISSION
Hon. Willie Adams, President
Hon. Doreen Woo Ho, Vice President
Hon. Kimberly Brandon
Hon. John Burton
Hon. Gail Gilman

FROM: Elaine Forbes
Executive Director

SUBJECT: Fiscal Year 2022-23 and 2023-24 Biennial Operating and Capital Budgets
and the Acceptance and Expenditure of Federal Stimulus

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolutions No. 22-09 and 22-10

EXECUTIVE SUMMARY

This report was first issued for the February 8, 2022 Port Commission meeting. Updated information to address commissioner questions is underlined and in italics.

This item provides an overview of the Port's proposed Fiscal Year (FY) 2022-23 and FY 2023-24 biennial operating and capital budgets, the five-year Capital Improvement Program, and the acceptance of federal stimulus funding to allow for Port Commission and public feedback.

The COVID-19 pandemic continues to create unprecedented economic pressure on the Port with revenue losses of nearly 40%. While the economy has somewhat recovered from the onset of the pandemic in March 2020, full recovery is anticipated to take five years, with tourism spending expected to return to pre-COVID levels in FY 2025-26.

Under the leadership of the Port Commission, the Port has met these financial challenges by reducing \$60 million in expenses through a combination of expenditure reductions, operating efficiencies, hiring delays, decreases to capital investments, defunding prior capital projects, and use of fund balance. But cuts alone cannot sustain this organization, and in the last year staff has begun to develop and implement economic recovery

THIS PRINT COVERS CALENDAR ITEM NO. 7A

initiatives to restore the Port's financial health.

In December 2021 the Port achieved a critical economic recovery success when the State Lands Commission approved \$56.6 million in federal relief. Port staff anticipates an additional allocation of \$58.2 million for a total of up to \$114.8 million from the federal American Rescue Plan Act (ARPA). These dollars provide the Port with a two-year reprieve. The federal funding will allow the Port to support ongoing operating and capital expenses including basic services such as keeping the Port clean and safe, supporting small businesses, and addressing deferred maintenance during the next two fiscal years.

This funding permits the Port to:

- Restore many of the difficult cuts the Port made in FY 2020-21 and 2021-22, including backfilling vacant positions and restoring equipment and supply budgets;
- Avoid additional budget reductions in the next two fiscal years; and
- Support strategic investment in economic recovery to ensure sustained financial health.

While the Port has successfully controlled operating and capital costs to maintain operations during the pandemic, inflation continues to increase labor and other operating costs. Port staff predicts that even after tourism recovers to pre-pandemic levels, the Port's net operating income will be severely constrained, reducing funds available for capital investment in FY 2024-25 and thereafter.

Therefore, during the two-year respite provided by stimulus funding, the Port must develop and implement mid- and long-term economic recovery initiatives that generate new revenue, create additional operating efficiencies, and identify external funding such as federal and state infrastructure dollars. This work, which will focus on activating the waterfront and attracting and retaining a diverse set of tenants, will bring back Port revenue, realign revenue and expenses, restore its fund balance, and set it on sound economic footing.

Key economic recovery strategies over the next two years include:

- Identify new revenues and savings;
- Retain staffing levels to deliver on key functions;
- Identify programs and policies that drive tenant recovery and new leasing;
- Foster a workplace willing and resourced to evaluate systems and rules that no longer serve the Port; and
- Implement strong financial policies to maintain prudent fund balance.

The focus of this staff report is the FY 2022-23 and FY 2023-24 operating and capital budget. However, in order to provide a comprehensive financial perspective to the Port Commission and public, this staff report presents various interconnected financial items, and is structured as follows:

1. Economic Outlook
2. Strategic Objectives
3. Sources and Uses in the Fiscal Year 2022-23 and 2023-24 Biennial Budget

- a. Ongoing Sources
- b. One-time Sources
 - i. ARPA stimulus
- c. Operating Expenses in FY 2022-23 and 2023-24
- d. Capital Investment
 - i. Five-year Capital Improvement Program
 - ii. Capital Budget in FY 2022-23 and 2023-24
- 4. Required Reserves
- 5. Conclusion

1. ECONOMIC OUTLOOK

The revenue losses associated with COVID-19 are without historical precedent. The Port's revenue portfolio relies heavily on tourism and retail, and as its tenants have suffered losses, and in some cases ceased operating, Port rents have fallen commensurately. Despite significant progress on vaccination levels in San Francisco, COVID variants continue to create significant uncertainty around the timing of a rebound to pre-pandemic levels of tourism.

Using Port revenue data since the pandemic's onset, guidance from the Controller's Office, and input from tenants, Port staff has developed low, base, and high five-year revenue scenarios with the following assumptions:

1. Base Scenario: This case is the most likely scenario and was used as the basis for the proposed budget. This scenario follows the Controller's assumption that tourism spending returns to pre-pandemic levels in FY 2025-26¹. This case also assumes that four vacant restaurant spaces are re-leased and generating revenue by the end of FY 2024-25. This case assumes office rents remain flat as the market adjusts to increased telecommuting, which the Controller estimates to be 15% of office workers.
2. Low Scenario: This represents a worse case, with an additional year for tourism to return to pre-pandemic levels. This case assumed eight restaurants will not reopen (base case assumes four), with a 2.5-year vacancy period for eviction and releasing. This case further assumes telecommuting is more pronounced at 30% of office workers.
3. High Scenario: This represents a better case, with tourism returning a full year earlier. This version assumes the replacement of parking lots with parking meters in FY 2025-26, increasing the net revenue of the lots. This version matches the restaurant assumptions in the base scenario.

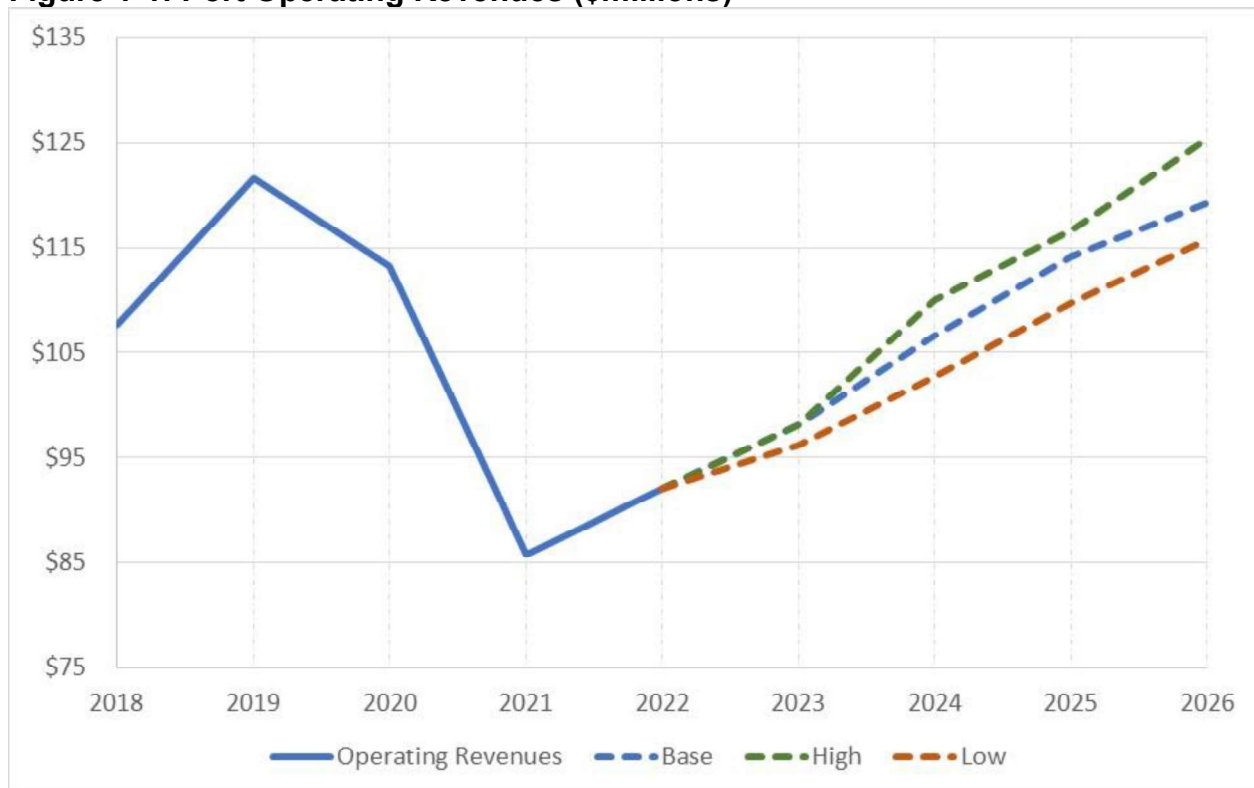
The uncertainty surrounding these forecasts cannot be overstated. Variances beyond the Low to High scenario range are possible if (a) additional COVID variants of concern continue to depress tourism and the return to office, (b) telecommuting becomes even more prominent (beyond the 30% of officer workers assumed in the low forecast), driving

¹ Port staff used the Controller's estimates for hotel tax revenue as a proxy for tourism spending. Hotel taxes are based on the number of tourists buying hotel rooms, as well as the price of those rooms. The Controller's estimates show the number of tourists returning in FY2024-25, and hotel taxes recovering a year later in FY 2025-26 when hotel room pricing rebounds to pre-pandemic levels.

down office demand and the commuting customer base for the Port's monthly parking operations, restaurants, and ferry operators, or (c) broader economic pressures from inflation or other factors prolong the recovery.

