File No. 220243 **Committee Item No.** 6
Board Item No. 18

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee **Date** March 23, 2022
Board of Supervisors Meeting **Date** April 5, 2022

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☒	☒	Port Funding Request Summary
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Completed by: Brent Jalipa **Date** March 15, 2022
Completed by: Brent Jalipa **Date** March 31, 2022

[Accept and Expend Grant - American Rescue Plan Act - California State Lands Commission Operating and Capital Expenses - FY2021-2022 - $14,044,498]

Resolution authorizing the Port Commission to accept and expend a grant from the California State Lands Commission, through the American Rescue Plan Act of 2021 allocation, in the amount of $14,044,498 plus additional amounts up to 15% of the original grant amount that may be offered, for eligible operating and capital expenses, and any lawful purpose for Fiscal Year (FY) 2021-2022, effective upon execution of the Funding Agreement, through June 30, 2024.

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

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

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

WHEREAS, The Port's leasing revenue provides 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 $60,000,000 since the beginning of the pandemic, and $80,000,000 over the next two years, within a total operating budget of $110,000,000; and

WHEREAS, Based on projections, the Port anticipates a five-year recovery timeframe to return to pre-pandemic revenues; 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 $56,616,130 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 $114,800,000; 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 of San Francisco proposes to maximize the use of grant funds on the program expenditures by not including indirect costs in the grant budget; and

WHEREAS, The Port proposes to use approximately $14,044,498 of ARPA funds for eligible operating and capital expenses in the current fiscal year, and $100,800,000 of ARPA funds for additional operating and capital expenses in Fiscal Year (FY) 2022-2023, and FY2023-2024; and

WHEREAS, The Port will request the acceptance and approval of $100,800,000 of ARPA funding for expenses in FYs 2022-2023 and 2023-2024 during the upcoming biennial budget process; now, therefore, be it

RESOLVED, That the Port Commission is hereby authorized to accept and expend ARPA funding from the State of California in the amount of $14,044,498 for eligible expenses in FY2021-2022, plus additional amounts up to 15% of the original grant amount that may be offered or applied to FY2021-2022 expenses; and, be it

FURTHER RESOLVED, That the Port Commission is hereby authorized to accept and expend ARPA funding from the State of California pursuant to Administrative Code, Section 10.170-1; 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 $14,044,498 in grant funds authorized by the State of California on December 8, 2021; and be it

FURTHER RESOLVED, That the Board of Supervisors hereby waives inclusion of indirect costs as part of this Grant budget; and be it

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:

_____/s/_____

Mayor

Approved:

_____/s/_____

Controller

File Number: 220243
(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: American Rescue Plan Act – Operating and Capital Expenses – Port of San Francisco

2. Department: Port

3. Contact Person: Katharine Petrucione Telephone: 415-274-0481

4. Grant Approval Status (check one):

   [X] Approved by funding agency [ ] Not yet approved

5. Amount of Grant Funding Approved or Applied for: $ 56,616,130 Approved, $14,044,498 request A&E for FY22, remaining budget authority via biennial budget process.

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:

   Heron's Head Park has experienced significant erosion and invasion by non-native plants, resulting in decreased size and ecological value of the tidal wetland. The Port has developed plans for a living shoreline construction and wetland habitat restoration project, the Heron's Head Park Shoreline Resilience Project (the Project), to mitigate these impacts. This grant will provide 42% of the funds needed to construct the shoreline stabilization and living shoreline elements of the project.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:
   Start-Date: Effective Date of executed funding agreement, estimated April 1, 2022 End-Date: June 30, 2024

10. a. Amount budgeted for contractual services: $1,520,000
    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 [X] 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 [X] 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):

[X] Existing Site(s)
[ ] Rehabilitated Site(s)
[ ] New Site(s)
[ ] Existing Structure(s)
[ ] Rehabilitated Structure(s)
[ ] New Structure(s)
[ ] Existing Program(s) or Service(s)
[ ] New Program(s) or Service(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)

ADA Coordinator
(Title)

Date Reviewed: 2/18/2022

W. Proctor
(Signature Required)

Department Head or Designee Approval of Grant Information Form:

Elaine Forbes
(Name)

Port Director
(Title)

Date Reviewed: 2/23/2022

(Signature Required)

Line Item Budget Detail	
A. PERSONNEL SERVICES	
Janitorial services	520,000
Security management and services (via existing contract)	1,180,000
Subtotal Personnel Services	**$1,700,000**
B. OPERATING EXPENSES: General	
Police Services	900,000
Fire Protection Services	3,120,000
Youth Employment	565,000
Greenagers	77,000
Subtotal Operating Expenses: General	**$4,662,000**
C. CAPITAL EXPENSES	
Dredging	2,000,000
Utilities Repair	800,000
Emergency Facility Repair	3,282,498
Facility Assessment Inspections	1,000,000
Funding LBE Loans	400,000
Subtotal Capital	**$7,482,498**
D. ANNUAL PROJECTS	
Miscellaneous Facility Improvements	200,000
Subtotal Annual Projects	**$200,000**
E. GRAND TOTAL (A+B+C+D)	**$14,044,498**

STATE OF CALIFORNIA – STATE LANDS COMMISSION

Funding Request Summary

APPLICANT / PORT NAME: Port of San Francisco

AMOUNT REQUESTED: 57,292,567.00

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

NAME: Nate Cruz

TITLE: Finance Director

EMAIL: nate.cruz@sfport.com

PHONE: 415-994-3745

MAILING ADDRESS: Pier 1, San Francisco, CA 94111

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
See Worksheet '1. COVID Costs 2020'	2020

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

Cost Type/Category	Amount
See Worksheet '1. COVID Costs 2020'	$2,219,685

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 *[(1 + 4.1% 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: $2,219,685 is expected to be received.

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 been 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.

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

Yes, the Port was at the forefront of the City's response, hosting the City's largest testing site at Piers 30-32 and a shelter in place facility for those experiencing homelessness near Pier 96 . The cost to prepare and maintain those sites, and Port labor costs to respond to the pandemic, are all anticipated to be reimbursed by FEMA as shown in Table 1 below. None of these costs are requested for reimbursement in this application. Note that none of the FEMA reimbursement addresses the revenue losses suffered by the Port, nor does reimbursement from FEMA assist in economic recovery.

Table 1. CY2020 COVID Costs

Costs subject to Reimbursement from FEMA	
General Emergency Protective Measures	1,297,951
Medical Care and Facilities	571,432
Non-congregate Sheltering	350,302
Total	2,219,685

The detail table below is organized by FEMA reimbursement directions. For backup on any given row, take the PW# from the table below and open the folder with the corresponding number in the folder: "1. COVID Cost Detail File

Source: SF Controller's application to FEMA

Category	Submission	PW#	Department	Type	Category	Start date	End date	Paid OT Hrs	Cost of Paid OT	Reimbursable Reg Hrs	Cost of Reimb Reg	Cost of Nonpersonnel	TOTAL
General Emergency Protective Measures	FY20	45	PRT - Port	Personnel	Reimbursa	2/22/2020	3/6/2020			111	$ 9,130.46		$ 9,130.46
General Emergency Protective Measures	FY20	46	PRT - Port	Personnel	Reimbursa	3/7/2020	3/20/2020			136	$ 9,586.36		$ 9,586.36
General Emergency Protective Measures	FY20	47	PRT - Port	Personnel	Reimbursa	3/21/2020	4/3/2020			955	$ 103,892.39		$ 103,892.39
General Emergency Protective Measures	FY20	48	PRT - Port	Personnel	Reimbursa	4/4/2020	4/17/2020			1201.17	$ 127,031.15		$ 127,031.15
General Emergency Protective Measures	FY20	49	PRT - Port	Personnel	Reimbursa	4/18/2020	5/1/2020			287.5	$ 33,307.12		$ 33,307.12
General Emergency Protective Measures	FY20	50	PRT - Port	Personnel	Reimbursa	5/2/2020	5/15/2020			2050.5	$ 168,378.34		$ 168,378.34
General Emergency Protective Measures	FY20	102	PRT - Port	Nonpersor	Materials	3/20/2020	6/30/2020					$ 1,647.21	$ 1,647.21
General Emergency Protective Measures	FY20	249	PRT - Port	Personnel	Reimbursa	5/16/2020	5/29/2020			2215.5	$ 187,857.31		$ 187,857.31
General Emergency Protective Measures	FY20	250	PRT - Port	Personnel	Reimbursa	5/30/2020	6/12/2020			1966.5	$ 163,938.67		$ 163,938.67
General Emergency Protective Measures	FY20	251	PRT - Port	Personnel	Reimbursa	6/13/2020	6/26/2020			2000.5	$ 151,600.63		$ 151,600.63
General Emergency Protective Measures	FY20	252	PRT - Port	Personnel	Reimbursa	6/27/2020	6/30/2020			335	$ 22,019.27		$ 22,019.27
General Emergency Protective Measures	FY20	433	PRT - Port	Personnel	OT	2/22/2020	6/30/2020	259	$ 19,988.52				$ 19,988.52
General Emergency Protective Measures	FY21 (Calendar Ye	451	PRT - Port	Personnel	OT	7/1/2020	12/31/2020	57	$ 3,074.12				$ 3,074.12
General Emergency Protective Measures	FY21 (Calendar Ye	452	PRT - Port	Personnel	Reimbursa	7/1/2020	12/31/2020			3144.5	$ 296,499.37		$ 296,499.37
Medical Care and Facilities	FY20	6	PRT - Port	Personnel	Reimbursa	3/21/2020	4/3/2020			6	$ 249.80		$ 249.80
Medical Care and Facilities	FY20	7	PRT - Port	Personnel	Reimbursa	4/4/2020	4/17/2020			117	$ 11,401.91		$ 11,401.91
Medical Care and Facilities	FY20	8	PRT - Port	Personnel	Reimbursa	4/18/2020	5/1/2020			60	$ 5,719.05		$ 5,719.05
Medical Care and Facilities	FY20	9	PRT - Port	Personnel	Reimbursa	5/2/2020	5/15/2020			377	$ 32,670.47		$ 32,670.47
Medical Care and Facilities	FY20	17	PRT - Port	Nonpersor	Materials	3/20/2020	6/30/2020					$ 20,748.78	$ 20,748.78
Medical Care and Facilities	FY20	66	PRT - Port	Personnel	Reimbursa	5/16/2020	5/29/2020			179	$ 15,573.85		$ 15,573.85
Medical Care and Facilities	FY20	67	PRT - Port	Personnel	Reimbursa	5/30/2020	6/12/2020			108	$ 8,398.03		$ 8,398.03
Medical Care and Facilities	FY20	68	PRT - Port	Personnel	Reimbursa	6/13/2020	6/26/2020			38	$ 3,682.42		$ 3,682.42
Medical Care and Facilities	FY20	69	PRT - Port	Personnel	Reimbursa	6/27/2020	6/30/2020			2	$ 199.08		$ 199.08
Medical Care and Facilities	FY20	71	PRT - Port	Nonpersor	Contractec	3/20/2020	6/30/2020					$ 237,560.55	$ 237,560.55
Medical Care and Facilities	FY20	72	PRT - Port	Nonpersor	Rental Equ	3/20/2020	6/30/2020					$ 21,098.42	$ 21,098.42
Medical Care and Facilities	FY20	73	PRT - Port	Nonpersor	Existing Eq	4/4/2020	5/15/2020					$ 2,053.42	$ 2,053.42

Category	Submission	PW#	Department	Type	Category	Start date	End date	Paid OT Hrs	Cost of Paid OT	Reimbursable Reg Hrs	Cost of Reimb Reg	Cost of Nonpersonnel	TOTAL
Medical Care and Facilities	FY20	102	PRT - Port	Personnel	OT	2/22/2020	6/30/2020	92.5	$ 7,397.86				$ 7,397.86
Medical Care and Facilities	FY21 (Calendar Ye	151	PRT - Port	Personnel	OT	7/1/2020	12/31/2020	122	$ 9,024.29				$ 9,024.29
Medical Care and Facilities	FY21 (Calendar Ye	152	PRT - Port	Personnel	Reimbursa	7/1/2020	12/31/2020			2587.5	$ 187,061.57		$ 187,061.57
Medical Care and Facilities	FY21 (Calendar Ye	154	PRT - Port	Nonpersor	Materials	7/1/2020	12/31/2020					$ 8,592.62	$ 8,592.62
Non-congregate Sheltering	FY20	8	PRT - Port	Personnel	Reimbursa	3/21/2020	4/3/2020			7	$ 1,062.78		$ 1,062.78
Non-congregate Sheltering	FY20	9	PRT - Port	Personnel	Reimbursa	4/4/2020	4/17/2020			524	$ 49,687.79		$ 49,687.79
Non-congregate Sheltering	FY20	10	PRT - Port	Personnel	Reimbursa	4/18/2020	5/1/2020			70	$ 5,896.37		$ 5,896.37
Non-congregate Sheltering	FY20	11	PRT - Port	Personnel	Reimbursa	5/2/2020	5/15/2020			370	$ 29,522.12		$ 29,522.12
Non-congregate Sheltering	FY20	32	PRT - Port	Nonpersor	Materials	3/20/2020	6/30/2020					$ 202,270.88	$ 202,270.88
Non-congregate Sheltering	FY20	98	PRT - Port	Nonpersor	Existing Eq	3/20/2020	6/30/2020					$ 20,115.84	$ 20,115.84
Non-congregate Sheltering	FY20	157	PRT - Port	Personnel	Reimbursa	5/16/2020	5/29/2020			99	$ 5,979.76		$ 5,979.76
Non-congregate Sheltering	FY20	158	PRT - Port	Personnel	Reimbursa	5/30/2020	6/12/2020			4.5	$ 462.78		$ 462.78
Non-congregate Sheltering	FY20	159	PRT - Port	Nonpersor	Rental Equ	3/20/2020	6/30/2020					$ 812.28	$ 812.28
Non-congregate Sheltering	FY20-Amendmen	161 - Ame	PRT - Port	Personnel	OT	2/22/2020	6/30/2020	272.5	$ 23,522.88				$ 23,522.88
Non-congregate Sheltering	FY21 (Calendar Ye	189	PRT - Port	Personnel	OT	7/1/2020	12/31/2020	7	$ 699.39				$ 699.39
Non-congregate Sheltering	FY21 (Calendar Ye	190	PRT - Port	Personnel	Reimbursa	7/1/2020	12/31/2020			117	$ 10,269.18		$ 10,269.18
								810	$ 63,707.06	19069.17	$ 1,641,078.03	$ 514,900.00	$ 2,219,685.09

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

Yes, the Port of San Francisco experienced revenue losses exceeding 40% in 2020. In May of 2020, a fire destroyed Shed C on Pier 45. The Port's property insurance is anticipated to reimburse the Port for revenue losses due to the fire (but not COVID) of $54,249 (details in tab 2e: P45 Insurance Claim); therefore, the Port has reduced our revenue loss figures accordingly. See table 2 below for a summary. See Note 3 below for a discussion on the growth rate.