Figure 1-1 below reflects historical data and the scenarios described above. This graph excludes the impact of one-time revenue sources such as federal stimulus to better illustrate the impact of COVID on ongoing Port operations. Notably the range between the high and low cases is roughly \$10 million in FY2025-26, suggesting that under any scenario net operating income will be severely constrained, leading to reduced capital funding.

Figure 1-1: Port Operating Revenues (\$millions)



To date, the Port has managed the pandemic recession through a combination of expenditure reductions, decreases to future capital investments, defunding prior capital projects, and use of fund balance. While this approach has maintained critical operations and minimized short term impact to the organization, its impact on Port capital investment is unsustainable in the long term. The Port has a \$1.0 billion state of good repair capital backlog and forecasted need of an additional \$1.0 billion in capital over the next ten years. To ensure the long-term sustainability of its facilities and the revenue they generate, the Port must continue to invest in capital. Similarly, reliance on fund balance, the Port's sole reserve, as an ongoing tool to support capital and operations is untenable without substantially risking the organization's bond ratings as well as its ability to withstand additional unforeseen events. Fund balance makes the Port a resilient organization and must be maintained at an adequate level to help the organization weather future crises.

In the face of the challenges identified in the five-year financial outlook, staff began to identify short-, mid- and long-term economic recovery strategies in winter 2021. The allocation of up to \$114.8 million in ARPA federal stimulus funding was the key outcome of this early work, providing staff the time to develop revenue initiatives, find operating efficiencies and seek outside funding for capital investment to restore the Port's financial health.

Other short-term economic recovery initiatives that the Port successfully implemented in the last year include:

- Tenant Recovery: Worked with tenants to recover from the impacts of the pandemic through rent relief.
- Shared Spaces Program: Continued no cost use of Port space for outdoor dining.
- Pilot Mobile Vending Permit Program: Created a program to offer low-barrier entrepreneurial opportunities on the Port.
- Waterfront Activation: Solicited responses from businesses interested in activating Port property through music events, food markets and other community building events.
- Restoration of Cruise Services: Developed a process to safely allow cruise calls, activating the waterfront with 20 cruise calls in the last quarter of 2021.
- Live Crab Sales: Authorized direct-from-vessel sales of live crab to support the commercial fishing fleet and help activate Fisherman's Wharf.
- Consolidation of Port Finance Staff: Reorganized Port finance staff to improve service to business divisions and reduced the number of staff from eight to five.

The financial impact of these measures is reflected in Figure 1-2 which shows the base scenario of the five-year forecast. Most importantly, as the table illustrates, these early economic recovery initiatives allow the Port to rebuild its fund balance to ensure resiliency despite the uncertain financial times.

Figure 1-2: Base Case Fund Balance Forecast through FY 2025-26 (\$millions)²

	Estimated CY	Next Biennial Cycle		Following Biennial Cycle		Outyear
	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
Starting Fund Balance	50.7	94.7	99.8	105.1	105.1	105.1
<u>Revenues</u>						
Operating Revenues	90.2	98.1	106.6	114.2	119.2	122.3
One-Time Revenue	1.0	7.1	0.0	0.0	0.0	0.0
South Beach Harbor	4.9	5.1	5.2	5.4	5.5	5.7
20th St CFD	0.0	0.3	0.3	0.3	0.3	0.3
Development Recoveries	8.0	8.8	9.4	9.7	10.0	10.3
Supplemental/Defunding ³	38.3	0.0	0.0	0.0	0.0	0.0
ARPA Stimulus	14.0	73.5	27.3			
Total Revenue	156.4	192.9	148.8	129.6	135.0	138.6
<u>Operating Expenses</u>						
Salaries & Benefits	40.2	46.9	48.2	49.7	51.2	52.7
City-wide Overhead	0.9	0.9	0.9	1.0	1.0	1.0
Other Current Expenses	11.6	15.3	15.3	14.8	15.2	15.7
Materials & Supplies	0.9	0.9	0.9	0.9	1.0	1.0
Equipment	0.0	1.0	1.0	1.0	1.1	1.1
Debt Service	6.3	6.3	5.6	5.6	5.6	5.6
Interdept.Work Orders	28.3	30.5	31.3	31.2	32.1	33.1
Programmatic Projects	3.0	3.0	3.1	3.0	3.1	3.2
Development Projects	8.0	8.8	9.4	9.7	10.0	10.3
SBH Operating	3.8	3.9	4.0	4.2	4.3	4.4
Total Operating Expenses	103.0	117.6	119.9	121.0	124.5	128.0
Net Surplus/Deficit	53.4	75.3	29.0	8.5	10.5	10.5
<u>Capital Expenses</u>						
Port	8.3	69.1	22.5	7.3	9.3	9.2
SBH	1.1	1.1	1.2	1.2	1.3	1.3
Total Capital Expenses	9.4	70.2	23.7	8.5	10.5	10.5
Deposit to Fund Balance	44.0	5.1	5.3	0.0	0.0	0.0
Ending Fund Balance	94.7	99.8	105.1	105.1	105.1	105.1

As staff considers mid- and long-term initiatives to restore financial stability, it is encouraged by the Port's success to date. Every Port division will continue to develop and implement economic recovery actions, focusing on strategic leasing to attract and retain diverse tenants and activate the waterfront, smart financial policies, and other initiatives.

Mid and long-term concepts to support activation of the waterfront and the Port's economic stability include:

- Creation of a staff position to develop a multi-year economic recovery strategy and

² Note the Current Year figures for FY 2021-22 reflect current estimates for year-end actuals as reported to the Controller in the Port's Six-Month report, not the budgeted amounts shown in Section 3 figures. Similarly, ARPA Stimulus is shown Figure 1-2 above in FY 21-22 but was not previously budgeted so it does not appear in Section 3 figures.

³The Supplemental/Defunding shown in Figure 1-2, previously approved by the Port Commission on April 27, 2021, as part of the FY21-22 supplemental budget appropriation, was an effort to replenish fund balance (*which had a pre-pandemic amount of \$68.5 million*) using funds from lower priority, undefined, significantly underfunded, or completed projects requiring close-out.

- support implementation of strategies across the organization.
- Port funding for tenant improvements to support improvement of Port property and encourage earlier participation by the Port in percentage rent.
- Development of a long-term leasing strategy to re-occupy Port properties, particularly restaurants and retail spaces.
- Continued effort to advance development projects at Piers 38 and 40 and Piers 30-32 and SWL 330, and to pursue development opportunities at additional historic piers.
- Creation of a menu of public events and pop-up opportunities to draw visitors to the waterfront.
- Development of new lay berthing opportunities.
- Collaboration with the terminal operator to attract new types of cargo to Pier 80.
- Formation of a community facilities district over the Orton development at Pier 70 to support maintenance of Crane Cove Park.
- Development of a cost allocation plan to ensure that funding sources outside of the Harbor Fund support their fair share of the Port's administrative overhead.
- Development of tools to build a strong staff, including mentorship and promotional paths and streamlined systems to promote work.
- Development of a strategies to secure infrastructure funding from the federal and state governments to support key Port capital needs.

Between February 2022 and June 2024, Port staff will cultivate these and other economic recovery initiatives to make a meaningful impact on the Port's revenue and operating and capital budgets. Staff expects to significantly improve the five-year outlook with the goal of increasing net operating revenue and reaching the Port Commission's capital policy requirements by the end of the five-year period.

2. STRATEGIC OBJECTIVES

Despite the challenges posed by COVID-19, the proposed FY 2022-23 and FY 2023-24 budgets include actions that advance all seven goals of the Port's Strategic Plan:

1. Economic Recovery

- a. Leveraging stimulus funds to attract and retain tenants, provide a safe and attractive waterfront for tourism, and support communities disproportionately impacted by COVID.

2. Productivity

- a. Restoration of equipment and materials and supplies budget to pre-COVID levels
- b. Funding to improve the maritime cargo terminal at Pier 80
- c. Identify maritime opportunities for the revitalization of select parcels at the Pier 68 Shipyard
- d. Supports creation of resilient and diverse neighborhoods at Pier 70 and Mission Rock
- e. Identify operating efficiencies including implementation of a new enterprise asset management system and development of an overhead cost allocation

plan to reduce costs, support staff and improve service delivery

3. *Equity*

- a. Resources dedicated to implementation of the Racial Equity Action Plan including funding for ongoing Port-wide training for all employees on the root causes and societal sustained practices that created racial inequity and the efforts of the Port to address these inequities.
- b. New apprenticeships in the Maintenance division to create job ladders among the trades.
- c. A new property manager to supervise and activate public space.
- d. Significant new LBE contracting opportunities due to increased capital investment through federal stimulus funding.

4. *Resilience*

- a. Continued funding for the Waterfront Resilience Program to support planning to address the dual threats of earthquake and flooding risk.

5. *Sustainability*

- a. Includes funds for storm water capture, improvements to sewer infrastructure and a match to a grant to restore the Heron's Head Park shoreline.

6. *Evolution*

- a. A new property manager to supervise and activate public space
- b. CFD financing to support Crane Cove park operations

7. *Engagement*

- a. Resources to support proactive Port marketing of real estate opportunities, community engagement, and media relations.

3. FY 2022-23 and FY 2023-24 BIENNIAL BUDGET

The proposed biennial budget provides mission critical services and capital investments as shown in Figure 3-1 below.