Table 2

Expected Revenues per Interim Rule Formula		132,014,073
- Less Actuals		(75,343,694)
=Lost Revenues		56,670,379
- Less Revenue Loss Reimbursable from Insurance		(54,249)
	TOTAL	**56,616,130**

Notes on Methodology

1- The Port of SF used GFOA's revenue loss calculator (shown on worksheets 2a. GFOA Summary, 2b. GFOA Base Year, 2c. GFOA Growth Rate, and 2d. GFOA Actuals).

2- The Port of SF uses a FY ending June 31. In order to calculate revenue by CY, the Port used (a) audited financial statements for July 1 - June 30 revenues, (b) mid year reports which provided revenue from July 1 through Dec 31, and (c) calculated the Jan 1 - June 30 revenues by substracting the amount in (b) from (a) as shown below.

Document	Period	Amount
(a) FY2020 Audited Financials	7/1/19 - 6/30/20	106,910,000
Less (b) Mid Year Revenue Update	7/1//19 - 12/31/19	68,043,501
	1/1/20-6/30/20	38,866,499
Plus Mid Year Revenue Update	7/1/20 - 12/31/20	36,477,195
= TOTAL CY2020 Actual Revenue		**75,343,694**

3- Growth Rate- As evidenced by the year end financials from the past three years, our average growth rate is 7.3%. Using the formula in the Interim Rule (greater of 4.1% or average of past 3 years), the Port's revenue loss assumes a 7.3% growth rate from base year. Notably, the average growth rate over 5 years was 7.5%, and over 10 years was 6.4%; therefore the Port's use of 7.4% conforms with the Interim Rule methodology as well as a broader historical look. See 2c. GFOA Growth Rate for details.

3. 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, the Port anticipates receiving $2,219,865 from FEMA (see response to 1 for details) and has reduced our funding request accordingly.

4. Proposed Use of Funds	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
Avoiding Approximately 50 Layoffs over 2 Years														
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		x	x		x	x		x			
5 Management and Executive positions	1,800,000		1,800,000		x	x			x		x			
Filling Positions Left Vacant During COVID														
20 Various Positions	5,400,000		5,400,000	n/a	x	x	x	x		x	x			
Driving Revenues to Fuel the Recovery														
Supporting a clean and safe waterfront for tourism														
Janitorial services along the Embarcadero and at Port tenancies	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		x	x		x	x		x			x
Emergency public safety repairs	3,282,498		3,282,498					x			x	x		x
Fireboat support		9,360,000	9,360,000		x	x		x	x		x			x
Filling Port rental vacancies, maintaining and increasing rent revenue														
Deferred Maintenance at Pier 29.5		1,737,000	1,737,000		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			
Legal support for leasing activity		2,000,000	2,000,000		x	x			x	x	x			
Saftey improvements for Roundhouse 2 and Pier 9		7,843,146	7,843,146		x	x		x	x			x		
Fire Safety Improvements for Pier 26		800,000	800,000		x	x		x	x			x		
Unpaid rent collection resources	1,090,000		1,090,000		x	x			x		x			
Investing in Maritime Tourism and Cargo Operations														
Dredging cargo and cruise terminal berths	6,800,000		6,800,000	Increased maritime income compared to 2020	x	x		x	x		x		x	
Cargo terminal storm water management improvements		750,000	750,000		x	x		x	x		x	x	x	
Improving bollards and fenders that secure ships to piers		14,670,000	14,670,000		x	x		x	x		x	x	x	
Restoring Investments Delayed/Deferred/Cut due to COVID														
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 sesimic 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		
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		
Operating Expenses														
Restoring delayed equipment purchases	2,000,000		2,000,000	n/a			x			x	x	x		
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			
Helping Communities Disporportionately Impacted by COVID														
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
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		x	x		x	x		x		x	x
Tenant improvement to attract & retain tenants	4,531,528	4,546,854	9,078,382		x	x					x		x	
GRAND TOTAL	**56,616,130**	**58,200,000**	**114,816,130**											

Tranche 2 expenditures are preliminary, and subject to change in the Port's funding request for 2021 revenue losses

5. Non Compliance Risk Factors

5a. Port Finance and Administration Division staff have managed many federal grant awards in the last decade. These include but are not limited to: $2,970,000 from the Federal Railway Administration, $1,100,000 from multiple USEPA grants, and over $10,000,000 in FEMA port security grants over many years. Port staff have encountered no difficulty in administering federal awards.

5b. Port Finance and Administration Division staff have managed many awards from the State of California in the last decade as well. These include but are not limited to: $5,000,000 from the California Natural Resources Agency, $3,000,000 from the California Regional Water Quality Control Board, $2,000,000 from the California Air Resources Board, and many small awards between $10,000 and $20,000 from the California Department of Boating and Waterways. As with the Port's administration of Federal grant awards, Port staff have had no difficulty administering awards from the State of California.

5c. The Port of San Francisco has had no audit findings showing misuse of funds.

5d. The Port of San Francisco anticpates appropriating ARPA funding into a single project budget, with sub-projects for each specific use. This has the benefit of (1) making it simple to track expenditures, (2) the funds will be available throughout the eligible spending period without additional legislation, (3) funds can can move within sub-projects (with SLC approval) as needed without additional legislation, and (4) the funds can be spent on different types of expenses (contracts, equipment, personnel, etc) so long as they serve the same outcome.

The metrics proposed in this document are data points that are either (a) currently collected regularly or (b) simple to compile at quarterly intervals, such that the Port does not anticipate any difficulty in reporting metrics.

November 1, 2021

Jennifer Lucchesi
Executive Officer
State Lands Commission
100 Howe Ave., Ste. 100-South
Sacramento, CA 95825

Dear Executive Officer Lucchesi:

Thank you for considering the Port of San Francisco submission for American Rescue Plan Act (APRA) funds. These funds will help the Port recover from the dramatic economic impacts of COVID-19 as tourism ports, such as the Port of San Francisco, were decimated by pandemic restrictions. Without the support of Governor Newsom and the State Lands Commission, catastrophic reductions to Port staff, operations, maintenance, capital projects, and investments in programs that bring the public to and equitable and vibrant would be underway. We are grateful for your support and advocacy which will spur economic recovery and protect our waterfront so that we can continue to support maritime commerce and welcome millions of people to our public Port each year.

The Port of San Francisco respectfully requests an allocation of $114.8 million in American Rescue Plan Act (ARPA) funding to address the loss of revenue that COVID-19. With this investment, the Port will avoid laying off 50 staff in maritime, real estate, engineering, and finance and can backfill 18 positions. We will restore public safety budgets to keep visitors and workers safe; maintenance and capital improvements imperative to maintaining our historic piers and key tourist attractions; support small businesses and the fishing community that is the backbone to our revenues; as well as maintain necessary programs, such as equity programs.

During the pandemic, the Port of San Francisco met the moment and supported small business and maritime tenants to keep them operating and employing working families of California. Using cash reserves, the Port provided rent relief to more than 225 tenants, totaling $13.7 million. Additionally, the Port provided rent deferral opportunities to more than 500 tenants to support their economic recovery. The Port also launched a no-cost program to enable restaurants to use outdoor dinging space, keeping many small businesses alive. Lastly, the Port authorized a $1 million zero interest loan program to support small, local business enterprises that have been financially devasted by the impacts of the pandemic.

To offset the sudden and steep decline in revenue, the Port made significant reductions to its operating and capital budgets. The Port cut more than $12 million in operating costs by delaying hiring for vacant positions and eliminated new positions; scaling back daily cleaning and

PORT OF SAN FRANCISCO

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maintenance services; reducing contracting and services from other departments; and reducing materials, supplies, and equipment purchases. The Port also de-funded nearly $40 million in capital projects and maintenance improvements.

Pre-pandemic, the Port welcomed more than 24 million visitors annually. The Port supported more than 10,000 jobs and $1.2 billion in wages, driving economic prosperity throughout the greater Bay Area. The ability of the Port to perform is critical to the City's and State's economic recovery and viability.

In accordance with the State Legislature control language in the Budget Act amendments under Senate Bill 170, the Port will use ARPA funds to support economic recovery, avoid layoffs and restore jobs, restore services lost due to COVID-19, and support eligible port operations. Funds will be used for eligible costs between March 3, 2021, and June 30, 2024. Expected outcomes include increased tourism and retail spending at the Port, more cargo and cruise activity, new leases being executed, major reduction to deferred maintenance, and investments in small businesses and BIPOC entrepreneurs.

By signing below, I certify that the statements contained in this letter and application are true, complete, and accurate to the best of my knowledge. Further, I certify that the Port of San Francisco is eligible and qualifies to receive Coronavirus State Fiscal Recovery Funds under the transfer language authorized by the APRA.

Thank you for your unwavering leadership during this unprecedented global health crisis. We appreciate your consideration of this request during the most challenging moment in the Port of San Francisco's history.

Sincerely,

DocuSigned by:
Elaine Forbes
BD2F0B693FFE43F...

Elaine Forbes
Port of San Francisco, Executive Director

Meeting Date: 12/8/21
Staff: B. Johnson, R. Boggiano

Staff Report 01

Consider distributing funds from the American Rescue Plan Act to California ports to mitigate negative economic impacts resulting from the Covid-19 pandemic and to allow ports to sustain the essential services and critical infrastructure our state and region need to protect jobs and recover economically.

BACKGROUND

In May 2021, Governor Newsom announced a one-time $250 million allocation from the Federal American Rescue Plan Act of 2021 (ARPA) to California's ports to mitigate the negative economic impacts resulting from the Covid-19 pandemic. The 2021-22 State budget appropriates the $250 million to the California State Lands Commission for allocation to ports. Ports have a sizable impact on the State's recovery effort: approximately one million California jobs are linked to trade activities at the State's 11 public ports, along with generating an estimated $9 billion in taxpayer revenue. The Budget Act requires that ports use the funds to address negative economic impacts due to the Covid-19 pandemic and to support their economic recovery. The funds may be used for activities such as avoiding layoffs, restoring jobs and services lost due to Covid-19, supporting safe operations, and funding projects delayed by pandemic-related fiscal impacts. An infusion of federal funds will have a sizable impact in targeting the unemployed residents of port communities by helping ports to re-hire or bring on new essential workers, as well as retain existing employees. Ports that rely on tourism-based revenue will particularly benefit from these federal funds given the disproportionate impact the pandemic had on tourism-related industries. These ports also employ essential workers that play a vital role in economic recovery.

Commission staff worked closely with the Department of Finance on developing the application process. Staff released its application package on October 8, 2021, and provided the ports with 30 days to submit an application for ARPA funding. The deadline for submission was November 8, 2021. 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 due to the Covid-19 pandemic and to support ports' economic recovery. In their applications, ports were asked 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 helped 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 description ports were required to provide 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 for the disbursement of funds, ports are required to submit a Funding Agreement to the Commission. The Funding Agreement requires ports to provide all information required by the State to meet its reporting requirements. This includes a monitoring plan outlining the intended fund use; cost estimates; expected outcomes and outputs; and performance indicators by which the port will evaluate whether each desired outcome is achieved. Ports are required to track the actual cost, expected outcomes, outputs, and performance measures for each proposed program or project. The Commission will use the ports' monitoring plans to track the ports' use of the ARPA funds.

Staff's review process included a technical review of the applications and the adherence to the eligibility criteria, and as required by Code of Federal Regulations, title 2, Part 200, staff analyzed 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:

American Rescue Plan Act of 2021 (ARPA, 42 U.S.C. 802 *et seq.*; 1 CFR Part 35 RIN 1505–AC77 (Interim Final Rule); 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), 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 within this industry 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, § 6005.)

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 this disbursement, staff focused on revenue losses and direct costs in calendar year 2020.

Some ports may have experienced losses in 2020 that were subsequently mitigated by increased revenues in 2021 due to the dramatic upsurge in cargo vessel traffic. In some cases, staff may recommend reducing or deferring disbursements until additional financial information is available.

Staff will recommend subsequent disbursements based on calendar year 2021 losses at a future Commission meeting. Additionally, ports that either did not apply during this disbursement tranche, or that received an amount less than their requested amount, may reapply.