Figure 3-1: Port Sources and Uses

	Budget <u>2021-22</u>	Proposed <u>2022-23</u>	Change from FY 2021-22 Budget		Proposed <u>2023-24</u>	Change from FY 2022-23 Budget	
			<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>
<u>Sources</u>							
Operating Revenues	\$78.0	\$98.1	\$20.2	25.9%	\$106.6	\$8.5	8.6%
South Beach Harbor	\$4.9	\$5.1	\$0.2	4.5%	\$5.2	\$0.1	2.9%
Development Recoveries	\$8.0	\$8.8	\$0.8	9.7%	\$9.4	\$0.6	6.9%
20th St CFD	\$0.3	\$0.3	\$0.0	7.9%	\$0.3	\$0.0	2.0%
Ongoing, Subtotal	\$91.1	\$112.3	\$21.2	23.2%	\$121.5	\$9.2	8.2%
Shipyards Power Capacity	\$0.6	\$1.2	\$0.6	101.7%	\$0.0	-\$1.2	-100.0%
Capital Defunding	\$38.3	\$0.0	-\$38.3	-100.0%	\$0.0	\$0.0	
Grants	\$1.7	\$1.0	-\$0.8	-43.3%	\$0.0	-\$1.0	-100.0%
Transfer Land to Fire Department	\$0.0	\$5.0	\$5.0	n/a	\$0.0	-\$5.0	-100.0%
Stimulus	\$0.0	\$73.5	\$73.5	n/a	\$27.3	-\$46.2	-62.9%
One-time, Subtotal	\$40.6	\$80.6	\$40.0	98.5%	\$27.3	-\$53.4	-66.2%
Total Sources	\$131.7	\$192.9	\$61.2	46.5%	\$148.8	-\$44.1	-22.9%
<u>Uses</u>							
Operating Expenses	\$91.6	\$102.0	\$10.3	11.3%	\$103.3	\$1.4	1.4%
Programmatic Projects	\$3.0	\$3.0	\$0.0	-0.1%	\$3.1	\$0.1	4.6%
Development Projects	\$8.0	\$8.8	\$0.8	9.7%	\$9.4	\$0.6	6.9%
South Beach Harbor	\$3.8	\$3.9	\$0.1	3.7%	\$4.0	\$0.1	2.6%
Operating Expenses, Subtotal	\$106.4	\$117.6	\$11.2	10.6%	\$119.9	\$2.2	1.9%
Port Capital Appropriations	\$8.3	\$13.3	\$5.0	60.2%	\$15.0	\$1.7	12.8%
Grant-Funded Projects	\$1.7	\$1.0	-\$0.8	-43.3%	\$0.0	-\$1.0	-100.0%
Stimulus Funded Projects	\$0.0	\$54.8	\$54.8	n/a	\$7.5	-\$47.3	-86.4%
South Beach Harbor	\$1.2	\$1.1	-\$0.1	-5.3%	\$1.2	\$0.0	3.9%
Capital Budget, Subtotal	\$11.2	\$70.2	\$59.0	524.8%	\$23.7	-\$46.6	-66.3%
Fund Balance Contribution	\$13.5	\$5.0	-\$8.5	-63.0%	\$5.3	\$5.3	106.0%
Total Uses	\$131.1	\$192.9	\$61.7	47.1%	\$148.8	-\$44.1	-22.8%

Note that the capital project defunding previously approved by the Port Commission in the FY 2021-22 budget provided a significant one-time source of funds for critical Port operations and restoration of fund balance, but such defundings are not a viable source for continued use and are not proposed to support operations in the proposed biennial budget period.

3a. Ongoing Revenues

The biennial budget is supported by a variety of ongoing sources, most significantly from rents, fees, and fines from use of our property. The figures below reflect the base scenario discussed in the Economic Outlook section above and are the basis of the proposed biennial budget. See Attachment I for details by revenue type.

Figure 3-2 Operating Revenues (\$millions)

	Budget	Budget	Change from		Budget	Change from	
	2021-22	2022-23	FY2021-22	FY2021-22	2023-24	FY2022-23	FY2022-23
			Amount	Percent		Amount	Percent
Maritime	\$19.7	\$22.5	\$2.8	14.1%	\$22.9	\$0.4	15.7%
Real Estate	55.5	72.6	17.2	30.9%	80.8	8.2	48.0%
Other	2.8	3.0	0.2	7.8%	2.8	-0.2	-93.8%
TOTAL	\$78.0	\$98.1	\$20.2	25.9%	\$106.6	\$8.5	42.0%

Maritime Revenues – Maritime tenants (with the exception of cruise operations from March 2020 through September 2021) demonstrated revenue stability during the COVID-19 pandemic. Looking forward, decreases in cargo operations reflect anticipated export volume decreases at the Pier 80 cargo terminal, while increases in cruise revenues reflect the return of cruises to historic levels, at over 100 calls per year. The Port’s capacity for additional cruise calls above and beyond 100 is limited, with its ability to accommodate shore power limited to its primary cruise berth plus 19 cruise calls allowed at Pier 35.

Real Estate Revenues – Growth in parking, excursion, and percentage rents reflect the expected return of tourists and commuters to the waterfront, while more stable revenue sources such as shed, office, and land rent are predicted to maintain current levels.

- Tourism can generally be categorized into three equal spending groups: leisure tourism, business travelers, and conventions. Leisure travel has already begun to rebound, but business travel and conventions (which require years of lead time to plan) will trail. As of December of 2021, the Port has seen increases in tourist activity on the waterfront, but city-wide hotel occupancy has remained fairly flat at less than 50% (where pre-COVID occupancy was nearer to 80%). The Controller’s Office projects that hotel occupancy will return to pre-COVID levels in FY 2024-25, but hotel rates (and therefore overall tourist spending) will remain below pre-COVID levels for another year.
- Parking meter activity on the Port has rebounded quickly, reflecting patterns of travel that have shifted heavily away from transit and into vehicles (BART ridership is at less than 25% of pre-COVID volume, but bridge crossings are at nearly 100%).
- Office, shed, and land rents are predicted to remain flat through FY 2023-24, with any inflationary growth offset by decreasing office demand as telecommuting becomes more common.
- Revenues will also be positively impacted by leasing activities planned as vacancies are filled and staff begin to improve marketing follow-up on tenant leads and dedicate efforts to fill vacancies requiring competitive processes.

South Beach Harbor – South Beach Harbor generates revenue as a full-service marina consisting of 700 slips with concrete docks and Pier 40. Harbor revenues have remained relatively stable through the pandemic, and the proposed budget reflects inflationary increases to berthing fees. Harbor revenues are dedicated to supporting harbor operations and capital investment.

Development Recoveries – The City’s cost to support major development projects such as Mission Rock and Pier 70 are reimbursed by the respective developers. Those recoveries are reflected in the budget as revenue but have a neutral fiscal impact to the Port because

of the direct offset to expenses.

Orton CFD – Port staff expects to form a community facilities district (CFD) at Pier 70 for the Orton development area in time to generate revenue in FY 2023-24. This CFD is a component of the development agreement executed with Orton, but execution of the CFD was delayed due to the pandemic. Approval is subject to future Port Commission and Board of Supervisors approval.

3b. One-Time Sources

Shipyard Power Capacity – The Port and the San Francisco Public Utilities Commission (PUC) entered into an agreement for the Port to use its right to use the shipyard's high voltage capacity while the PUC builds infrastructure in the area. This short-term agreement which will generate \$1.2 million in the budget, is not anticipated to continue after FY 2022-23.

Capital Defunding – The proposed biennial budget does not include any defunded capital projects as a revenue source. The \$38.3 million defunded executed by the Port Commission as part of the FY 2021-22 Supplemental Appropriation allowed the Port to replenish fund balance while supporting ongoing critical operations. That one-time exercise is not a viable ongoing source and is not included in the proposed budget.

Grants – The budget includes the appropriation of \$1.0 million in grant funding awarded to the Port for the Heron's Head Park restoration project.

Transfer of Land to the Fire Department – The proposed budget includes \$5.0 million in proceeds from the sale of Port property at 1236 Carrol Avenue in the southern waterfront to the Fire Department to develop as a training site. The amount is subject to subsequent Port Commission and Board of Supervisors approval.

3b-i Stimulus: American Rescue Plan Act

President Biden signed ARPA into law in March of 2021, providing billions in federal stimulus to state and local governments, including \$27 billion for California and \$454 million for the City and County of San Francisco. This program has broad spending eligibility, allowing recipients to pay for the cost of responding to the pandemic and the associated economic losses.

Under the leadership of the Port Commission and in conjunction with the California Association of Port Authorities, Port staff successfully identified \$250 million of the State of California's ARPA allocation for distribution to California ports to offset pandemic-related economic losses. In November, the State of California, acting through the State Lands Commission, invited ports to apply for ARPA funding in amounts up to their revenue losses in calendar year 2020. The state's eligibility guidelines largely followed the federal government's, with expenses from March of 2020 through June of 2024 eligible for reimbursement or payment using ARPA funding. Eligible uses were broadly described in the state's budget and subsequently expanded and clarified by the State

Lands Commission, and are summarized below⁴:

1. Avoiding Layoffs and Restoring Jobs
2. Generating Economic Growth
3. Restoring Efforts Delayed or Deferred by COVID
4. Helping Communities Disproportionately Impacted by COVID

In December, the State Lands Commission awarded \$136 million to various ports, with the Port of San Francisco receiving \$56.6 million during the first round of ARPA allocations. In order to distribute remaining ARPA funds, the State Lands Commission expects to solicit another round of applications in Spring of 2022. This process will evaluate revenue losses that California ports sustained in calendar year 2021. Staff currently estimates 2021 losses at \$58.2 million⁵, such that the total ARPA award could equal up to \$114.8 million.⁶ Under the state's ARPA guidelines, all funds allocated to ports must be expended by June 30, 2024. The Port plans to allocate \$14.0 million of stimulus funds to FY 2021-22 expenses and the remaining \$100.8 million to FY 2022-23 and 2023-24.

Figure 3-3: Uses of ARPA Funds by Category (\$millions)⁷

Use Category	FY21-22	FY22-23	FY23-24	TOTAL
1. Avoiding Approximately 50 Layoffs		\$7.2	\$9.0	\$16.2
a. Direct Layoffs Avoided		5.4	5.4	10.8
b. Retirements/Vacancies Unfilled During COVID		1.8	3.6	5.4
2. Attracting Businesses and Customers to the Waterfront	11.8	31.7	7.4	51.0
a. Supporting a clean and safe waterfront for tourism	9.0	5.8	5.8	20.7
b. Filling Port vacancies and driving revenue	0.8	12.0	1.6	14.4
c. Investing in Maritime Tourism and Cargo Operations	2.0	13.9		15.9
3. Restoring Investments Delayed/Deferred/Cut due to COVID	1.0	23.2	9.3	33.5
a. Capital Projects and Critical Capital Resources	1.0	19.9	7.5	28.4
b. Operating Expenses		3.3	1.8	5.1
4. Helping Communities Disproportionately Impacted by COVID	1.2	11.3	1.6	14.1
a. Supporting the Community	0.6	1.7	1.2	3.5
b. Supporting Businesses	0.6	9.7	0.4	10.7
Total	\$14.0	\$73.5	\$27.3	\$114.8

⁴The summaries provided above more clearly describe the uses as they relate to the Port of San Francisco. The general categories described in the State's budget and by the State Lands Commission include: mitigate the negative impacts of COVID, generate economic growth, restore jobs and services, support safe operations, avoid layoffs, support Port operations, restore deferred maintenance or capital investment deferred or delayed, benefit marginalized communities or those which were disproportionately impacted by COVID, and benefit the public.

⁵ Accounting data for the end of 2021 is expected to become available in late February. The delay between the end of the month and accounting data becoming available is typically approximately four – six weeks.

⁶ Because the remaining ARPA funds to be distributed by the State Lands Commission are constrained, future awards are subject to change. If available funds are lower than \$114.8 million, Port staff will decrease expenditures in that same amount after considering input from leadership and the ranking results from the CIP process.

⁷ *Figure 3-3 was updated from the February 8, 2022 version to reflect (a) the returning the Grain Silo Demolition Design project to its original category in the application to the State Lands Commission (Use Category 4b), and (b) shifting funds from Maintenance Dredging (in Use Category 2a) to the TI Fund for Tenant Attraction/Retention (in Use Category 4b).*

Staff will appropriate this total possible award of \$114.8 million in ARPA funding to the Port's budget through two separate legislative methods: 1) an accept and expend resolution for \$14.0 million in the current fiscal year, and 2) an accept and expend agreement for the remaining funds that the Board of Supervisors will review in parallel with this biennial budget for FY 2022-23 and FY 2023-24. The Port will use ARPA stimulus funding to support both operating and capital expenditures in the upcoming biennial budget, including restoration of some capital projects that were defunded in FY 2021-22 in order to replenish fund balance (the project descriptions in Section 3.d-ii identify those previously defunded projects). For the expenditure plan that the Port submitted to the State of California, please see Attachment II.⁸

3c. Operating Expenses

The proposed operating budget would increase the Port's operating expenses in FY 2022-23 by \$11.2 million and by \$2.2 million in FY 2023-24 as shown in Figure 3-4 below. For details on Operating Costs by division, see Attachment VI.

Figure 3-4: Proposed Operating Budget Changes (\$millions)

	Budget 2021-22	Budget 2022-23	Change from FY2021-22 Budget		Budget 2023-24	Change from FY2022-23 Budget	
			Amount	Percent		Amount	Percent
Salaries & Benefits	\$41.2	\$46.9	\$5.7	13.9%	\$48.2	\$1.3	2.8%
City-wide Overhead	0.9	0.9	0.0	0.0%	0.9	0.0	0.0%
Other Current Expenses	14.0	15.3	1.3	9.2%	15.3	0.1	0.6%
Materials & Supplies	0.9	0.9	0.0	5.6%	0.9	0.0	-0.1%
Equipment	0.0	1.0	1.0	0.0%	1.0	0.0	0.0%
Debt Service	6.3	6.3	0.0	0.0%	5.6	-0.7	-11.7%
Interdept. Work Orders	28.3	30.5	2.2	7.9%	31.3	0.7	2.4%
OPERATING SUBTOTAL	91.6	102.0	10.3	11.3%	103.3	1.4	1.4%
Programmatic Projects	3.0	3.0	0.0	-0.1%	3.1	0.1	4.6%
Development Projects	8.0	8.8	0.8	9.7%	9.4	0.6	6.9%
SBH Operating	3.8	3.9	0.1	3.7%	4.0	0.1	2.6%
OPERATING TOTAL	\$106.4	\$117.6	\$11.2	10.6%	\$119.9	\$2.2	1.9%

These changes are the cumulative result of:

- \$5.7 million in increased personnel costs
 - \$1.3 million from an anticipated labor cost of living increase. The City will start collective bargaining with the majority of its labor unions in January 2022. The Mayor's Office has assumed that wages will increase at the rate of inflation – 3.25% for FY 2022-23 and 2.83% for FY 2023-24.
 - \$3.6 million to allow the backfill of approximately 20 positions that became and remain vacant since the onset of the pandemic. Staff will determine which positions to backfill based on divisional needs.
 - \$0.9 million from position changes (see Attachment III) including five new positions:

⁸ Due to updated cost estimates, new repair needs identified during the significant rains of late 2021, and changes to the project rankings which occurred after the Port's submission to the SLC, the amounts shown in Figure 3-3 do not align to Attachment II.

- One new 6331 Building Inspector in Engineering to support an anticipated increase in projects funded through stimulus funding and early Waterfront Resilience projects and to address the substantial backlog of encroachment permits.
- One new 1844 Management Assistant in Engineering to provide administrative support, including administration of as-needed engineering contracts, management of the division's procurement needs, scheduling meetings and processing invoices. The position will also provide support for the Permit Desk adding redundancy for this key business function.
- Two apprentice positions in Maintenance, including a Gardener Apprentice and a Labor Apprentice, to create training pathways to union positions.
- One new 9395 Property Manager in Real Estate to manage and activate public spaces including parks and mobile sidewalk vending.
- Various substitutions of job classification for existing positions, including:
 - Downward substitution of a project management position in Homeland Security to an Emergency Services Coordinator position to support the Port's disaster management and security efforts including support for the mobile vending permit program.
 - The upward substitution of three 1652 Accountant I to 1654 Accountant II positions to reflect the implementation of PeopleSoft which has increased the complexity of the Port's accounting ledgers, and additional work related to implementation of GASB 87 for Port leases and Port development projects.
 - One upward substitution of an 1824 Principal Administrative Analyst to an 1825 Principal Administrative Analyst II, as part of a reorganization of the finance team which included the reduction of finance positions from eight to five positions which increased administrative efficiency and accomplished net savings.
- \$2.3 million in increased non-personnel costs
 - \$1.3 million in Other Current Expenses (see Attachment VII for details), with major changes including:
 - \$0.6 million from consolidating engineering consulting costs into the operating budget (this cost is offset by a matching reduction in project budgets)
 - \$0.4 million in increased security costs due to the renewal of the security contract to patrol Port property
 - \$0.3 million in increases for additional janitorial and security costs partially offset by savings from successful renegotiation of the Port's Pier 1 office lease.
 - \$1.0 million from restoring equipment and materials and supplies budget to pre-pandemic levels

Services of other City departments, or workorders, remain a significant expense. Figure 3-5 below provides details on large workorders, with most changes representing minor increases with the exception of the Public Utilities Commission work order to provide shoreside power to cruise ships which was eliminated from the current year budget due to COVID. See Attachment VIII for a complete list of workorders proposed in the biennial budget.

Figure 3-5: Workorder Detail (\$millions)

	<u>FY2021-22</u> <u>Budget</u>	<u>Proposed</u> <u>FY2022-23</u>	<u>Change from</u> <u>FY2021-22</u>		<u>Proposed</u> <u>FY2023-24</u>	<u>Change from</u> <u>FY2022-23</u>	
			<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
Risk Management Svcs (AAO)	\$8.8	\$9.1	\$0.3	2.8%	\$9.1	\$0.0	0.0%
Fire Boat	\$3.8	\$3.8	\$0.0	0.0%	\$3.8	\$0.0	0.0%
City Attorney-Legal Service	\$3.4	\$3.4	\$0.0	0.0%	\$3.4	\$0.0	0.0%
Parking & Traffic	\$2.4	\$2.6	\$0.3	10.4%	\$3.1	\$0.5	18.9%
PUC-Light Heat & Power	\$1.7	\$1.5	-\$0.2	-9.4%	\$1.6	\$0.1	6.7%
PUC-Shoreside Power	\$0.0	\$1.4	\$1.4	100.0%	\$1.5	\$0.0	3.0%
Police Security - General	\$0.9	\$1.0	\$0.1	13.3%	\$1.0	\$0.0	0.0%
HR-Workers' Comp Claims	\$0.8	\$1.0	\$0.2	30.3%	\$1.0	\$0.0	0.0%
Fire Inspection	\$0.8	\$0.8	\$0.0	0.0%	\$0.8	\$0.0	0.0%
Technology Infrastructure	\$0.7	\$0.7	\$0.0	0.0%	\$0.7	\$0.0	0.0%
Purch-Centr Shop-AutoMaint	\$0.6	\$0.6	\$0.0	0.0%	\$0.6	\$0.0	0.0%
Police Security - Cruise Calls	\$0.4	\$0.6	\$0.2	64.3%	\$0.6	\$0.0	1.2%
All Other	\$4.0	\$3.9	-\$0.2	-4.1%	\$4.0	\$0.2	3.9%
TOTAL	\$28.3	\$30.5	\$2.2	7.8%	\$31.3	\$0.8	2.6%

3d. Capital Investment

For more than a decade, the Port of San Francisco has used its ten-year Capital Plan to guide its capital investments. The Capital Plan helps to educate the public about the magnitude of the Port's capital needs, as well as the limited resources available to address them. The FY 2021-22 to FY 2030-31 Capital Plan identifies a \$1.99 billion state of good repair (SOG) investment need, \$1.49 billion of which is currently unfunded.