Staff also reviewed each port's proposed uses. ARPA section 603, subdivision (c)(1)(A) permits use of payments from the Fiscal Recovery Funds to respond to the negative economic impacts of the Covid-19 public health emergency. The U.S. Department of the Treasury released an Interim Final Rule effective May 17, 2021(https://www.federalregister.gov/documents/2021/05/17/2021-10283/coronavirus-state-and-local-fiscal-recovery-funds), and an FAQ document (https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf) that provides guidance on how to analyze a proposal's consistency with the ARPA. When considering whether a program or service would be eligible under this category, staff considered the extent to which there has been economic harm, such as loss of earnings or revenue, that resulted from the Covid-19 public health emergency, and the extent the proposal responds to or addressed this harm. The harm could be immediate or delayed. Where there has been a negative economic impact resulting from the public health emergency, the State has broad latitude to choose whether and how to use the ARPA funds to respond to and address the negative economic impact.

The Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to Covid-19 or the negative economic impacts of the Covid-19 public health emergency, along with considerations for evaluating other potential uses of ARPA funds not explicitly listed. (See FAQ 2.3) The Interim Final Rule also provides flexibility for recipients to ARPA funds for programs or services that are not identified on these non-exclusive lists, but which meet the objectives of ARPA section 603, subdivision (c)(1)(A) by responding to the Covid-19 public health emergency with respect to Covid-19 or its negative economic impacts.

Staff reviewed the proposed uses to determine whether they respond to a Covid-19 impact. Some of the projects may need to be subsequently updated or modified by the ports after fund disbursements. If changes are required, staff will review those changes to ensure they are consistent with the purposes of the port ARPA Fund.

In general, the ports' proposed uses fell into several categories, and often overlapped. For example, a port might use ARPA funds for a delayed project that will also support the tourism industry. Staff divided the ports' proposed projects into the following categories:

Projects for Covid-19 response and prevention (Public Health Projects). Projects to mitigate or prevent Covid-19, including testing, monitoring, and vaccination sites, qualify under Interim Final Rule, section 35.6, subdivision (b)(1).

Projects delayed, deferred, or otherwise at risk due to Covid-19's economic impacts (Pandemic-Impacted Projects). These projects generally qualify as responding to the economic impacts of Covid-19 on port operations. The projects

were delayed because of the revenue impacts of Covid-19. These projects also include programs to rehire employees to pre-pandemic levels or retain existing employees that may otherwise leave jobs due to pandemic-related impacts. Using ARPA funds for these projects will directly address economic impacts from Covid-19 to the ports. These projects qualify under Interim Final Rule, section 35.6, subdivision (b) because they meet the objectives of ARPA section 603, subdivision (c)(1)(A) by responding to the Covid-19 public health emergency with respect to Covid-19 or its negative economic impacts.

Projects to assist in recovery in tourism and other industries associated with port operations (Industry Support Projects). Port industries including tourism, shipping, and fishing were negatively impacted by Covid-19. The ports proposed a variety of projects that will assist in bringing these industries, as related to their operations, back to pre-pandemic levels. These projects qualify under Interim Final Rule, section 35.6, subdivision (b)(9).

Projects to help disadvantaged communities disproportionally impacted by Covid-19 (Disadvantaged Community Projects). The Interim Final Rule recognizes that economic disparities that existed prior to the Covid-19 public health emergency amplified the impact of the pandemic among low-income and minority groups. In recognition of the disproportionate negative economic impacts on certain communities and populations, the Interim Final Rule identifies services and programs that will be presumed to be responding to the negative economic impacts of the Covid-19 public health emergency when provided in these communities. These projects qualify under Interim Final Rule, section 35.6, subdivision (b)(12), which authorizes projects that benefit households, businesses, or populations disproportionately impacted by the Covid-19 public health emergency.

SPECIFIC REQUESTS FOR ARPA FUNDS

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: $103,500,000

Staff's Recommended Revised Amount: $61,390,747

Proposed Uses:

Pandemic-Impacted Projects: San Diego Port District projects that were negatively impacted by the pandemic include major maintenance and repair projects that

are 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. Included in this category are marine terminal curtain wall and berth repairs, terminal electrical and equipment upgrades, stormwater upgrades, IT and security upgrades, and visitor-serving landscaping and customer service improvements. Other projects include marine terminal electrical infrastructure and equipment upgrades and an Electrical Mobile Harbor Crane System that will substantially reduce air emissions that impact marginalized and vulnerable communities. These electrification projects are a priority for the Port and a component of the Port's recently approved Maritime Clean Air Strategy and the San Diego Air Quality Control District's Clean Air Action Plan.

Industry Support Projects: The Port identified several projects that will bolster industries in San Diego Bay to further support and diversify water-dependent businesses in the region. Projects include investments in the Floating Upweller Nursery System Technology (FLUPSY), infrastructure to advance seaweed farming, renewable energy pilot projects, and restorative aquaculture. The Port has longstanding collaborative relationships with businesses and non-profits engaged in the "blue economy" and industry supported projects will help generate local jobs and commerce in an environmentally responsible and sustainable way.

Disadvantaged Community Projects: Port projects include the completion of the National City Balanced Plan environmental analysis. The National City Balanced Plan seeks to balance uses between the City of National City and the Port's joint interests in maritime industrial and visitor-serving uses, park design, maintenance and upgrades. Projects also include improvements to the Imperial Beach Pier, enhancing visitor experience and recreational opportunities, and an investment in a massive wetland restoration project that will improve natural habitats while capturing greenhouse gases.

Staff Recommendation:

Staff reviewed the proposed uses and concluded they are appropriate uses for ARPA funds.

Staff recommends disbursing $61,390,747 to the San Diego Unified Port District, which represents the amount of revenue loss and direct Covid-19 health emergency costs for the 2020 calendar year. The San Diego Unified Port District will be able to apply for additional funds based on 2021 calendar year costs and revenue losses, and the Commission will consider that request at a future Commission meeting.

PORT COMMISSION OF SAN FRANCISCO (PORT OF SAN FRANCISCO)
Requested Amount: $57,292,567

Staff's Recommendation: $56,616,130 ~~57,292,567~~

Proposed Uses:

Pandemic-Impacted Projects: In preparation of the current year budget, the Port's outyear forecast showed a significant annual deficit of $7.9 million due to a 40 percent revenue decline caused by the economic impacts of Covid-19. In the absence of outside funds, in order to balance the fiscal year 2023-24 budget, the Port would have to eliminate approximately 50 positions beginning in July 2022. Since March 2020, the Port has implemented a hiring freeze to achieve savings resulting in approximately 20 positions remaining vacant through normal attrition. Utilizing the recovery funds, the Port expects to avoid 30 direct layoffs and fill 20 positions left vacant during the pandemic.

The Port is also proposing capital projects and operating investments that will restore funding for expenses that were delayed, deferred, or cut due to the pandemic. Some of these projects include pile removal in the southern waterfront, facility safety and repair, seismic improvements, restoring delayed equipment purchases and supply inventory, and IT system upgrades.

Industry Support Projects: The Port proposes to continue to invest in services that will keep the waterfront vibrant and safe and that support retail, restaurant, and other tenancies. The Port is home to many of San Francisco's top tourist attractions, including Fisherman's Wharf, Pier 39, Oracle Park (home of the San Francisco Giants), ferries to Alcatraz, the Exploratorium, and many more. Projects that keep the tourism corridor safe and clean for tourists is essential to generate economic activity for the Port and the City.

The Port also proposes to invest in improvements to Port property to fill vacancies and retain existing tenants. This also includes investing in maritime tourism and cargo operations to increase the revenue capacity of the Port's cargo and cruise terminal operations.

Disadvantaged Community Projects: The Port is adjacent to two of San Francisco's most economically disadvantaged neighborhoods. The Port will continue to support these communities through workforce development, open space and parks, and support for local businesses. The Port is proposing resources to benefit Black, Indigenous, and People of Color communities through direct investments such as park improvements and addressing blight, as well as more indirect but equally important investments such as racial equity and bias training for Port staff

and workforce development programs for San Francisco residents. The Port also intends to invest funds in loan programs for financially distressed businesses, provide better opportunities for sidewalk vendors, and attract and retain such businesses through facility improvements.

Staff Recommendation:

The formula in the application used a growth rate of 4.1 percent when calculating revenue loss. The Port of San Francisco's request is based on a revenue loss calculation using a 7.1 percent 3-year average growth rate, which was calculated based on the average growth rate of the Port's three pre-Covid-19 pandemic fiscal years. Staff believes this is reasonable.

Staff reviewed the proposed uses and concluded they are appropriate uses for ARPA funds.

The Port's Funding Request Summary requests $57,292,567, but the revenue loss calculations and proposed project expenditures are $56,616,130. Staff recommends disbursing ~~the requested~~ amount of $56,616,130~~57,292,567~~ to the Port of San Francisco.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH (PORT OF LONG BEACH)

Requested Amount: $34,426,138

Staff's Recommended Revised Amount: Staff will consider an application from the Port of Long Beach based on losses during the 2020 and 2021 calendar years during the next tranche of disbursements.

Proposed Uses:

Public Health Projects: The Port has committed personnel and material resources to address and respond to prevent the spread of Covid in the community. The Port's Incident Management Team involves senior leaders and staff working alongside the City of Long Beach's Emergency Operations Center and the Health Department by providing Covid testing site, vaccination site, and contact tracing.

Pandemic-Impacted Projects: The Port's Green Flag Program reduces air emissions by providing incentives for ships to voluntarily reduce their speed. Due to the Covid pandemic, the Port is experiencing an unprecedented cargo volume surge because of various factors such as inventory replenishment, increased consumer demands, and logistic bottlenecks. As a result, the Port expects increased costs to this program due to the Covid-19 pandemic.

Disadvantaged Community Projects: The grants program aims towards the areas of improving community health, facilities, infrastructure that essentially benefit the Port's local workforce development and indirect jobs recovery through this funding.

Staff Recommendation:

The Port calculated its revenue loss using only fiscal years and did not include the number of months in its calculation. Staff recalculated the revenue loss using the method described in the Request Summary and reach a revenue loss of $22,330,103.

The Port of Long Beach has seen an increase in container cargo business as the pandemic continues. Reviewing only 2020 calendar year losses may not provide an accurate map of the pandemic's overall impact to port revenue. Ports that are predominantly cargo based have seen a dramatic increase in cargo business and revenue. For example, in 2020 the Port of Long Beach processed the most container units in its history – 8.1 million – and is on pace to receive more than 9 million in 2021. (https://www.longbeach.gov/mayor/news/port-update/)

Staff understands that an increase in cargo business comes with an increase in costs. Ports, such as the Port of Long Beach, are dealing with significant costs related to the unprecedented demand and strain on the supply chain. The federal government recently announced that the Infrastructure Investment and Jobs Act will provide roughly $17 billion for ports and waterways. While it is too early to assess the extent of funding the Act will provide to the Port of Long Beach, staff expects that the port will receive a significant allocation of funds. The Port has also conveyed to staff that its proposed projects will be enacted regardless of whether ARPA funds are disbursed to the port at the Commission's December meeting.

Although the Port of Long Beach incurred revenue losses due to the pandemic in 2020, the Legislature's directive is to distribute ARPA funds to address the negative economic impacts to ports. Due to the increase in cargo revenue and potential availability of other relief funds, staff recommends not disbursing any funds to the Port of Long Beach at this time. Staff will consider an application from the Port of Long Beach based on losses during the 2020 and 2021 calendar years during the next tranche of disbursements, should the Port apply again. This will allow staff to more fully analyze the context of the Port's funding requests.

PORT DEPARTMENT OF THE CITY OF OAKLAND (PORT OF OAKLAND)

Requested Amount: $14,258,400

Staff's Recommendation: $14,258,400

Proposed Uses:

Pandemic-Impacted Projects: Many of the projects in the Port's Capital Improvement Program were delayed due to staffing constraints and were reprogrammed with delayed project timelines and expenditures. Two critical infrastructure projects that were impacted include a sewer system replacement project and a stormwater trash capture device installation.

The Port's sewer collection system serves Port tenants, customers, employees, and the general public in the seaport, airport and commercial real estate areas. Several pipeline rehabilitation projects are in response to deficiencies found through the assessment work. It is anticipated that additional deficiencies will be found as the Capital Improvement Program is finalized and as Port staff uncover additional issues during construction, or failures occur prior to replacements being completed on already assessed areas.

The Port is also implementing the requirements of the State's National Pollutant Discharge Elimination System permits including discharge of storm water from the Port's municipal separate storm sewer system. Due to staffing constraints worsened by the impacts of Covid-19, the Port of Oakland needs to accelerate projects to meet regulatory deadlines and complete the projects before infrastructure fails. Recovery funds will assist with the hiring new additional staff and fund portions of the improvement costs of the Sanitary Sewer Collection System and the Storm Water Management Full Trash Capture Program.

Industry Support Projects: The Port is proceeding with rent relief for two of their most impacted tenants that have had difficulty meeting the payment schedule for previously deferred rent. The Port would like to use funds for this rent relief.

Staff Recommendation:

The formula in the application used a growth rate of 4.1 percent when calculated as revenue loss. The Port of Oakland's request is based on a revenue loss calculation using a 4.65 percent 3-year average growth rate, which was calculated based on the average growth rate of the Port's three pre-COVID-19 pandemic fiscal years. Staff believes this is reasonable.

The latter part of fiscal year 2021 marked the beginning of an ongoing trend of declining container traffic activity at the Port. With global supply chain challenges impacting the flow of goods combined with the historical high profitability of transporting goods from Asia to the West Coast, U.S. shipping lines are choosing to drop off containers at other West Coast container ports that have a quicker turnaround time. This unforeseen dynamic has worsened the current financial situation and outlook for the remainder of fiscal year 2022 and beyond.

Staff reviewed the proposed uses and concluded they are appropriate uses for ARPA funds.

Staff recommends disbursing the requested amount of $14,258,400 to the Port of Oakland.

OXNARD HARBOR DISTRICT (PORT OF HUENEME)

Requested Amount: $3,010,912

Staff's Recommended Revised Amount: $2,337,563

Proposed Uses:

Pandemic-Impacted Projects: The Port of Hueneme has secured $2.2 million in grant funding for an electric crane plug-in project. The project site 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. Due to the increased costs of electrical supplies, raw materials, transportation, and labor costs as a result of pandemic, the project bid exceeded the initial estimate by approximately $4 million. The recovery funds would allow the Port to continue to pursue the project, with a total estimated project cost of $7.5 million.

Staff Recommendation:

Port Hueneme calculated revenue loss using only their auto cargo operating segment and applied a 10-year average auto revenue growth rate of 9.43%. The Port also used only fiscal year figures. Similar to the Port of Long Beach, Port Hueneme has seen an increase in cargo business and revenue, aside from the Port's auto revenue losses. To objectively compare Port Hueneme's application with other Ports, staff requested Port Hueneme provide their total operating revenue losses. In calculating the Port's revenue losses, staff used total operating revenues, the 2019 fiscal year and 2020 calendar year figures, and 3-year total operating revenue growth rate of 5.63%.

Staff's calculation for the Port's total revenue losses are $1.6 million for fiscal year 2020, compared to $2.6 million using only the auto cargo segment over the same time period. Although the guidelines allow the Ports to use different methods to calculate losses, we believe $1.6 million in total revenue losses is a more accurate comparison to use because it's comparable to the other Port calculation methods we've received. California Ports are facing similar financial hardships and staff recommends using the total operating revenue losses, allowing the funding to be distributed based on the Port's current financial situation.

Staff reviewed the financial data and the Port's proposed uses and based on the revised calculations; staff recommends distributing $2,337,563 to the Port of Hueneme.

VENTURA PORT DISTRICT

Requested Amount: $1,060,484

Staff's Recommendation: $1,060,484

Proposed Uses:

Pandemic-Impacted Projects: The recovery funds would allow several American Disability Act Improvement projects that were deferred from the previous fiscal year to be advanced on schedule and will support economic recovery by increasing safe public access to visitor serving facilities. The Port District's harbor patrol and lifeguard vehicle replacement was also put on hold. The recovery funds would advance the procurement process ahead of the 2022 lifeguarding season.

Industry Support Projects: Several proposed projects will allow the Port District to continue to invest in services that will continue to bring visitors and commercial business to the waterfront. These projects include the demolition and rebuilding of the shower facilities as Harbor Cove and Surfers Knoll Beach, installation of electric vehicle charging stations, commercial fish hoist refurbishment, a "fish building" structural improvement project at Spinnaker Drive, and a pandemic Debt Forgiveness and Rental Abatement and Deferment Program.

Staff Recommendation:

The Ventura Port District noted that it periodically conducts one-time transactions for properties that are in long-term leases (such as assignment and option transactions). Some of these transactions are the realization of appreciation of parcels in 25-to-50-year leases and therefore the realization of the accrual in a given fiscal year represents the appreciation of many years. In 2020, the Ventura Port District was able to accrue three such one-time revenue transactions totaling $1,014,875 that are not representative of normal operating revenues. The Ventura Port District requested that these one-time transactions not be credited against its revenue losses.

Staff reviewed the financial data and the Port's proposed uses and recommends the Commission disburse the requested amount to the Ventura Port District: $1,060,484.

HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT
Requested Amount: $576,191

Staff's Recommendation: $576,191

Proposed Uses:

Pandemic-Impacted Projects: The Humboldt Bay Harbor, Recreation, & Conservation District delayed efforts to construct a Humboldt Bay Offshore Wind Heavy Lift Marine Terminal. The public and private sector are now reengaged on this project and strongly encouraging the Port to bring the project back on schedule so that they can continue to invest in the emerging west coast offshore wind industry. The Harbor District plans to award a contract to complete engineering, California Environmental Quality Act analysis, and other soft costs.

Staff Recommendation:

Staff reviewed the financial data and the port's proposed uses and recommends the Commission disburse the requested amount to the Humboldt Bay Harbor, Recreation & Conservation District: $576,191.

OTHER PERTINENT INFORMATION:

1. The Infrastructure Investment and Jobs Act, a federal bill passed by the 117th Congress and signed into law by President Joe Biden on November 15, 2021, provides approximately $17 billion for ports and waterways. Roughly $11.5 billion (68 percent) will be for new construction, though not all of that amount will be available to seaports. This new construction funding is allocated to the U.S. Army Corps of Engineers, which has jurisdiction over inland waterways. And while the U.S. Army Corps of Engineers jurisdiction overlaps with seaports and harbors, the new construction revenue is not exclusively for ports.

   The Infrastructure Investment and Jobs Act provides $2.25 billion for landside infrastructure at seaports serviced by rail and for projects that improve the resiliency of ports to address sea level rise, flooding, extreme weather events, earthquakes and tsunami inundation, as well as projects that reduce or eliminate port-related criteria pollutant or greenhouse gas emissions. Of this amount, $450 million will be available in fiscal years 2022, 2023, 2024, 2025, and 2026. Project examples include:

   - Port electrification or electrification master planning.
   - Harbor craft or equipment replacements.
   - Development of port or terminal micro grids.

- Providing idling reduction infrastructure.
- Purchase of cargo handling equipment and related infrastructure.
- Worker training to support electrification technology.
- Installation of port bunkering facilities from ocean-going vessels for fuels.
- Electric vehicle charge or hydrogen refueling infrastructure for drayage, and medium or heavy-duty trucks and locomotives that service the port and related grid upgrades.
- Other related activities including charging infrastructure, electric rubber-tired gantry cranes, and anti-idling technologies.

The Infrastructure Investment and Jobs Act also establishes an Advanced Research Projects Agency for Infrastructure within the Department of Transportation. This program, dedicated to funding research projects that advance transportation infrastructure, will include programs dedicated to advancing innovations at ports and harbors.

2. The City of Long Beach inquired whether the City would be eligible to receive ARPA funds from the Commission that could be allocated to future projects for the Queen Mary, located within Pier H of the Long Beach harbor complex. Although the Queen Mary and Pier H are located within the harbor complex, the City is responsible for the management and control of Pier H, not the Port of Long Beach. The ARPA funds disbursed by the Commission are to be used for ports to mitigate their negative economic impacts resulting from the COVID-19 pandemic. Staff advised the City that the Queen Mary is not eligible for the Commission's ARPA fund disbursement.

3. The total amount for this initial disbursement authorization, as recommended by staff, is $~~136,339,761~~136,239,515. This leaves approximately $~~113,660,239~~113,760,485 left to disburse at a future Commission meeting. Staff also anticipates recommending that the Commission reserve funds for staff costs. Staff will provide more details and a recommendation at a future Commission meeting.

4. This action is constituent 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

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: $61,390,747
    - Port Commission of San Francisco: $~~57,292,567~~ 56,616,130
    - Port Department of the City of Oakland: $14,258,400
    - Oxnard Harbor District (Port Hueneme): $2,337,563
    - Ventura Port District: $1,060,484
    - Humboldt Bay Harbor, Recreation and Conservation District: $576,191

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 ARPA funds consistent with federal law and guidance.

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

STATE OF CALIFORNIA – STATE LANDS COMMISSION
Funding Request Summary

APPLICANT / PORT NAME: San Diego Unified Port District
AMOUNT REQUESTED: 103,500,000.00

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

NAME: Aimee Heim
TITLE: Program Director, Grants and Government Relations
EMAIL: aheim@portofsandiego.org
PHONE: 619-686-6390
MAILING ADDRESS: 3165 Pacific Highway, San Diegox, 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 2020?

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 rented and installed handwa	March 9, 2020 - September

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

Cost Type/Category	Amount
General Services Expenses	1,309,622

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 *[(1 + 4.1% 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 been 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 of San Francisco
AMOUNT REQUESTED: 57,292,567.00

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

NAME: Nate Cruz
TITLE: Finance Director
EMAIL: nate.cruz@sfport.com
PHONE: 415-994-3745
MAILING ADDRESS: Pier 1, San Francisco, CA 94111

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
See Worksheet '1. COVID Costs 2020'	2020

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

Cost Type/Category	Amount
See Worksheet '1. COVID Costs 2020'	$2,219,685

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 *[(1 + 4.1% 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: $2,219,685 is expected to be received.

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 been 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 *(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
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		x	x		x	x		x			
5 Management and Executive positions	1,800,000		1,800,000		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			
2. Driving Revenues to Fuel the Recovery														
a.Supporting a clean and safe waterfront for tourism														
Janitorial services along the Embarcadero and at Port tenancies	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		x	x		x	x		x			x
Emergency public safety repairs	3,282,498		3,282,498					x			x	x		x
Fireboat support		9,360,000	9,360,000		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		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			
Legal support for leasing activity		2,000,000	2,000,000		x	x			x	x	x			
Saftey improvements for Roundhouse 2 and Pier 9		7,843,146	7,843,146		x	x		x	x			x		
Fire Safety Improvements for Pier 26		800,000	800,000		x	x		x	x			x		
Unpaid rent collection resources	1,090,000		1,090,000		x	x			x		x			
c. Investing in Maritime Tourism and Cargo Operations														
Dredging cargo and cruise terminal berths	6,800,000		6,800,000	Increased maritime income compared to 2020	x	x		x	x		x		x	
Cargo terminal storm water management improvements		750,000	750,000		x	x		x	x		x	x	x	
Improving bollards and fenders that secure ships to piers		14,670,000	14,670,000		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 sesimic 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		
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		
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		x	x		x	x		x		x	x
Tenant improvement to attract & retain tenants	4,531,528	4,546,854	9,078,382		x	x					x		x	
GRAND TOTAL	**56,616,130**	**58,200,000**	**114,816,130**											

Tranche 2 expenditures are preliminary, and subject to change in the Port's funding request for 2021 revenue losses

STATE OF CALIFORNIA – STATE LANDS COMMISSION
Funding Request Summary

APPLICANT / PORT NAME: Port of Long Beach
AMOUNT REQUESTED: 34,426,138.00

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

NAME: Wei Chi
TITLE: Director of Finance
EMAIL: wei.chi@polb.com
PHONE: 562-283-7594
MAILING ADDRESS: 415 W. Ocean Blvd., Long Beach, CA 90802-6194

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
COVID Testing Activities	Oct – Dec 2020
Prevention Activities	Mar - Dec 2020

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

Cost Type/Category	Amount
Salaries/Wages	$2,766,512
Materials	$ 891,158
Outside Services	$ 220,858
Total Expenses	**$3,878,528**

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. FY 2019 $412,273,144 - Actual revenues
b. FY 2020 $429,176,343 - Anticipated revenues applying the allowed 4.1% growth rate
c. FY 2020 $398,628,733 - Actual revenues
d. Declines in 2020 operating revenues : $30,547,610
e. Comprehensive Annual Financial Report (reference on page 15)
   This audited financial report provides the Port's operating statement (revenues and expenses on page 15) for fiscal year ending September 2020 and 2019, and it is the only official document available.

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:

   The Port plans to use the allocation to support various programs and projects that benefit the neighboring communities adjacent to Port facilities and operations. These programs and projects, as detailed in Exhibit C, provide the opportunity for local disadvantaged communities to share the economic benefits of Port commerce, mitigate the environmental impact of Port operations, and restore community access to the waterfront. Although the proposed programs and projects expenditures in Exhibit C exceed the funding request, the Port plans to prioritize the expenditures on the programs and projects that will achieve the most immediate and leveraging community benefits. Details of the anticipated expenditures by programs and projects, brief description of community/environmental benefits, and expected results are provided in the attached Exhibit C.

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

   The Port of Long Beach has extensive experience managing Federal, state, and local grants. During the last five years, the Port has received grants from Federal DOT/FHWA, Caltrans, MARAD, and LA Metro. Since 2016, the Port has concluded 9 audits from various granting agencies. There were no audit findings or comments on all 9 audits.
   The Port of Long Beach will track current grant expenditures through program and/or project work orders in the Port's MUNIS financial system. Each program and/or project will have specific goals and objectives as approved by the Harbor Commission. Appropriate project milestones, environmental target, and specific community benefits will be tracked and reported to the appropriate authorities. Examples of the quarterly reporting to past granting agencies are available upon request.

STATE OF CALIFORNIA – STATE LANDS COMMISSION
Funding Request Summary

APPLICANT / PORT NAME: Port Department of the City of Oakland
AMOUNT REQUESTED: 14,258,400.00

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

NAME: Julie Lam
TITLE: Chief Financial Officer
EMAIL: jlam@portoakland.com
PHONE: 510-627-1138
MAILING ADDRESS: 530 Water Street, Oakland, CA 94607

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
See Attached Response to Question #1	$41,118.39

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 *[(1 + 4.1% 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: See Attached Response to Question #3

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 been 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 Supplemental Information
Applicant: Port Department of the City of Oakland

Question #1 – Costs Incurred as a Result of Direct COVID-19 Pandemic Response and Support

Cost Type/Category	Supplier	Invoice Date	Invoice Number	Amount	Ref #
Supplies – Purchase 100,000 Surgical Masks	Leephick Pharmaceutic Industry CO.,LTD	4/29/2020	lfkkz2020041	$34,000.00	1
Supplies – Customs for Surgical Masks	DB Schenker, Inc.	4/29/2020	2611184826	3,632.01	2
Services - Deep Cleaning of Office Space at 530 Water Street	ABM	7/31/2020	15368805	2,590.00	3
Supplies - Deep Cleaning of Office Space at 530 Water Street	ABM	5/31/2020	15212555	897.38	4
			Total	$41,118.39	

Question #2 – Revenue Losses

Both the Port's Maritime and Commercial Real Estate (CRE) business lines have been adversely impacted by the COVID-19 pandemic. The Port estimates 2020 calendar year revenues declined $14,217,300 based on the methodology outlined in the *State of California – State Lands Commission Funding Request Summary* form for calculating 2020 counterfactual revenue and comparing such value to actual revenues for the 12 months ending December 31, 2020. For purposes of calculating the 2020 counterfactual revenue, a growth rate of 4.65% rather than the standard 4.10% growth rate for all ports is used.