To facilitate strategic analysis and bridge the gap between the distant ten-year time span of the Capital Plan and the immediacy of the two-year capital budget, the Port develops a five-year Capital Improvement Program (CIP). Unlike the ten-year Capital Plan, which identifies the Port's total capital needs regardless of available funding, the five-year CIP programs specific projects according to the amount of capital funding staff estimates will be available over the next five years. The CIP also allows staff to consider the time span necessary to conceive, design, and deliver capital projects. The CIP lays out the Port's vision for addressing as many of the needs identified in the Capital Plan as possible, given limited resources. The first two years of the five-year CIP are proposed for appropriation through the biennial FY 2022-23 and FY 2023-24 budget.

3d-i. Five-Year Capital Improvement Program

The Port's Finance staff began development of the CIP by soliciting capital requests from all Port divisions. Project forms included information about the project scope, schedule, budget, return on investment, safety improvements, and the relationship to the Port's mission. In addition, for the first time, this CIP process specifically required each project sponsor to identify a project's impact on race equity. Impacts varied from projects with direct impacts such as supporting job opportunities for majority BIPOC workforces or improvements which serve or are adjacent to historically underserved neighborhoods; to those projects which address important deferred maintenance at Port facilities but may have limited direct equity impacts.

A committee consisting of the deputy director from each Port division, plus analytical support from Finance and the Project Management Office, ranked the projects against one another using the following principles:

- **Honor Prior Commitments**—the project was funded in a previous Capital Budget and additional funds are needed to complete the project due to expanded scope, a new cost estimate, or bids that came in over the approved budget.
- **Address Priority Health and Safety Needs**—the project is legally mandated or failure to complete the scope puts the Port in imminent jeopardy of being legally mandated to do the work.
- **Meet Imminent Leasing Needs**—the project is required to prepare a Port facility for a tenant, per an existing or pending lease agreement.
- **Strategic Investment**—the investment will generate sufficient revenue in the future to justify postponing other capital improvements.
- **Leverage Port Funds without Outside Sources**—the project will be partially or fully funded by non-Port funding sources.
- **Executability** – *For projects to receive ARPA funding, staff additionally considered the ability to expend the funds by the ARPA deadline of June 30, 2024.*

The chart below provides an overview of the Port's full five-year Capital Improvement Program. The \$208.1 million of work proposed in this CIP is funded through a mix of Port revenue (\$88.3 million), South Beach Harbor revenue (\$6.1 million), federal ARPA stimulus (\$62.3 million), and other external sources (\$51.7 million). As detailed in the table below, the CIP includes funding for both new projects and for some previously appropriated projects requiring additional funds to complete.

Figure 3-6: Sources of Funds for the CIP (\$millions)⁹

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	TOTAL
Port Harbor Fund	\$13.3	\$15.0	\$20.0	\$20.0	\$20.0	\$88.3
South Beach Harbor Fund	1.1	1.2	1.2	1.3	1.3	6.1
ARPA Stimulus	54.8	7.5	0.0	0.0	0.0	62.3
Grant Fund	1.0	0.0	0.0	0.0	0.0	1.0
General Obligation Bonds	13.9	9.1	7.8	8.0	7.9	46.7
City General Fund	4.0	0.0	0.0	0.0	0.0	4.0
TOTAL	\$88.1	\$32.7	\$29.0	\$29.3	\$29.2	\$208.4

The draft CIP with project descriptions, budgets, and schedules is included as Attachment IV to this report. A list of the projects funded is shown in the figure below, with the FY 2022-23 and FY 2023-24 columns representing the biennial Capital Budget¹⁰.

Over half the \$208.4 million shown in Figure 3-6 is from outside sources, illustrating the importance of securing state and federal infrastructure dollars for future capital investment. To that end, Port staff has been meeting regularly to identify capital projects that align with federal grant opportunities available through the 2021 infrastructure bill. Using this list, staff is working with the Port's federal lobbyists to design competitive grant proposals for submission to the Department of Transportation (DOT) upon release of the first federal Notice of Funding Opportunities (NOFO) under the new legislation. Staff expects DOT to issue the NOFO in the coming weeks. Staff will present the Port's federal and state legislative priorities, including strategies related to the infrastructure plan, to the Port Commission in March.

-

⁹ The CIP includes all sources of funds, regardless of how they will or have been appropriated. Figures 3-6, 3-7, and 3-8 in this section reflect the full CIP amounts. The proposed FY 2022-23 and FY 2023-24 budget only appropriates all sources in Figure 3-6 above except General Obligation Bond and General Fund support (which only apply to the Waterfront Resilience Program). See Appendix 1 of the Attachment IV for a list of projects and appropriations included in the FY 2022-23 and FY 2023-24 budget.

¹⁰ Funding amounts for the Waterfront Resilience Program shown in Figure 3-7 include General Obligation Bond and General Fund support which are not included in the proposed capital budget appropriation.

Figure 3-7: Uses of Funds for the CIP (\$millions)

Project	FY 2022-23	FY 2023-24	FY 2024-25 - FY 2026-27	TOTAL
<i>Southern Waterfront</i>				
Heron's Head Park Shoreline	\$1.5	\$0.0	\$0.0	\$1.5
Pier 80 Piling and Fendering	9.4	0.0	0.0	9.4
Pier 80 Subsidence Rehab	0.8	0.0	0.0	0.8
Pier 90 Silo Demolition Design	1.2	0.0	0.0	1.2
Pile Removal	2.0	0.0	0.0	2.0
Resilient Multi-Modal Cargo Way Pre-Design	3.1	3.1	0.0	6.2
Southern Waterfront Beautification Fund	2.2	2.2	6.7	11.1
Subtotal	20.1	5.3	6.7	32.0
<i>China & Central Basins</i>				
Pier 50 Seismic Assessment and Retrofit Pre-Design	3.8	0.0	0.0	3.8
Pier 64 Sediment Site Cleanup	1.4	0.0	0.0	1.4
Subtotal	5.2	0.0	0.0	5.2
<i>Ferry Plaza/South Beach</i>				
South Beach Harbor	1.1	1.2	3.8	6.1
Subtotal	1.1	1.2	3.8	6.1
<i>Northeastern Waterfront</i>				
Pier 29.5 Office Rehab	0.2	0.0	0.0	0.2
Pier 29.5 Parking Exhaust System	1.5	0.0	0.0	1.5
Pier 9 (Tier 1 FIRPA)	0.0	2.8	2.8	5.7
Roundhouse 2 Building Envelope	8.0	0.0	0.0	8.0
Subtotal	9.7	2.8	2.8	15.4
<i>Fisherman's Wharf</i>				
Aquatic Park	1.2	0.0	0.0	1.2
FW Resilience and Public Realm Planning	0.0	1.6	0.0	1.6
Pier 45 Shed B & D Repairs	0.0	1.7	3.0	4.7
Subtotal	1.2	3.3	3.0	7.5
<i>Portwide</i>				
Contingency	2.6	3.6	7.6	13.8
Crane Barge Purchase	6.5	0.0	0.0	6.5
Enterprise Technology Project	1.5	0.0	0.0	1.5
Facility Inspection and Repair Project Assessments	1.0	1.0	3.0	5.0
Grant Match	2.0	1.0	11.9	14.9
Insurance Deductible	0.8	0.5	1.5	2.8
Ladders and Skylights	1.0	0.0	0.0	1.0
Maintenance Dredging and Sediment Sampling	4.8	0.0	12.8	17.6
Pile Crew	0.8	1.6	0.0	2.4
Project Management Office	1.8	1.8	5.7	9.3
Stormwater Trash Capture	0.5	0.0	0.0	0.5
TI Fund for tenant attraction/retention	8.1	0.0	0.0	8.1
Waterfront Resilience Program	19.4	10.6	28.7	58.8
Subtotal	50.8	20.1	71.3	142.1
Total	\$88.1	\$32.7	\$87.5	\$208.4

3d-ii. Biennial Capital Budget for FY 2022-23 and FY 2023-24

Capital investments in the Port's mission critical and revenue generating assets remain essential despite current revenue constraints (see Attachment V for a list of projects completed, or scheduled for completion, in the current fiscal year). Staff propose the list of projects described below, and listed above in Figure 3-7, for appropriation in this

biennial budget.