CALENDAR YEAR 2020 REVENUE LOSS CALCULATION

	Maritime		Maritime + CRE		CRE	
	12/31/2020		12/31/2020		12/31/2020	Calculation Date
	6/30/2019		6/30/2019		6/30/2019	Base Year Date
$	170,976	$	188,975	$	17,999	Base Year Revenue (FY2019)
	4.65%		4.65%		4.65%	Growth Adjustment
	18		18		18	# of months elapsed from end of Base Year to Calculation Date
$	183,049	$	202,319	$	19,270	2020 Counterfactual Revenues
$	173,737	$	188,101	$	14,365	Actual Revenue (1/1/2020 to 12/31/2020)
$	**9,312**	**$**	**14,217**	**$**	**4,905**	**CY 2020 Revenue Loss**

The 4.65% growth rate reflects the Port's average actual annual growth rate for the last three fiscal years pre-pandemic ending on June 30, 2019. As detailed in the table below, the annual growth rates of the combined Maritime and Commercial Real Estate businesses exceed the standard baseline growth rate of 4.10% for all ports.

State of California – State Lands Commission
Funding Request Summary Supplemental Information
Applicant: Port Department of the City of Oakland

REVENUE GROWTH RATE ASSUMPTION

REVENUES by Port Fiscal Year (Source: FY 2020 Comprehensive Annal Financial Report)

Maritime	Maritime + CRE	CRE	
$ 148,772	$ 164,970	$ 16,198	**FY2016**
$ 151,377	$ 168,050	$ 16,673	**FY2017**
$ 159,458	$ 176,718	$ 17,260	**FY2018**
$ 170,976	$ 188,975	$ 17,999	**FY2019**
$ 172,740	$ 189,326	$ 16,586	**FY2020**

GROWTH in REVENUES

1.75%	1.87%	2.93%	**FY2017**
5.34%	5.16%	3.52%	**FY2018**
7.22%	6.94%	4.28%	**FY2019**
1.03%	0.19%	-7.85%	**FY2020**
4.77%	**4.65%**	**3.58%**	**FY2017-FY2019 Average Growth**
4.10%	4.10%	4.10%	**Standard Growth Rate**
4.77%	4.65%	4.10%	**Growth Rate for Calculation**

Link to the source document for revenue information used in the table above can be found below:

Comprehensive Annual Financial Report for the Years Ended June 30, 2020 and 2019 (see attachment 5):
Pages: Schedule 2 of Statistical Section (page 76) – Statements of Revenues, Expenses and Changes in Net Position, Last Ten Fiscal Years
https://www.portofoakland.com/wp-content/uploads/FYE-2020-2019-CAFR-FINAL.pdf

Question #3 – Other Aid

In the early months of the pandemic, the Port Department of the City of Oakland (Port) assisted in the rescue and recovery of passengers aboard the Princess Cruise line. The Port incurred costs related to this effort and applied for but has not yet received reimbursement for these costs. All costs associated with this effort have been excluded from the grant request.

Funding	Purpose	Amount
Federal Emergency Management Agency	Cost Reimbursement	$42,499

Additionally, Oakland International Airport (OAK), one of four operations managed by the Port, received five COVID-19 pandemic-related federal aid grants administered through the Federal Aviation Administration's (FAA) Airport Improvement Program. These grants have use restrictions limited to

reimbursements for certain eligible airport costs which include reimbursements of Airport operating costs, Airport debt service payments, or to provide rent relief to Airport concessionaires. Therefore, and in accordance with the State Lands Commission's grant guidelines, all Airport revenues and expenses have been excluded from all other areas of this funding request. However, information on these five federal grants is provided below for completeness.

Funding	Purpose	Amount
Coronavirus Aid, Relief, and Economic Security (CARES Act Funded)	Restricted to Airport operations, debt service, and capital (pre-approval from FAA required)	$44,662,438
Airports Coronavirus Response Grant Program (CRRSA Act Funded)	Restricted to Airport operations and debt service	$13,072,473
Airports Coronavirus Response Grant Program (CRRSA Act Funded)	Restricted to rent relief Programs for eligible airport concessionaires	$1,405,030
Airport Rescue Grant (ARP Act Funded)	Restricted to Airport operations and debt service	$46,538,910
Airport Rescue Grant (ARP Act Funded) – *Application Submitted/Award Pending*	Restricted to rent relief Programs for eligible airport concessionaires	$5,620,121

Question #3 – Proposed Use of Funds

<u>Background</u>:

In March 2020, the Alameda County Health Office issued a Shelter-in-Place Order ("Order") in response to the COVID-19 pandemic, affecting many tenants in the Port's Commercial Real Estate area. The six direct restaurant tenants located on CRE properties were dramatically impacted by the Order by restricting restaurants to take-out or delivery services only. As restaurants typically operate on very small profit margins and tend to be owned and operated by small business operators, this limitation on operations has been extremely difficult to weather for these businesses.

The economic fallout of the Order to combat the spread of COVID-19 affected businesses across the region, with 11,860 businesses in the East Bay either momentarily or permanently closing between March 2020 and July 2021. To protect the small businesses within the Port area, the Port instituted relief measures for restaurant and entertainment tenants in the Port's Jack London Square District.

Due to the continued loss of business volumes these restaurants experienced, Port staff instituted a short-term Rent Relief Program for these six tenants, in order to support this important small business sector of the Oakland economy. Passed by the Port Board of Commissioners in July 2020, the Rent Relief Program offered a rent abatement period that would credit already paid rent towards the first month's rent owed. Followed by a rent deferral period ending June 2021, and a subsequent rent repayment period. The Rent Relief Program resulted in a write-off of approximately $270,378 in revenue from rent.

Additionally, Port staff is preparing an additional rent relief program of approximately $640,000 for Board consideration later this month to permanently abate rent accrued but not paid during the period the Rent Relief Program was in place for two of the Port's oldest tenants and Oakland's most iconic dining and entertainment institutions.

At the onset of the COVID-19 pandemic, all Port revenue divisions saw dramatic decreases in operating revenue and had little to no visibility about the length and severity of the pandemic's impact to Port operations. As a result, Port leadership enacted various fiscal measures to radically decrease expenditures. This included instituting a hiring freeze and a reduction to the Port's Capital Improvement Program (CIP) for the seaport area delaying delivery of crucial capital improvement projects. The Port's updated five-year CIP for the 2022 to 2026 fiscal years reflects a prioritization of the most important capital projects addressing health and life safety, regulatory compliance, policy and contractual obligations, and preservation and generation of revenue. Many of the projects in the CIP meeting these criteria were delayed due to staffing constraints and in response to the COVID-19 pandemic were reprogrammed with delayed project timelines and expenditures. Some key infrastructure projects that were impacted are critical to the Port's ongoing operations, to advance the transition to a zero-emission seaport, and to meet environmental regulatory compliance, including sewer system replacements and stormwater trash capture device installation. Full funding for these projects exceeds the funding request and outcomes, outputs, and performance indicators would vary based on the revised timeline and the number of additional staff that can be supported by the amount of funding received.

<u>Proposed Capital Projects for Use of Funds:</u>

1. Sanitary Sewer Collection System. The Port owns, operates, and maintains an extensive sanitary sewer collection system that conveys sewage to the City of Oakland's (City) collection system and to East Bay Municipal Utility District's (EBMUD) wastewater treatment facility. The Port's sewer collection system serves the Port tenants, customers, employees, and the general public in the Seaport, Airport and Commercial Real Estate areas. On May 10, 2018 the Board of Port Commissioners (Board) adopted Ordinance 4474 (Port Private Sewer Lateral (PSL) Ordinance). The Port PSL Ordinance directs Port staff to prepare a Port Condition Assessment Plan (CAP) to assess Port-controlled PSLs. The CAP describes the plan for inspecting Port controlled sanitary sewer pipelines and assessing the potential for groundwater infiltration and storm water inflow (I/I) which could result in sanitary sewer overflows or discharge of partially treated sewage from the EBMUD's wet weather facility during storm events.

On June 13, 2019 the Board of Port Commissioners approved the Port CAP, which called for incrementally completing the inspection and assessment of the Port's sanitary sewer pipeline system over a 4-year timeframe. During Fiscal Year 2020-2021 (FY 20-21), Port staff accelerated the assessment and completed nearly all the sewer pipeline assessment at the Seaport and Airport (the remaining assessment in CRE will be assessed in FY 21-22). The assessment identified significant rehabilitation needed throughout the system including areas at high risk of failure. A number of pipeline rehabilitation projects are currently being designed or are in construction in response to deficiencies found through the assessment work. It is anticipated that additional deficiencies will be found as the CAP work is

finalized and as Port staff uncover additional issues during construction, or failures occur prior to replacements being completed on already assessed areas.

2. Storm Water Management. The Port is implementing the requirements of the State's National Pollutant Discharge Elimination System (NPDES) permits including, but not limited to, discharge of storm water from certain construction activity, certain industrial activity, and from the Port's municipal separate storm sewer system (MS4).

In 2013, the Port established its MS4 program to reduce pollutants in storm water discharges and eliminate unauthorized non-storm water discharges to the Port's MS4. General elements of the MS4 program include public education and outreach, public involvement and participation, illicit discharge detection and elimination, construction site storm water runoff control, post-construction storm water management, and program effectiveness assessment. To support implementation and administration of the MS4 program, the Board adopted the Port Storm Water Ordinance on January 15, 2015.

The Port is actively engaged with State and Regional Water Quality Control Boards in the effort to draft the next 5-year Municipal General Permit that applies to the Port. The new permit will have new provisions including implementation of a Full Trash Capture Program and programs to address pollutants of concern.

Funding from the State Lands Commission is expected to fund a portion of the improvement costs of the Sanitary Sewer Collection System and the Storm Water Management Full Trash Capture Program located at the seaport. The Port will work with the Commission to establish reasonable outputs, outcomes, and performance indicators based on the amount of funding received.

Question #4 – Noncompliance Risk Factors

A. **Experience Managing Federal Funds**: For decades, the Port, through Oakland International Airport, has managed Federally funded grants received through the Airport Improvement Program (AIP) and its predecessor programs. The Port receives multiple grant awards annually with a performance period of up to four years. The Port prepares quarterly monitoring reports for all active grants, annual status reports, and meets with the District Office bi-weekly. The Port has also received several Seaport security grants through the U.S. Department of Homeland Security's Port Security Grant Program, in which we have followed similar quarterly reporting processes. Additionally, the Port has received and managed grants through the U.S. Department of Transportation's Transportation Investment Generating Economic Recovery (TIGER) program and the U.S. Environmental Protections Agency's National Clean Diesel Emissions Reductions Program. In compliance with the federal guidelines, the Port obtains a single audit of our Federal grant expenditures from an independent auditor annually and is considered a low risk auditee. The results of those audits are available on our Port website under Financial Information: https://www.portofoakland.com/financial-information/

B. **Experience Managing State Funds**: The Port has received several state funded grants, some of the most recent grants being two grants from the State of California Department of Water Resources Local Levee Assistance Program for the design and construction of improvements to the Airport's Perimeter Dike, two grants from California Transportation Commission's Trade Corridor Improvement Fund, one for the construction of an intermodal rail facility on Seaport property and a second for the construction of a temperature-controller transload facility and rail track at the Seaport. The Port was also a recipient of a grant from the California Air Resources Board (CARB) for the construction of our shore power system at the Seaport. Requirements for monitoring and performance varies by grant. The Port works with the granting agencies requirements and establish procedures so that the Port can effectively and efficiently monitor and report on grant funded projects.

C. **Previous Audit Findings Showing Misuse of Funds**: The Port is regularly audited by independent auditors and granting agencies. We have not had a finding in recent years that indicated a misuse of funds. While we have not had a finding of misuse, due to circumstances beyond our control, the intended user of shore power equipment constructed at one of the eleven sites constructed with grant funds vacated the premises after the equipment was constructed. Subsequently, the equipment was underutilized. The Port, the granting agency, and the grant administrator are actively discussing alternative projects of equal value and similar benefit, which the Port will construct to ensure all grant obligations are met. In the event alternative projects cannot be identified and agreed to by all parties involved, the Port may opt to return the amount of grant in question to the granting agency. Also, with regards to the $65.8 million grant received from the California Transportation Commission's Trade Corridor Improvement Fund for the construction of a rail facility on Seaport property, the Port repaid approximately $543,000 to the granting agency because specific project related costs submitted for reimbursement were later determined to be ineligible and to account for the value of an administrative trailer that was removed from the scope of the project.

D. **Policies, Processes, and Procedures**: The Port maintains AP 513 – Grant Administration and Accounting as our policy and procedures for overall grant management, see attachment A. The Port will assign monitoring and reporting to the Grants Coordinator who will establish any specific reporting and monitoring schedules and coordinate with internal and external parties as needed.

STATE OF CALIFORNIA – STATE LANDS COMMISSION
Funding Request Summary

APPLICANT / PORT NAME: Port of Hueneme
AMOUNT REQUESTED: $3,010,912

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 Ponoma 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 2020?