Given the high level of ARPA funded capital investment proposed in FY 2022-23 and FY 2023-24 and the June 30, 2024 deadline to expend ARPA funds, the Port has increased project delivery resources and administrative capacity in the proposed budget with:

- Full staffing of the Project Management Office, which has a number of current vacancies
- Reassignment of a vacant analyst position to Contract Administration
- Fully funding the Engineering as-needed contracts for architecture and design
- 2 new positions in the Engineering division for building inspection and permit desk administration
- A new project-funded Human Resources analyst to assist with filling vacancies

Southern Waterfront Projects

Heron's Head Shoreline Restoration (\$1.5 million)

The existing shoreline on the south side of the park is experiencing severe erosion and consequently discharges sediment into San Francisco Bay. This project will stabilize the shoreline, improve habitat and biodiversity, and include sea level rise adaptation as possible.

Pier 80 Piling and Fendering (\$9.4 million)

This project will replace the current fender system – oversized tires hung from aging and deteriorating marine pilings – with new pilings and procure/install three-foot-tall buckling-type rubber cone fenders along the 1,200-foot east-facing berth. This will reduce the operational constraints of the current Roll-on/Roll-off (Ro/Ro) vessels at Pier 80 (terminal) and provide flexibility for additional vessel classes at the terminal.

Pier 80 Subsidence Rehabilitation (\$0.8 million)

This project funds a study to determine the preferred approach to dealing with the uneven surface at the Pier 80 cargo terminal. The results of the study will guide future capital requests. When complete, this project will enable the port's terminal operator the opportunity to increase international trade while creating efficiencies in the exporting of domestically produced automobiles from the Port of San Francisco.

Pier 90 Silo Demolition Design (\$1.2 million)

The Pier 90 silos, formerly used to store grain, have been unused since 1989. The proposed project scope includes design of the demolition of all existing landside structures, to remove the vacant silo, and eliminate a life-safety hazard and ongoing maintenance and security expense. After design, additional funding will be requested for the actual demolition work. This restores a project that was previously defunded due to COVID-19.

Pile Removal (\$2.0 million)

This project will remove deteriorated creosote treated piles and wharf areas that are

no longer functional in the Southern Waterfront. Port staff has completed pile removal at Islais Creek (2019) and North Apron of Pier 19 (2017) and will prioritize pile removal based on water and safety hazards. This restores a project that was previously defunded due to COVID-19.

Resilient Multi-Modal Cargo Way Pre-Design (\$6.2 million)

The Resilient Multi-Modal Cargo Way Design project will improve Cargo Way consistent with the City's Better Streets guidelines. Cargo Way is a key truck route to the Port's cargo facilities and has been identified by the City as a potential inland line of defense for flood protection. Through additional City department and community engagement, the goal of this funding request is to develop a plan and 35% design for a Resilient Multi-Modal Cargo Way with CEQA and NEPA clearance, and to position this project for future state and federal infrastructure funding which may offset some of the total estimated project cost of \$30-50 million. Port staff believes that this project would be a strong competitor for newly enhanced transportation planning grant funds and hopes that the Port's expenditure on pre-design activities would serve as a match to a federal grant.

Southern Waterfront Beautification Fund (\$4.4 million)

Appropriation in accordance with the Port Commission's Southern Waterfront Beautification Fund policy. Available funds will be used for projects in the Southern Waterfront with a specific focus on open space, wetland restoration, pier removal, public art, and historic preservation. See Attachment IX for details on appropriation amounts.

China & Central Basins Projects

Pier 50 Seismic Assessment and Retrofit Pre-Design (\$3.8 million)

This project funds initial planning and other pre-design work for seismic improvements to the drive aisle and Sheds A through D at Pier 50. This work is the initial step in a multi-year process to design, estimate, fund, and construct work at Pier 50. When complete, seismic improvements to Pier 50 will ensure that Port staff can fulfill their disaster response and recovery role following a major earthquake.

Pier 64 Sediment Site Cleanup (\$1.4 million)

After identifying sediment contamination at Pier 64, the Port and Responsible Parties performed a sediment investigation and submitted a report of findings to the Regional Water Quality Control Board (Water Board) in February 2021. Discussions with the Water Board to date indicate it will require additional evaluation of sediment contamination and submittal of an addendum to the sediment investigation report to support the final remediation plan. Once the plan is approved, the Port will enter into negotiations with the Responsible Parties to share the cost of remediation.

Ferry Plaza/South Beach Harbor Projects

South Beach Harbor (\$2.3 million)

South Beach Harbor is a full-service marina consisting of 700 slips, a recreational and commercial guest dock, the Pier 40 Maritime Center and South Beach Park. This project will improve various assets within the South Beach Harbor area. Current

projects include baffle wall, pre-dredge sediment, and improvements to Pier 40. The Pier 40 improvements, which are required by the Bay Conservation and Development Commission (BCDC), include work on the north guest dock, kayak float, east apron public access improvements, jib joist replacement, relocation of existing hoist, and BCDC application fees.

Northeastern Waterfront Projects

Pier 29.5 Office Rehabilitation (\$0.2 million)

The Pier 29.5 office building is a two-story building that is currently vacant. The rehabilitation of this office space is required prior to leasing. This project will repair the sheetrock damage in the lobby and both floors, remove hazardous material, as well as improve the entrance and staircase in the lobby accessed from the Embarcadero. Once fully leased this office building could potentially increase revenue by approximately \$160,000 annually.

Pier 29.5 Parking Exhaust System (\$1.5 million)

The San Francisco Fire Department has mandated installation of a new ventilation system to continue using Pier 29.5 for parking. To preserve the historic fabric of the facility, a new ventilation system will be installed utilizing existing roll-up door openings and windows to mount exhaust fans that will increase air circulation within Piers 29.5 and 31 bulkheads. The project will also include installation of Carbon Monoxide sensors to operate the fans.

Pier 9 (Tier 1 FIRPA) (\$2.8 million)

The 2019 Facility Inspection Repair Project Assessment (FIRPA) study identified several urgent life safety and deferred maintenance repair needs at Pier 9. This project will address those needs with repairs to the substructure piles and beams, and concrete spalling along the parapets.

Roundhouse 2 Building Envelope (\$8.0 million)

Roundhouse 2 is a four-story partially occupied office building. The project is intended to enhance and revitalize the Roundhouse building, address its current state of disrepair, and increase the leasing potential of the space. This project includes work to correct deficiencies in the fire-rated construction of HVAC shafts, replace the roof, repair windows for water intrusion, and replace the building's solarium.

Fisherman's Wharf Projects

Aquatic Park (\$1.2 million)

To address bacteria issues at beaches throughout the Bay Area, the Water Board recently amended the San Francisco Basin Water Quality Control Plan (Basin Plan). The Water Board determined that Aquatic Park has been impaired with fecal indicator bacteria and has required the Port to inspect and repair the sewer lines within one quarter mile from the Aquatic Park shoreline and within Port jurisdiction by 2025.

Fisherman's Wharf Resilience and Public Realm Planning (\$1.6 million)

In the last two years, Fisherman's Wharf has experienced a series of economic and infrastructure challenges. The COVID 19 pandemic has had a significant impact on the tourism-dependent businesses in the area. Pier 45, a hub for the commercial fishing industry and site of many Fisherman's Wharf visitor serving attractions, suffered a fire in 2020 that destroyed Shed C. The recent Waterfront Resilience Program Multi-Hazard Risk Assessment revealed seismic risks throughout much of Fisherman's Wharf, including older wood structures. Together, these events suggest that the Port must reinvest in and reinvigorate the Wharf. This work will begin to outline a plan and determine community interest in an effort to attract new investment to the area to improve the public realm, enhance the resilience of Fisherman's Wharf and support businesses and workers.

Pier 45 Shed B & D Repairs (\$1.7 million)

The 2019 FIRPA study recommended significant work to address deferred maintenance at Sheds B and D at Pier 45. Work to be completed with this project includes repairs and upgrades to the roof, parapet coping, concrete façade, windows, metal doors, and egress doors.

Port-wide Projects

Contingency Fund (\$6.2 million)

With supply-chain issues and labor shortages, construction costs have risen significantly and have created uncertainty in project budgets. The Port uses the Contingency Fund to supplement budgets on essential projects when bids come in high, but are deemed reasonable, or when unforeseen site conditions or other challenges arise that exceed a project's budgeted contingency. The Contingency Fund also serves as a source to address urgent projects and needs that arise after the biennial budget is adopted.

Crane Barge Purchase (\$6.5 million)

This project will design and build a new 150' crane barge (pile driving barge) affixed with a 200-ton crane to support pier repair projects for the next 50 years. The new crane barge is a generational purchase that will be large enough to handle steel pipe and concrete piles which outperform wood pile and are much safer for the aquatic environment. The new barge will allow the Port to make seismic and structural repairs to our facilities due to the increased reach and lifting capacity. The engine on the crane will also meet all modern bay area air quality standards to reduce pollution in the environment.

Enterprise Technology Project (\$1.5 million)

This project provides additional funding for the procurement and implementation of a new asset management system. The Port's existing enterprise asset management system, which functions as the work order system for the Maintenance division, has become obsolete and is no longer supported by the vendor. Implementation of a new system will enhance asset management functionality for the entire organization and will greatly improve the Maintenance division's work order system. This project

will also allow the Port to finally retire its Oracle-based financial software, freeing IT resources to support other technology needs including data governance, tracking and reporting, document management, integration of systems such as GIS and PropWorks to maximize their functionality, and implementation of collaborative work tools including SharePoint. This restores a project that was previously defunded due to COVID-19.

Facility Inspection and Repair Project Assessments (\$2.0 million)

The Facility Inspection and Repair Project Assessment (FIRPA) is a long-term and on-going program to determine the current state of each Port facility and the resources required to bring the facility into a state of good repair. Staff will use FIRPA to review a number (i.e., five to ten) of Port facilities every year until all major facilities have been evaluated with the goal of assessing every Port facility approximately every ten years. This effort provides critical data to support the Port's capital planning efforts as well as other facility prioritization analysis.

Grant Match (\$3.0 million)

The Port regularly applies to the federal and state governments for grants which require a local match. This project will meet two needs – it will support grant match requirements and will also support pre-application work, such as cost benefit studies, often required to obtain grants.

Insurance Deductible (\$1.3 million)

Property insurance markets are in crisis due to the compounding impacts of climate change and business interruption claims resulting from COVID-19. As a result of these market wide impacts, as well as the Pier 45 fire in May 2020, the Port's insurance deductible has increased from \$750,000 to \$10.0 million. The Port intends to accumulate funds over time, to ensure sufficient funding to cover the deductible in case of future losses.

Ladders and Skylights (\$1.0 million)

The aging ladders and skylights on shed roofs present a safety risk for Port maintenance staff when working on the roofs. This project would improve or replace the most degraded ladders and skylights throughout the waterfront, reducing the safety risk to Port employees. This restores a project that was previously defunded due to COVID-19.

Maintenance Dredging and Sediment Sampling (\$4.8 million)

Routine dredging of Port berths is required to maintain depths for vessels in support of maritime commerce, including cruise and cargo operations. This project includes pre-dredge testing of sediment required by regulatory agencies to determine the appropriate disposal or re-use option for the sediments. It also includes sending dredged sediments to beneficial re-use such as wetlands restoration (i.e., Montezuma Wetlands Restoration in Solano County) when feasible.

Pile Crew (\$2.4 million)

These funds will be used to hire and maintain a Port-staffed pile worker crew to perform capital repairs on Port piers. The crew will consist of seven pile workers,

one supervisor, and one crane operator. The Port's analysis indicates that completing pier repairs with Port crews is more cost-effective than having the work done by a contractor. However, finding and hiring skilled professionals for the work can be a challenge. If the Port is unable to fill all needed positions, budgeted funds will be used to put as many planned pier repair projects out to bid as budgets allow. This restores a project that was previously defunded due to COVID-19.

Project Management Office (\$3.6 million)

This funding supports the Port's Project Management Office (PMO) staff. The PMO manages all Port capital projects and is responsible for driving those projects from inception to construction close out. The PMO staff will play an integral role in the expenditure of ARPA funded capital projects by June 2024.

Stormwater Trash Capture Installation (\$0.5 million)

This project will perform the field verification and mapping needed to ultimately install full trash-capture devices in the Port's municipal separate storm sewer system area. There are approximately 543 stormwater inlets in the area, and the Port's Municipal General Stormwater Permit requires the devices to be installed prior to 2030. This project will fund the initial phases of the work, with the full project costs including procurement and installation estimated at \$2.8 million.

Tenant Improvement Fund for Tenant Attraction/Retention (\$8.1 million)

This project is an economic recovery initiative and will allow the Port to fund tenant improvements on par with private-sector landlords. Historically, the Port has relied on tenants to finance these needed improvements, then reduced their rent to offset the improvement costs. This has the impact of discouraging small and local businesses that might not have the cash or credit to finance such improvements and also reduces rent that the Port receives from these lease agreements. This will make the spaces more attractive to a variety of tenants, speed-up leasing, decrease vacancy, and increase revenue.

Waterfront Resilience Program (\$3.1 million Harbor Funds)¹¹

As shown in Figure 3-8 below, the Port projects \$58.8 million in expenditures over the five-year CIP period, including \$1.5 million and \$1.6 million in Harbor Fund proposed for appropriation in FY 2022-23 and FY 2023-24, respectively.

Figure 3-8: Sources (\$millions)

Source	22/23	23/24	24/25	25/26	26/27	Total
Port Harbor Fund	1.5	1.6	1.6	1.7	1.7	8.1
City General Fund	4.0	0.0	0.0	0.0	0.0	4.0
General Obligation Bond	13.9	9.1	7.8	8.0	7.9	46.7
Total	19.4	10.6	9.4	9.7	9.6	58.8

The \$3.1 million in Port capital funds in the biennial budget period will support costs

¹¹ Note the CIP total Waterfront Resilience Cost includes a request for support from the General Fund as well as the previously approved General Obligation bonds. Those sources are not included here as they will not be appropriated through the proposed budget.

ineligible for General Obligation Bond funding. This request will fund \$2.1 million in projected ineligible Port labor costs (such as trainings, vacation, and sick time), including a newly approved position for grant and funding advocacy. The remaining \$1.0 million will fund ineligible consultant expenditures and interdepartmental workorders. Staff plan to return to the Port Commission to request approval and appropriation of a second GO Bond sale later this fiscal year.

See Attachment X for a report of project appropriations, balances, and status.

4. REQUIRED RESERVES

The Port Commission has adopted two policies relevant to the proposed budget:

1. Capital investment must equal or exceed 25% of operating revenues, and
2. Operating reserves must equal or exceed 15% of operating expenses.

As a result of the economic crisis caused by the COVID-19 pandemic, the FY 2021-22 budget did not meet the capital investment policy requiring 25% of operating revenue to be set aside for capital. The proposed FY 2022-23 and FY 2023-24 budget meets the 25% investment requirement thanks to the availability of ARPA funding, with 37% investment averaged across both years of the biennial budget¹².

Port Commission policy also requires that the Port maintain an operating reserve of at least 15% of annual expenses. Fund balance, which serves as the Port's operating reserve is estimated to have \$90 million at the beginning of the biennial budget period, or approximately 90% of annual operating expenses of \$101 million in FY 2022-23.

5. CONCLUSION

The financial uncertainty created by the COVID-19 pandemic is substantial and makes the Port's revenue forecasts subject to significant variance. Port staff will continue to closely monitor economic indicators and revenues throughout the coming fiscal years and will adjust expenditures as needed. Additionally, over the next two years, Port staff will use the reprieve granted by the federal stimulus funding to develop and implement a suite of economic recovery measures to ensure the Port's future financial stability.

¹² Due to the ARPA expense deadline of June 2024, all ARPA funded capital projects are included in FY 2022-23 in order to maximize the time available to use funding. Therefore, the capital investment percentage more reasonably considered as an average across both years of the biennial budget.

Prepared by:

Nate Cruz, Finance Director
Finance and Administration

Marilyn Yeh, Operating Budget Manager,
Finance and Administration

Yvonne Collins, Capital Budget Manager,
Finance and Administration

For:

Katharine E. Petrucione
Deputy Director, Finance and Administration

Attachments:

- I. Operating Revenue Detail
- II. Stimulus Submission to State Lands Commission
- III. Positions Changes
- IV. DRAFT Five-year Capital Improvement Program
- V. FY2020-21 Completed Capital Projects
- VI. Operating Expenses by Division
- VII. Other Current Detail Expenses Report
- VIII. Other Work Order Detail Report
- IX. Southern Waterfront Beautification Fund Table
- X. Report on Capital Project Appropriations, Balances, and Status

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

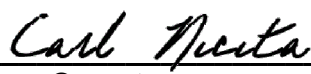
RESOLUTION NO. 22-09

- WHEREAS, In November 2009, the voters of San Francisco approved Proposition A which amended Section 9.100 of the San Francisco Charter to require the City to adopt a new rolling two-year budget cycle; and
- WHEREAS, On November 1, 2011 under File No. 11-1009, “Resolution adopting a fixed two-year budgetary cycle for the Airport, the Port, and the Public Utilities Commission, defining terms, and setting deadlines,” the Board of Supervisors determined that the Port must adopt a fixed biennial budget; and
- WHEREAS, The COVID-19 public health emergency has dramatically reduced demand for restaurants, cruises, in-person special events, tourist attractions, and parking; and
- WHEREAS, Port of San Francisco (“Port”) leasing revenue provides approximately 75% of the Port’s revenue budget and subsidizes critical Port operations and public benefits; and
- WHEREAS, As a result of the pandemic total Port revenues fell by 40% of their pre-pandemic levels, for a loss of \$60 million since the beginning of the pandemic, and \$80 million over the next two years, within a total operating budget of \$110 million; and
- WHEREAS, On March 11, 2021, President Joe Biden signed the American Rescue Plan Act of 2021 (“ARPA”), a \$1.9 trillion economic stimulus bill to address the pandemic, including financial relief to state and local governments; and
- WHEREAS, House Speaker Nancy Pelosi amended the ARPA to include transfer language to allow the State of California to help California ports recover from the devastating financial impacts of the pandemic and restore desperately needed revenue; and
- WHEREAS, The ARPA was the first financial relief package made available to public seaports; and
- WHEREAS, In May 2021, Governor Gavin Newsom announced a one-time \$250 million allocation from the ARPA to California’s ports to mitigate the negative economic impacts resulting from the COVID-19 pandemic; and
- WHEREAS, On December 8, 2021, the California State Lands Commission authorized the disbursement of \$56.6 to the Port of San Francisco to recover revenue losses and direct costs incurred from the COVID-19 pandemic in calendar 2020; and