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)	March 17, 2020

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

Cost Type/Category See Appendix A	Amount See Appendix A
Backups 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 2020 calendar year revenues?

YES ☒ NO ☐ (See Appendix B)

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 *[(1 + 4.1% 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 been 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.

(Appendix A2) #1 - Costs Incurred as a Result of Direct Covid-19 Pandemic Response and Support

The Oxnard Harbor District (a Special District created by the California legislature in 1937) owns and administers the Port of Hueneme. The Port is a significant contributor to economic activity within the cities of Oxnard and Port Hueneme, as well as throughout Ventura County. Serving as a priority hub in the State's intermodal transportation network, the Port provides Ventura County with competitive advantages to attract business investment and create jobs. Over $10.8 billion in cargo value moves through the Port of Hueneme, generating a total of $1.7 billion in economic impact (revenue, output, and income), and $119.2 million of state and local tax revenue.

The Port of Hueneme was deemed an "essential and critical infrastructure workforce" by the President and Governor of California at the start of the COVID-19 pandemic. As such, the Port remained open and operational in order to keep moving essential cargo. In response to the President's national emergency declaration, the Oxnard Board of Harbor Commissioners – comprised of five elected officials — proclaimed a local emergency regarding COVID-19 under the enclosed Ordinance No. 241. The Ordinance declared a local emergency to assist in a coordinated public health response to reduce COVID-19 transmission and the severity of illness (Pg. 2 Ordinance No. 241 WHEREAS No. 2). The services and supplies obtained by the Port during the ensuing months were done so in order to comply with the President's national emergency declaration and guidelines from the Centers for Disease Control and Prevention.

In response to the President's national emergency declaration for the COVID-19 pandemic on March 13, 2020, the Port procured PPEs for employees, customers, and public with the intent to protect and save lives by lessening the probability of virus spread and contraction. PPEs have proved effective as the Port has not had a significant outbreak since the start of the COVID-19 pandemic. Even with confirmed positive cases at the Port's facility, the use of PPEs has prevented further spread to other employees.

In addition, the Port began sanitation efforts using Reliance Cleaning Services with the intent to lessen virus spread and contraction through sanitation in order to protect and save lives during the COVID-19 pandemic. The services have been ongoing since the initial emergency declaration and have proved effective as the Port has not had a significant outbreak since the announcement of COVID-19. On a limited occasion when a confirmed positive case occured at our facility, the disinfecting services have prevented further spread.

The Port's HVAC system, like many in office buildings, recirculate a majority percentage of indoor air. UV light is a proven method to kill viruses similar to COVID-19. To avoid person-to-person spread through our HVAC system, the Port installed a UV light system called Steril-Aire for essential personnel that could not work remote and who continued to work in the Port offices at the beginning of the pandemic.

The Port, following all mandates issued by the County of Ventura, State of California, and Federal guidelines, immediately began to initiate protocols that were inline with mandates for the safety of our employees, commercial customers, and the port community. In order to track employee wages and earnings during this time, the Port implemented wage type earnings codes. The earnings codes for Safety Leave (SL) are as follows:

• SL 1 : Mandated to be quarantined at home (based on age or underlying condition)
• SL 2 : Working from home, training/refresher videos, monitoring cameras, exempt staff regular duties, etc.
• SL 3 : At home but available to work
• SL 4 : SB 95 additional 80 hours of COVID 19 related sick leave (this code came in CY 2021, so it is not included in this request)

All hourly staff timesheets were adjusted to include these codes, and to coincide with the earnings statements for each employee. Making these adjustments by initiating the SL Codes, the Port was able to retain staff with no reduced wages or reduction in hours. This was imperative for the safe running of the Port and Port tenants in order to keep cargo moving.

a. COVID Related Payroll Expense (Calendar Year 2020)

Position	Payroll Code	Hours	Gross Pay
Harbor Master 1	SL 2	130	$ 3,292
	SL 3	18	$ 448
Admin 1	SL 2	192	$ 3,840
Facility 1	SL 1	550	$ 25,562
Harbor Master 2	SL 1	80	$ 4,618
	SL 2	296	$ 17,085
Facility 2	SL 1	310	$ 11,991
	SL 3	140	$ 5,338
Harbor Master 3	SL 1	240	$ 11,150
	SL 2	150	$ 7,071
Harbor Master 4	SL 2	90	$ 3,253
	SL 3	8	$ 285
Facility 3	SL 1	230	$ 10,686
	SL 2	19	$ 883
	SL 3	120	$ 5,575
Harbor Master 5	SL 1	40	$ 1,424
	SL 2	150	$ 5,424
	SL 3	8	$ 285
Admin 2	SL 2	769	$ 23,332
Facility 4	SL 1	30	$ 947
	SL 2	83	$ 2,567
	SL 3	212	$ 6,557
Admin 5	SL 2	684	$ 19,628
Harbor Master 6	SL 1	240	$ 11,150
	SL 2	93	$ 4,377
Facility 5	SL 3	252	$ 9,836
Facility 6	SL 1	210	$ 8,849
	SL 2	8	$ 336
	SL 3	168	$ 7,046
Admin 6	SL 2	213	$ 2,769
Facility 7	SL 2	83	$ 3,856
	SL 3	210	$ 9,757
Facility 8	SL 2	4	$ 231
Harbor Master 7	SL 2	140	$ 3,549
	SL 3	18	$ 448
Total		**6,188**	**$ 233,443**

*Individual pay reports are available upon request.

b. COVID Response Direct Expense

Doc#	Type	Invoice Date	Trans #	Amount
1	Covid Response -Equipment/Maintenance	6/30/2020	10083-21	$ 18,813.75
2	Covid Response -Equipment/Maintenance	7/7/2020	10181-50	5,716.99
3	Covid Response -Consulting	3/31/2020	9659-45	5,000.00
4	Covid Response -Consulting	4/30/2020	9759-30	5,000.00
5	Covid Response -Consulting	3/23/2020	9676-40	3,948.00
6	Covid Response -Consulting	3/31/2020	9805-4	3,265.50
7	Covid Response -Consulting	4/23/2020	9805-5	3,607.50
8	Covid Response -Consulting	5/19/2020	9839-14	2,406.50
9	Covid Response -Consulting	6/30/2020	10221-7	2,623.50
10	Covid Response -Consulting	9/30/2020	10418-68	1,391.00
11	Covid Response -Consulting	10/31/2020	10532-38	2,109.50
12	Covid Response -Consulting	11/30/2020	10710-5	725.00
13	Covid Response- Legal	3/31/2020	9904-3	1,288.00
14	Covid Response- Legal	3/31/2020	9904-8	10,046.00
15	Covid Response- Legal	4/30/2020	9839-10	1,336.00
16	Covid Response- Legal	5/31/2020	9931-34	2,446.00
17	Covid Response- Legal	6/3/2020	10083-10	1,796.00
18	PPE	5/4/2020	9778-1	481.35
19	PPE	4/4/2020	9710-3	515.63
20	PPE	6/30/2020	9955-1	591.91
21	PPE	5/28/2020	9839-18	750.00
22	PPE	4/4/2020	9890-3	918.60
23	PPE	6/30/2020	9955-1	1,056.49
24	PPE	4/4/2020	9710-3	2,234.34
25	PPE	5/14/2020	9791-7	3,056.85
26	PPE	6/11/2020	9913-1	8,156.25
27	PPE	7/23/2020	10181-40	7,778.30
28	PPE	9/9/2020	10394-13	6,250.00
29	PPE	9/18/2020	10418-29	3,153.75
30	PPE	11/25/2020	10710-37	6,985.44
31	PPE	9/25/2020	10418-37	1,840.35
32	Equipment Rental	3/2/2020	9805-23	1,276.19
33	Equipment Rental	4/30/2020	9747-48	1,271.53
34	Equipment Rental	5/25/2020	9805-22	1,276.19
35	Equipment Rental	6/22/2020	9931-24	1,276.19
36	Equipment Rental	7/15/2020	10084-41	253.91
37	Equipment Rental	7/20/2020	10085-1	1,276.19
38	Equipment Rental	8/4/2020	10181-58	275.00
39	Equipment Rental	8/17/2020	10221-33	1,276.19
40	Equipment Rental	9/8/2020	10262-53	11,962.50

Doc #	Type	Invoice Date	Trans #	Amount
41	Sanitation Service	9/18/2020	10353-42	825.00
42	Sanitation Service	12/20/2020	10710-23	825.00
43	Handwash Station/Portable Restroom rental	3/26/2020	9676-23	391.60
44	Handwash Station/Portable Restroom rental	4/26/2020	9759-23	452.75
45	Handwash Station/Portable Restroom rental	6/19/2020	9912-8	452.75
46	Handwash Station/Portable Restroom rental	6/30/2020	10035-15	452.75
47	Handwash Station/Portable Restroom rental	12/6/2020	10640-28	452.75
48	Handwash Station/Portable Restroom rental	7/19/2020	10181-8	452.75
49	Handwash Station/Portable Restroom rental	8/16/2020	10221-27	452.75
50	Handwash Station/Portable Restroom rental	11/8/2020	10571-13	452.75
51	Handwash Station/Portable Restroom rental	9/13/2020	10353-40	452.75
52	Handwash Station/Portable Restroom rental	10/11/2020	10465-30	452.75
53	Sanitation Service	6/15/2020	9912-40	825.00
54	Sanitation Service	6/30/2020	10035-19	1,450.00
55	Sanitation Service	5/17/2020	9805-19	6,240.00
56	Sanitation Service	6/15/2020	9931-52	5,696.00
57	Sanitation Service	12/1/2020	10640-31	865.00
58	Sanitation Service	5/31/2020	9839-40	1,450.00
59	Sanitation Service	7/15/2020	10181-49	5,632.00
60	Sanitation Service	11/16/2020	10597-48	5,984.00
61	Sanitation Service	10/21/2020	10491-12	825.00
62	Sanitation Service	4/30/2020	9759-27	1,450.00
63	Sanitation Service	7/15/2020	10262-31	825.00
64	Sanitation Service	8/18/2020	10262-30	5,440.00
65	Sanitation Service	8/15/2020	10262-32	825.00
66	Sanitation Service	7/22/2020	10084-40	1,152.00
67	Sanitation Service	7/31/2020	10181-31	865.00
68	Sanitation Service	7/31/2020	10181-30	1,450.00
69	Sanitation Service	9/1/2020	10262-33	865.00
70	Sanitation Service	10/21/2020	10552-15	6,208.00
71	Sanitation Service	11/1/2020	10552-17	865.00
72	Sanitation Service	11/1/2020	10552-16	1,450.00
73	Sanitation Service	10/2/2020	10418-32	865.00
74	Sanitation Service	10/1/2020	10418-31	1,450.00
75	Sanitation Service	11/16/2020	10571-33	825.00
76	Sanitation Service	5/17/2020	9791-11	825.00
77	Sanitation Service	12/1/2020	10640-30	1,450.00
78	Sanitation Service	12/20/2020	10710-41	5,962.00
79	Sanitation Service	9/1/2020	10262-29	1,450.00
80	Covid Response -Equipment/Maintenance	8/5/2020	10181-34	2,495.00
81	Covid Response -Equipment/Maintenance	4/13/2020	9747-51	400.80
82	Covid Response -Equipment/Maintenance	4/30/2020	9747-52	1,557.68
Total Covid Response Expense*				**$ 209,191**

Cost type/Category Summary

Type	Amount
Covid Response -Consulting	$ 30,077
Covid Response -Equipment/Maintenance	$ 28,984
Covid Response - Legal	$ 16,912
Covid Response - Equipment Rental	$ 20,144
Covid Reponse - Handwash Station/Portable Restroom rental	$ 4,466
Covid Reponse - PPE/Supply	$ 43,769
Covid Response - Sanitation Service	$ 64,839
Payroll- SL1	$ 86,377
Payroll- SL2	$ 101,492
Payroll- SL3	$ 45,574
Total Covid 19 Direct Expense	**$ 442,635**

ORDINANCE NO. 241

AN ORDINANCE OF THE BOARD OF HARBOR COMMISSIONERS OF THE OXNARD HARBOR DISTRICT PROCLAIMING A LOCAL EMERGENCY REGARDING NOVEL CORONAVIRUS (COVID-19)

WHEREAS, the federal Center for Disease Control and Prevention ("CDC") has confirmed multiple cases of individuals who have severe respiratory illness caused by a novel coronavirus, called COVID-19, as well as deaths caused by this illness; and

WHEREAS, the World Health Organization declared COVID-19 a public health emergency of international concern, and the CDC announced that community spread of COVID-19 is likely to occur in the United States; and

WHEREAS, conditions of extreme peril to the safety of persons and property have arisen within the Oxnard Harbor District (the "District") caused by the worldwide spread of COVID-19; and

WHEREAS, the President of the United States declared a national emergency on March 13, 2020, and both the State of California and the County of Ventura have declared emergencies as a result of the spread of COVID-19; and

WHEREAS, the California Department of Public Health reports at least one confirmed case of COVID-19 in Ventura County while many cases have been confirmed in neighboring counties, and the disease is having a global impact; and

WHEREAS, COVID-19 has spread globally to over 122 countries, infecting more than 132,700 persons and killing nearly 5,000 individuals worldwide; and

WHEREAS, COVID-19 has created conditions that are likely to be beyond the control of local resources and require the combined forces of other political subdivisions to combat; and

WHEREAS, the District's ability to mobilize local resources, coordinate interagency response, accelerate procurement of vital supplies, use mutual aid, and seek future reimbursement by the State and Federal governments will be critical to successfully responding to COVID-19; and

WHEREAS, the conditions of extreme peril warrant and necessitate the proclamation of the existence of a local emergency; and

WHEREAS, there is an imminent and proximate threat to District employees and visitors as a result of the above-described circumstances; and

WHEREAS, the District is a top trading post and receives over $9.5 billion in international cargo annually, generates $1.7 billion in economic activity, and pays $119 million in annual taxes; and

WHEREAS, a declaration of a local emergency will assist in a coordinated public health response to reduce transmission and illness severity, provide assistance to health care providers, coordinate and mitigate public services that may be disrupted from this emergency, and mitigate any other effects of this emergency on the communities that depend on the District for a livelihood; and

WHEREAS, California Government Code Section 8634 provides the District with the power and authority to "promulgate orders and regulations necessary to provide for the protection of life and property.... Such orders and regulations and amendments and rescissions thereof shall be in writing and shall be given widespread publicity and notice"; and

WHEREAS, California Harbors and Navigation Code Section 6070 provides that the Board of Harbor Commissioners may "pass all necessary ordinances for the regulation of the district, including, but not limited to, ordinances to provide for the protection and safety of persons or the property of persons using district facilities, and persons and property in and upon waters subject to the jurisdiction of the district, and adjacent property owned or controlled by the district" and Harbors and Navigation Code Section 6078 further provides that the Board may do all other acts necessary and convenient for the full exercise of its powers; and

WHEREAS, the Board of Harbor Commissioners desires to declare a local emergency.

NOW, THEREFORE, BE IT ORDAINED, by the Board Harbor Commissioners of the Oxnard Harbor District as follows:

Section 1. Pursuant to the California Government Code Section 8634 and the Ventura County Declaration of Emergency on March 12, 2020, the Board of Harbor Commissioners wishes to exercise its authority to protect life and property;

Section 2. Pursuant to California Harbors and Navigation Code section 6070, the Board of Harbor Commissioners hereby finds and proclaims a local emergency caused by conditions or threatened conditions of COVID-19 in the territorial jurisdiction of the Oxnard Harbor District, which constitutes an extreme peril of health and safety of persons within the territorial limits of the District.

Section 3. The local emergency shall be deemed to continue to exist until its termination is proclaimed by the Board of Harbor Commissioners.

Section 4. The CEO & Port Director is hereby authorized to furnish information, to promulgate orders and regulations necessary to provide for the protection of life and

property pursuant to California Harbors and Navigation Code section 6070, to enter into agreements and to take all actions necessary to obtain State and/or federal emergency assistance to implement preventive measures to protect and preserve the employees and visitors of the District within the scope of the local emergency hereby declared.

Section 5. Pursuant to California Penal Code section 396, it is unlawful for any person or business of the City of Oxnard and City of Hueneme to charge more than 10% higher than the price charged by that person or business 30 days after the proclamation of this local emergency. The statue also authorizes the governing bodies with the authority to make a declaration of emergency to extend the price controls for additional 30-day period as needed to protect the lives, property or welfare of the citizens.

Section 6. The Board of Harbor Commissioners further orders that, until further notice:

A. The CEO & Port Director, or her designee, shall act as the Director of Emergency Services and ensure full and proper coordination with all federal, state and local authorities charged with implementing necessary measures to protect the life, property and welfare of all residents of the District, as well as that of the customers, tenants and other users of the Port of Hueneme.

B. The Director of Emergency Services is authorized to expend whatever sums necessary to procure goods, equipment, supplies and services necessary to mitigate loss and preserve and protect the facilities and assets of the Oxnard Harbor District, and to promote and protect the health and safety of all District employees and persons coming onto the Port of Hueneme and other District-owned property.

C. Any labor or personnel rule or regulation or memorandum of understanding that currently requires a doctor's note for a District employee to be absent from work for more than four (4) days due to sickness is hereby suspended and waived.

D. Warrants, drafts, checks and other payments made by or on behalf of the District may be signed either in-person or through the use of approved digital signatures, by two executive staff without the need for Harbor Commissioner signature, though manual oversight must be provided by the Director of Finance and Accounting and the Board of Harbor Commissioners must ratify all expenditures at a subsequent and duly-noticed public meeting.

E. The CEO & Port Director may take any other action she deems necessary or prudent to protect the employees of the District and the people, goods and cargo on-port, including with respect to employees' working hours, work locations and leaves.

Section 7. During the existence of said local emergency, the powers, functions, and duties of the emergency organization of the District shall be those prescribed by state law, ordinances, and resolutions of the District.

PASSED, APPROVED and ADOPTED by the Board of Harbor Commissioners of the Oxnard Harbor District at an emergency meeting of said Board held on March 17, 2020, by the following vote:

AYES: 5
NAYS: Ø
ABSENT: Ø
ABSTAIN: Ø

Jess J. Ramirez, President
Board of Harbor Commissioners
Oxnard Harbor District

ATTEST:

Mary Anne Rooney, Secretary
Board of Harbor Commissioners
Oxnard Harbor District

APPROVED AS TO FORM:
BEST, BEST & KRIEGER LLP

Ruben Duran, General Counsel

STATE OF CALIFORNIA – STATE LANDS COMMISSION

Funding Request Summary

APPLICANT / PORT NAME: Ventura Port District (VPD)

AMOUNT REQUESTED: $1,060,484.23

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

NAME: Brian 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 2020?

YES ☒ NO ☐

Total costs incurred = $253,785.17

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

Response/Support Provided	Dates Provided
• Provision of EFMLA time off for staff**	April 1, 2020 – Dec. 31, 2020
• Overtime costs accrued to cover essential shifts**	April 1, 2020 – Dec. 31, 2020
• Contracts for additional services**	April 1, 2020 – Dec. 31, 2020
• Equipment purchased**	April 1, 2020 – Dec. 31, 2020
• Materials and Supplies purchased**	April 1, 2020 – Dec. 31, 2020
• Uncollectable Debt*	April 1, 2020 – Dec. 31, 2020

* These costs have not been eligible for reimbursement from any other relief funding source.

** These categories have been deemed eligible for application for aid from other financial programs. Details on these funding requests is covered in VPD's letter regarding COVID-19 Fiscal Recovery Funds, under Section 5: Other Aid. Note that at the time of application, no funding has been received.

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

Cost Type/Category	Amount
• Provision of EFMLA time off for staff**	$18,469.58
• Overtime costs accrued to cover essential shifts**	$14,024.61
• Contracts for additional services**	$25,387.50
• Equipment purchased**	$498.50
• Materials and Supplies purchased**	$51,870.61
• Uncollectable Debt*	$143,534.37

* These costs have not been eligible for reimbursement from any other relief funding source.

** These categories have been deemed eligible for application for aid from other financial programs. Details on these funding requests is covered in VPD's letter regarding COVID-19 Fiscal Recovery Funds, under Section 5: Other Aid. Note that at the time of application, no funding has been received.

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 – Aged Receivables document highlighting Uncollectable Debt; 2 pages
Appendix B – Table providing Employee COVID Related Costs; 1 page
Appendix E – FEMA California COVID-19 Pandemic (Application #4482DR-CA); page 6 of 11
Appendix F – COVID-19 Fiscal Relief for Special Districts (Submission ID: 367); 1 page

2. REVENUE LOSSES

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

YES ☒ NO ☐

Total revenue loss = $798,332.86

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 *[(1 + 4.1% 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).

The VPD periodically conducts one-time transactions for properties that are in long-term leases (such as assignment and option transactions). Some of these transactions are the realization of appreciation of parcels in 25 to 50 year leases and therefore the realization of the accrual in a given fiscal year represents the appreciation of many years. In 2020, the VPD was able to accrue three such one-time revenue transactions totaling $1,014,875 that are not representative of normal operating revenues.

The other two one-time revenue transactions involved grant funding received. The VPD was the recipient of grant funding for specific projects from both the federal and state governments. The grant funding has been provided to the VPD to execute specific projects that require matching contributions from the VPD.

The VPD respectfully requests that one-time revenue transactions not be factored into to the calculation of revenue loss since they do not represent regular operating revenue, as per section 2.f of Exhibit A.

To best demonstrate how revenue loss was realized by the VPD, the table below outlines how each revenue category has been impacted:

Category	2019 Actual	2020 Counterfactual	2020 Actual	Revenue Loss
Master Tenants	3,930,637	4,091,793	3,811,499	(280,294)
VHV Restaurants	1,174,718	1,222,881	1,086,664	(136,217)
VHV Charters	397,465	413,761	233,757	(180,004)
VHV Retail	496,664	517,027	533,197	-
VHV Offices	702,368	731,165	701,668	(29,497)
CAM	345,997	360,183	281,006	(79,177)
Promo	108,368	112,811	65,409	(47,402)
Fisheries	193,005	200,918	218,290	-
Slip Income*	664,226	691,459	832,175	-
Dry Stoage*	11,215	11,675	76,307	-
Fishermans Storage	78,692	81,918	81,768	(150)
Launch Ramp Pay Parking	50,263	52,324	89,678	-
Marketing Event & Co op Advertising	26,730	27,826	2,412	(25,414)
Harbor Event Usage Fees	28,123	29,276	12,647	(16,629)
Misc Harbor Income	61,118	63,624	60,076	(3,548)
Misc Village Income	12,507	13,020	23,927	-
SUB TOTAL	8,282,096	8,621,662	8,110,480	(798,333)
One Time Revenue	136,000	141,576	1,014,875	
Grant Revenue	140,936	146,714	60,220	
TOTALS	8,559,032	8,909,952	9,185,575	
TOTAL REVENUE LOSS				**$ (798,332.86)**

* The Slip Income and Dry Storage revenue categories were low in 2019 due to major construction projects that significantly reduced the capacity for boats at both locations through much of 2019. As both revenue categories are underrepresented by calendar year 2019 and largely unaffected by the impacts of COVID-19, the increase in 2020 should not be taken into consideration.

Appendix C – General Ledger listing CAM and Promo Losses; 10 pages

Appendix D – Financial Statement; 24 pages

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).

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

a) FEMA California COVID-19 Pandemic (Application #4482DR-CA; Appendix E): $77,757

b) COVID-19 Fiscal Relief for Special Districts (Submission ID: 367; Appendix F): $118,617*

* Includes costs applied for under FEMA application above. Excluding funds applied for from FEMA: $40,860

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 been rehired:
      - No Port District layoffs during pandemic

   b. Number of layoffs that are avoided
      - No Port District layoffs during pandemic

   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
      - Harbor Patrol/Lifeguard Vehicle Replacement: $85,000:
        VPD provides public safety services through its operation of the Harbor Patrol and through contracting the services of California State Parks to provide seasonal lifeguard services. Although property taxes assessed by Ventura County contribute to the public safety services provided by VPD, they do not cover full cost (an additional cost to the District of $264,900 forecast for FY21-22, excluding capital expenditures for the department).

        The Harbor Patrol has one vehicle that requires replacement by May of 2022 in order to be ready for the summer lifeguarding season. It is the anticipation of VPD to acquire a hybrid or fully electric vehicle in order to be environmentally sustainable.

If awarded, the requested amount will cover the procurement of the new vehicle including procuring the necessary lighting, sirens, radios, and safety equipment specifically necessary to conduct life safety/rescue operations in the harbor. The District will fund the costs of the procurement process as well as additional Electric Vehicle charging infrastructure at the VPD headquarters (which is not eligible for SCE's Charge Ready program). Bidding would be open and competitive per the VPD's procurement policy.

f. Investments that result in additional economic activity within the port

- Commercial Fish Hoist Refurbishment: $25,000:
  The VPD provides a best-in-class working waterfront for commercial fishing, often achieving the highest value of commercial fish landings in the state. This is achieved through ongoing investment in infrastructure for commercial fishing operations, including nearly $5 million in investments in new docks, vessel power pedestals, improvements to the commercial fishing storage yard, and the procurement of a new fish hoist.

  Although VPD now provides two fish hoists to commercial fishing operations at no cost, one of the hoists requires refurbishment to address surface corrosion and re-waterproofing.

  If awarded, the requested amount will be applied to addressing the surface corrosion of the crane including replacement of several components and the VPD will fund waterproofing the base plates after installation.

- 1449 Spinnaker Drive "Fish Building" Structural Improvement: $120,000:
  The VPD provides a best-in-class working waterfront for commercial fishing, often achieving the highest value of commercial fish landings in the state. This is achieved through ongoing investment in infrastructure for commercial fishing operations, including nearly $5 million in investments in new docks, vessel power pedestals, improvements to the commercial fishing storage yard, and the procurement of a new fish hoist.

  1449 Spinnaker Drive is home for two commercial squid fishing operations. One of the operators will be installing 50-tons of ice-making capacity to meet the demands of multiple commercial fishing operators. To do this, the building requires structural retrofitting to address the load requirements.

  If awarded, the requested amount will be applied to implementing the needed structural elements to allow the operator to install the ice machines. The District will fund the engineering designs and permitting from the City of Ventura. Bidding would be open and competitive per the VPD's procurement policy.

g. Environmental initiatives and/or expenditures within Port boundaries that benefit disadvantaged communities:

- 1567 Spinnaker Drive Restrooms: ADA Upgrade: $125,000:
  1567 Spinnaker Drive is a building address within Ventura Harbor Village, an outdoor shopping center within the VPD. The ground floor restrooms at this building serve the

public and the restrooms requires upgrading to be ADA compliant. This project has already been designed by a professional architect and is shovel-ready. Bidding would be open and competitive per the VPD's procurement policy.

- 1575 Spinnaker Drive Restrooms: ADA Upgrade: $150,000:
  1575 Spinnaker Drive is a building address within Ventura Harbor Village, an outdoor shopping center within the VPD. The ground floor restrooms at this building serve the public and the restrooms requires upgrading to be ADA compliant. This project has already been designed by a professional architect and is shovel-ready. Bidding would be open and competitive per the VPD's procurement policy.

- 1691 Spinnaker Drive Unisex Restroom: ADA Upgrade: $130,000:
  1691 Spinnaker Drive is a building address within Ventura Harbor Village, an outdoor shopping center within the VPD. The ground floor restrooms at this building serve the public and the unisex restroom requires upgrading to be ADA compliant. This project has already been designed by a professional architect and is shovel-ready. Bidding would be open and competitive per the VPD's procurement policy.

- Harbor Village ADA Trash Enclosures: $270,000:
  Ventura Harbor Village now has two ADA-compliant trash enclosures; however, two additional enclosures must be built to be both ADA-compliant and to accommodate changes to incorporate food waste recycling. Two existing trash enclosures will need to be demolished as part of this project. This project has already been designed by a professional architect and is shovel-ready. Bidding would be open and competitive per the VPD's procurement policy.

- Electrical Vehicle Charging Stations (including 6 new ADA parking stalls): $60,000:
  The Board of Commissioners for the VPD are highly supportive of initiatives that promote environmental sustainability. At the July 7, 2021 Board of Commissioners meeting, the Board approved VPD staff to seek grant funding for the installation of Electrical Vehicle Charging Stations. Although some value of work is anticipated to be provided by Southern California Edison (SCE) through the Charge Ready Program to provide infrastructure to provide power for 22 EV charging ports, the program will not provide the actual chargers nor install them. The project will also create six new ADA parking stalls and one new ADA access point to Ventura Harbor Village.

  If awarded, the requested amount will cover the procurement of the chargers and the District will fund the cost of installation and the required operating costs for 10 years (per requirements by SCE). The project will be completed as soon as SCE finishes with their portion of the project (anticipated to be mid 2022). Bidding would be open and competitive per the VPD's procurement policy.

h. Other planned uses

- Harbor Cove & Surfers Knoll Beach: Public Shower Area & Retaining Wall Harbor Improvements: $175,000:

Harbor Cove and Surfers Knoll are two popular public beaches located adjacent to Ventura Harbor Village each with a dedicated parking lot, restroom, and shower facilities maintained by the VPD. Although both restrooms and parking lots have been upgraded to be ADA compliant, the shower facilities and surrounding retaining walls require rehabilitation and would benefit from additional ADA improvements. VPD also provides a wheelchair pathway over the sand at Harbor Cove Beach and Harbor Patrol provide a beach-going wheelchair that allows those who may be mobility-impaired the opportunity to access the beach on a specially designed wheelchair.

If awarded, the requested amount will cover the demolition and rebuilding of the shower facilities at both locations as well as provide rehabilitation for the adjacent retaining walls. VPD will fund the replacement of the shower devices that will be fully ADA compliant as well as installing necessary handrails for ADA compliance. VPD will also add an additional wheelchair pathway over the sand at Surfers Knoll beach.

- COVID-19 Rental Abatement and Deferment Program – Uncollectable Debt Forgiveness: $143,500:
  Although the VPD's COVID-19 RADP has allowed businesses within the harbor to defer, and in many cases abate rent during the pandemic, some businesses have significant deferred rent balances. These businesses generally are visitor serving in nature that were disproportionately impacted by the effects of the pandemic. Understanding the nature of these businesses, VPD has categorized $143,534.37 as uncollectable debt.

  If awarded, the VPD would further evaluate Ventura Harbor Village COVID-19 related business impacts to consider opportunities for further financial investment in support of the economic recovery of the visitor-serving shopping center. For example, businesses continue to report issues with the supply chain, labor shortages, inflationary pressures, and uneven visitation. VPD will consider one or more of the following: sponsoring a Harbor job fair to match employers with prospective employees, enhancing destination marketing and advertising, increasing and/or expanding visitor-serving events and, where appropriate, consider individual business assistance. These efforts will specifically target business retention, expansion, and/or attraction to avoid layoffs and grow jobs.

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:
      i. 2018 NOAA Sea Grant $266,660 – all requirements fulfilled as of August 31, 2021
      ii. 2015 NOAA Sea Grant $264,470 – all requirements fulfilled as of August 31, 2018
      iii. 2005 FEMA Grant Office of Emergency Services $417,458 - all requirements fulfilled as of March 21, 2007
   b. Prior experience in managing State funds.
      i. California Coastal Conservancy Grant $318,600 – all requirements fulfilled as of August 24, 2021 and final invoices submitted November 1, 2021.

ii. 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.
iii. California State Parks Division of Boating & Waterways Abandoned Watercraft $3,851.45 - all requirements fulfilled as of December 20, 2017.
iv. California State Parks Division of Boating & Waterways Abandoned Watercraft $13,000 - all requirements fulfilled as of October 28, 2017.
iv. California State Parks Division of Boating & Waterways, Misc. Equipment Grant $30,000 - all requirements fulfilled as of August 20, 2010.
v. California State Parks Division of Boating & Waterways, Misc. Equipment Grant $34,418.60 - all requirements fulfilled as of August 24, 2014.
vi. California State Parks Division of Boating & Waterways Division Equipment Grant $45,557 - all requirements fulfilled as of November 3, 2017
vii. 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: Humboldt Bay Harbor, Recreation, & Conservation District
AMOUNT REQUESTED: 576,191.38

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

NAME: Larry Oetker
TITLE: Executive Director
EMAIL: loetker@humboldtbay.org
PHONE: (707)443-3401
MAILING ADDRESS: 601 Startare Drive, Eureka, CA 95502

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
Retained employees during COVID 19 shutdown	3/04/20 to 12/31/20

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

Cost Type/Category	Amount
Wages & Benefits	$364,621.58

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 *[(1 + 4.1% 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 been 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 2025-26[1]. 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.

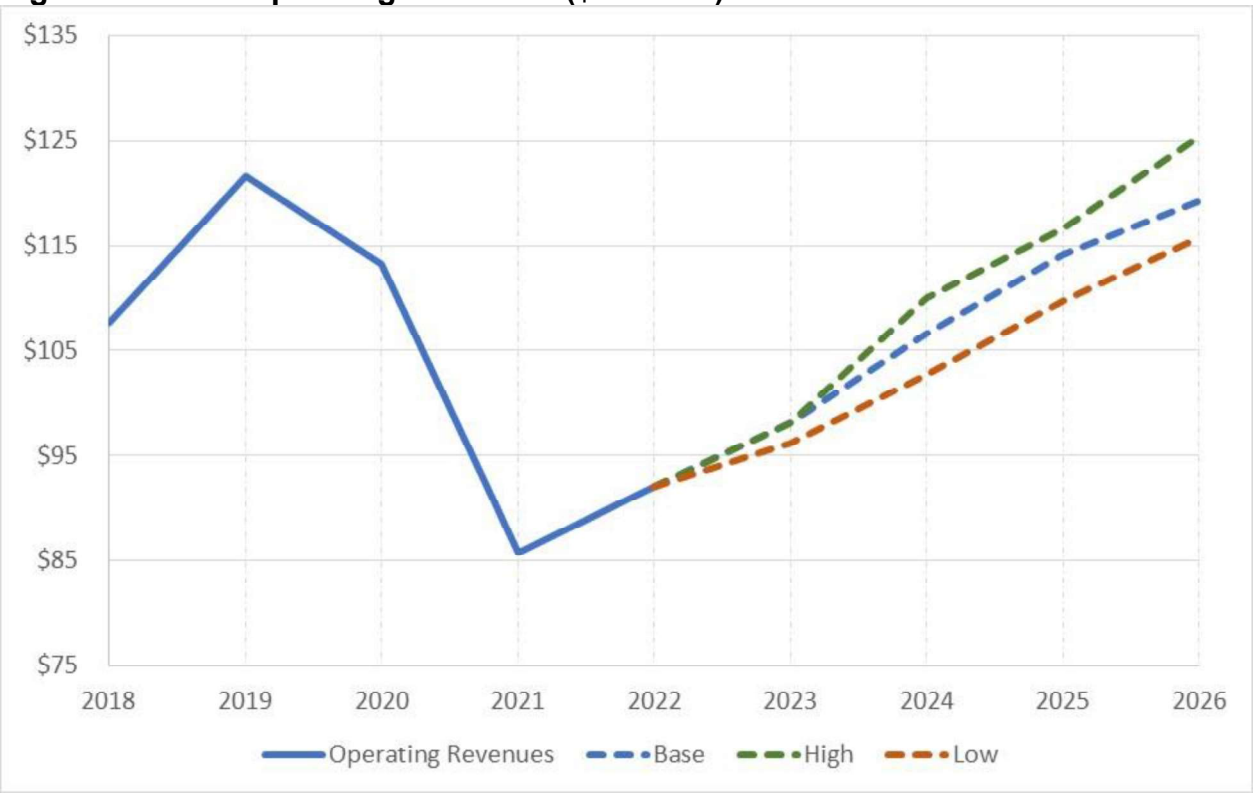
The uncertainty surrounding these forecasts cannot be overstated. Variances beyond the Low to High scenario range are possible if (a) additional COVID variants of concern continue to depress tourism and the return to office, (b) telecommuting becomes even more prominent (beyond the 30% of officer workers 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
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Starting Fund Balance	50.7	94.7	99.8	105.1	105.1	105.1
Revenues						
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**
Operating Expenses						
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**
Capital Expenses						
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.

[3]The 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. <u>Identify operating efficiencies including implementation of a new enterprise asset management system and development of an overhead cost allocation</u>

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 2021-22	Proposed 2022-23	Change from FY 2021-22 Budget Amount	Change from FY 2021-22 Budget %	Proposed 2023-24	Change from FY 2022-23 Budget Amount	Change from FY 2022-23 Budget %
Sources							
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%**
Shipyard 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%**
Uses							
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 2021-22	Budget 2022-23	Change from FY2021-22 Budget Amount	Change from FY2021-22 Budget Percent	Budget 2023-24	Change from FY2022-23 Budget Amount	Change from FY2022-23 Budget 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 below[4]:

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 million[5], 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 Disporportionately 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**

[4] The 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 Amount	Change from FY2021-22 Budget Percent	Budget 2023-24	Change from FY2022-23 Budget Amount	Change from FY2022-23 Budget 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 substation 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)

	FY2021-22 Budget	Proposed FY2022-23	Change from FY2021-22 Amount	Change from FY2021-22 Percent	Proposed FY2023-24	Change from FY2022-23 Amount	Change from FY2022-23 Percent
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-Centrl 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 (SOGR) 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 Budget[10].

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
Southern Waterfront				
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***
China & Central Basins				
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***
Ferry Plaza/South Beach				
South Beach Harbor	1.1	1.2	3.8	6.1
Subtotal	***1.1***	***1.2***	***3.8***	***6.1***
Northeastern Waterfront				
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***
Fisherman's Wharf				
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***
Portwide				
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 throghout 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 budget[12].

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 $58.2 million to 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 a grant agreement 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:

Carl Nicita

Secretary

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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:

Carl Nicita

Secretary

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Accept and Expend American Rescue Plan Act Grant

Budget & Finance Committee Presentation

March 23, 2022

PORT OF SAN FRANCISCO

Port of San Francisco: Background and COVID Impacts

- Enterprise Agency
  - Supported by own revenue
  - $110 million operating budget
- COVID Impacts
  - Outsized impact on leasing revenue
  - Total revenue down 40% from pre-pandemic levels
  - Five-year recovery time frame
- Since 2020 Port has saved over $60 million
  - Expenditure reductions ($7.9m), Delayed hiring ($4.8 m), Reduced capital investment ($51.1 m)
  - Port used fund balance to maintain operations

PORT OF SAN FRANCISCO

American Rescue Plan Act

- Speaker Pelosi amendment to include transfer language for port recovery
- First financial aid package for ports
- Governor Newsom one-time $250 million allocation from APRA to California's ports
- State Lands Commission disbursement $56.6 million

PORT OF SAN FRANCISCO

Funding Allocation & Uses

State Lands Commission

- $56.6 million allocated to cover 2020 losses
  - $14.4 million eligible in current fiscal year
  - $42.2 million through budget process
- $58.2 million requested to cover 2021 losses
  - Disbursement decision on April 26, 2022

Uses

- Backfilling 20 vacancies
- Supporting a clean and safe Port
- Restoring delayed/deferred/cut capital investments
- Helping Port disproportionately impacted communities and small business
- Driving revenues to fuel recovery

PORT OF SAN FRANCISCO

Next Steps & Questions

- Request authorization to accept and expend $14.4 million in current fiscal year
- Request acceptance and approval of $100 million in FY 2022/23 & FY 2023/24 during upcoming budget process
- All funds must be expended by June 30, 2024

TO: **Angela Calvillo, Clerk of the Board of Supervisors**

FROM: **Boris Delepine, Port of San Francisco**

DATE: **March 1, 2022**

SUBJECT: **Accept and Expend Resolution for Subject Grant**

GRANT TITLE: **American Rescue Plan Act**

Attached please find the original* and 1 copy of each of the following:

_X__ Proposed grant resolution; original* signed by Department, Mayor, Controller

_X__ Grant information form, including disability checklist

_X__ Grant budget

__X_ Grant application

_X__ Grant award letter from funding agency

_NA__ Ethics Form 126 (if applicable)

__NA_ Contracts, Leases/Agreements (if applicable)

___ Other (Explain):

Special Timeline Requirements:

Departmental representative to receive a copy of the adopted resolution:

Name: Boris Delepine Phone: 415-571-6626

Interoffice Mail Address: Pier 1, The Embarcadero, San Francisco, Ca 94111

Certified copy required Yes ☐ No X

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).

Updated August 7, 2014