- WHEREAS, In spring of 2022 the Port anticipates receiving an additional allocation of approximately \$58.8 in ARPA funds from the State of California to recover revenue losses and direct costs incurred in calendar year 2021 due to the COVID-19 pandemic, for a total allocation of up to \$114.8 million; and
- WHEREAS, The Port proposes to use approximately \$14.0 million of ARPA funds for eligible operating and capital expenses in the current fiscal year, with the remaining \$100.8 million of ARPA funds for additional operating and capital expenses in FY 2022-23, and FY 2023-24; and
- WHEREAS, Port Commission staff has developed a Fiscal Years 2022-23 and 2023-24 Biennial Operating and Capital Budget (“Biennial Budget”) as described in detail in the staff report accompanying this Resolution; and
- WHEREAS, The proposed Biennial Budget includes projected operating revenues of \$98.1 million in Fiscal Year 2022-23 and \$106.6 million in Fiscal Year 2023-24; and
- WHEREAS, The proposed Biennial Budget includes ARPA funds of \$73.5 million in Fiscal Year 2022-23 and \$27.3 million in Fiscal Year 2023-24; and
- WHEREAS, The proposed Biennial Budget includes estimated South Beach Harbor revenues of \$5.1 million in Fiscal Year 2022-23 and \$5.2 million in Fiscal Year 2023-24; and
- WHEREAS, The proposed Biennial Budget includes projected operating expenses of \$102.0 million in Fiscal Year 2022-23 and \$103.3 million in Fiscal Year 2023-24; and
- WHEREAS, The proposed Biennial Budget includes projected capital expenditures of \$70.2 in Fiscal Year 2022-23 and \$23.7 in Fiscal Year 2023-24; and
- WHEREAS, Staff recommends that the Port Commission approve the revised Biennial Budget; and
- WHEREAS, The proposed Biennial Budget must also be approved by Mayor London Breed and the Board of Supervisors;
- WHEREAS, The proposed Biennial Budget includes \$1.0 million in grant funding from the National Coastal Wetlands Conservation Program, as administered by the California State Coastal Conservancy (“Conservancy”), in Fiscal Year 2022-23; and
- WHEREAS, The Conservancy grant is proposed to partially fund the Heron’s Head Shoreline Restoration project to stabilize the shoreline, improve habitat and biodiversity, and include sea level rise adaptations, as described in detail in the staff report accompanying this Resolution; and, now therefore, be it

- RESOLVED, That the Port Commission hereby approves the Fiscal Year 2022-23 and Fiscal Year 2023-24 Biennial Budget as proposed by staff; and be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to make such changes to the Biennial Budget that the Executive Director deems to be in the Port's best interest, and, be it further
- RESOLVED, That after the Biennial Budget has been approved by Mayor London Breed and the Board of Supervisors, staff is directed to return to the Port Commission to report on, and receive Port Commission approval for any material changes to the Biennial Operating Budget; and be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to enter into one or more grant agreements with the State of California on behalf of the City for acceptance of up to \$58.2 million in ARPA funds anticipated to be authorized by the State of California in April, and be it further
- RESOLVED, That the Port Commission hereby approves the award of grant funding from the Conservancy for the project; and be it further
- RESOLVED, That the Port Commission acknowledges that it has or will have sufficient funds to complete the project and maintain the shoreline habitat improvements constructed as part of the project for a reasonable period, not less than the useful life of the improvements; and be it further
- RESOLVED, That the Port Commission hereby agrees to be bound by all terms and conditions of the grant agreement and any other agreement or instrument as may be required by the Conservancy and as may be necessary to fulfill the terms of the grant agreement and to complete the project; and be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director or her designee to negotiate and execute all agreements and instruments necessary to complete the Heron's Head Shoreline Restoration project and to comply with the Conservancy's grant requirements, including, without limitation, the grant agreement.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 22, 2022.

DocuSigned by:

Secretary
BFA59E31E3B84A8...


**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 22-10

- WHEREAS, The COVID-19 public health emergency has dramatically reduced demand for restaurants, cruises, in-person special events, tourist attractions, and parking; and
- WHEREAS, Port of San Francisco (“Port”) leasing revenue provides approximately 75% of the Port’s revenue budget and subsidizes critical Port operations and public benefits; and
- WHEREAS, As a result of the pandemic total Port revenues fell by 40% of their pre-pandemic levels, for a loss of \$60 million since the beginning of the pandemic, and \$80 million over the next two years, within a total operating budget of \$110 million; and
- WHEREAS, On March 11, 2021, President Joe Biden signed the American Rescue Plan Act of 2021 (“ARPA”), a \$1.9 trillion economic stimulus bill to address the pandemic, including financial relief to state and local governments; and
- WHEREAS, House Speaker Nancy Pelosi amended the ARPA to include transfer language to allow the State of California to help California ports recover from the devastating financial impacts of the pandemic and restore desperately needed revenue; and
- WHEREAS, The ARPA was the first financial relief package made available to public seaports; and
- WHEREAS, In May 2021, Governor Gavin Newsom announced a one-time \$250 million allocation from the ARPA to California’s ports to mitigate the negative economic impacts resulting from the COVID-19 pandemic; and
- WHEREAS, On December 8, 2021, the California State Lands Commission authorized the disbursement of \$56.6 to the Port of San Francisco to recover revenue losses and direct costs incurred from the COVID-19 pandemic in calendar 2020; and
- WHEREAS, In spring of 2022 the Port anticipates receiving an additional allocation of ARPA funds from the State of California to recover revenue losses and direct costs incurred in calendar year 2021 due to the COVID-19 pandemic, for a total allocation of up to \$114.8 million; and
- WHEREAS, Under Administrative Code, Section 10.170-1, the acceptance and expenditure of federal, state, or other grant funds in the amount of \$100,000 or more is subject to the approval by resolution of the Board of Supervisors; and

- WHEREAS, The Port proposes to use approximately \$14.0 million of ARPA funds for eligible operating and capital expenses in the current fiscal year, with the remaining \$100.8 million of ARPA funds for additional operating and capital expenses in FY 2022-23, and FY 2023-24; and, now therefore, be it
- RESOLVED, That the Port Commission hereby approves the acceptance and expenditure of \$14.0 million of ARPA funds from the State of California for eligible operating and capital expenses in the current fiscal year, plus additional amounts up to 15% of the original grant amount that may be offered or applied to FY 2021-22 expenses; and be it further
- RESOLVED, That the Port Director is authorized to enter into one or more grant agreements with the State of California on behalf of the City for acceptance of the \$56.6 in grant funds authorized by the State of California on Dec 8, 2021, and be it further
- RESOLVED, That the Port Commission recommends that the Board of Supervisors approve the acceptance and expenditure of ARPA funding under Administrative Code Section 10.170-1.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 22, 2022.

DocuSigned by:

Secretary
BFA59E31E3B84A8...



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Tom Paulino
RE: Accept and Expend Grant – American Rescue Plan Act - California State
Lands Commission – Operating and Capital Expenses – \$73,492,632 in
FY 2022-23 and \$27,279,000 in FY 2023-24
DATE: May 1, 2022

Resolution authorizing the Port Commission to accept and expend a grant in the amount of \$100,771,632, plus additional amounts up to 15% of the original grant amount that may be offered, from the California State Lands Commission for any lawful purpose in FY2022-23 and FY 2023-24; and authorizing the Port Director to enter into one or more grant agreements with the State of California State Lands Commission for \$58,200,000.

Should you have any questions, please contact Tom Paulino at 415-554-6153.



To: Angela Calvillo, Clerk of the Board of Supervisors
From: Ashley Groffenberger, Mayor's Budget Director
Date: May 1, 2022
Re: Mayor's May 1 FY 2022-23 and FY 2023-24 Budget Submission

Madam Clerk,

In accordance with Administrative Code section 3.3, the Mayor's Office hereby submits the Mayor's proposed May 1 budget by May 1st, corresponding legislation, and related materials for Fiscal Year (FY) 2022-23 and FY 2023-24.

In addition to the Mayor's Proposed FY 2022-23 and FY 2023-24 May 1 Budget Book, the following items are included in the Mayor's submission:

- The May 1 Annual Appropriation Ordinance and Annual Salary Ordinance, along with Administrative Provisions, physical copies of which will be delivered by the Controller's Office
- 11 separate pieces of trailing legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- An Interim Exception letter
- A letter from the City Controller regarding the San Francisco Municipal Transportation Agency budget

Sincerely,

A handwritten signature in black ink, appearing to read "A. Groffenberger", followed by a long horizontal flourish.

Ashley Groffenberger
Mayor's Budget Director

cc: Members of the Board of Supervisors
Budget & Legislative Analyst's Office
Controller

DEPT	Item	Relevance to Budget	Type of Legislation
AIR	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
BOA	Board of Appeals Surcharges on Permit Fees	Legislation that allows the Board of Appeals to adjust existing surcharges on permit fees, license fees, permit review fees, and permit and license renewal fees for permits and licenses issued by the Planning Department, Department of Building Inspection, Department of Public Works, Department of Public Health, Police Department, and the Entertainment Commission	Ordinance
LIB	In-Kind Grant of Friends of San Francisco Public Library	Grant assumed in budget.	Resolution
MTA	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
PRT	California State Lands Commission Grant	Grant assumed in budget.	Resolution
PRT	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
PUC	CleanPowerSF Capital Budget	Appropriates funds to support PUC CleanPowerSF capital budget expenditures.	Ordinance
PUC	Hetch Hetchy Capital Budget	Appropriates funds to support PUC Hetch Hetchy capital budget expenditures.	Ordinance
PUC	Wastewater Capital Budget	Appropriates funds to support PUC Wastewater Enterprise capital budget expenditures.	Ordinance
PUC	Water Capital Budget	Appropriates funds to support PUC Water Enterprise capital budget expenditures.	Ordinance
PUC	Power Debt Authorization	Authorizes bond issuance to finance Power capital projects.	Ordinance
PUC	Wastewater Debt Authorization	Authorizes bond issuance to finance Wastewater capital projects.	Ordinance
PUC	Water Debt Authorization	Authorizes bond issuance to finance Water capital projects.	Ordinance
PUC	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution