

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
17th DAY OF FEBRUARY 2015**

The members of the Commission on Community Investment and Infrastructure of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 1:00 p.m. on the 17th day of February 2015, at the place and date duly established for holding of such a meeting.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:04 p.m. Roll call was taken.

Commissioner Bustos - present
Commissioner Mondejar – present
Commissioner Singh – present
Chair Rosales – present

All Commission members were present.

2. Announcements

A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, March 3, 2015 at 1:00 p.m. (City Hall, Room 416).

B. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting

Please be advised that the ringing of and use of cell phones, pagers and similar sound producing electronic devices are prohibited at this meeting. Please be advised the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

C. Announcement of Time Allotment for Public Comments

3. Report on actions taken at previous Closed Session meeting – None

4. Matters of Unfinished Business - None

5. Matters of New Business:

CONSENT AGENDA

a) Approval of Minutes: Regular Meeting of January 20, 2015.

PUBLIC COMMENT

Speaker: Ace Washington, Community Activist

Mr. Washington stated he had been coming to the meetings for 20 years and was concerned about what was going on in San Francisco, especially in the black communities of the City. He stated the minutes did not reflect what was going on in the Fillmore District.

Commissioner Singh motioned to move Item 5 (a) and Commissioner Mondejar seconded that motion.

Secretary Guerra called for a voice vote on Item 5 (a).

Commissioner Bustos – abstained; was absent from the meeting.

Commissioner Mondejar – yes

Commissioner Singh – yes

Chair Rosales – yes

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE ABSTENTION THAT THE MINUTES FROM THE REGULAR MEETING OF FEBRUARY 3, 2015, BE ADOPTED.

REGULAR AGENDA

- b) Conditionally authorizing the Executive Director to enter into a Grant Agreement with the City and County of San Francisco, acting through the Office of Economic and Workforce Development, for up to \$446,000 in Tax-Exempt Bond Proceeds for Third Street Corridor pedestrian improvements through the SF Shines Façade and Tenant Improvement Program and the Community Challenge Grant Program in the Bayview Hunters Point Redevelopment Project Area per Recognized Obligations Payment Schedule Item 386, subject to approval by the Oversight Board and Department of Finance (Discussion and Action) (Resolution No.8-2015)

On advice of counsel, Chair Rosales recused herself from this item because of pending proposals that both her law firm and business company have with these agencies. She turned the chair over to Commissioner Singh and left the room.

Presenters: Tiffany Bohee, Executive Director; Lila Hussain, Assistant Project Manager, Mission Bay & Hunters Point Shipyard; Crezia Tano, Senior Project Manager, OEWD

PUBLIC COMMENT

Speaker: Ace Washington, Community Activist

Mr. Washington spoke about how the process was flawed and that the City needed to be investigated by the Federal Government because of ongoing corruption. He asked for protection. He spoke about how every business Redevelopment helped in the Western Addition was now closed and warned the Bayview to beware because of the dire conditions of the black community.

Commissioner Bustos inquired about how they would be handling the outreach to the organizations and small businesses on Third Street.

Ms. Tano responded that historically they have had a corridor manager for the area, but had not had one for about a year. However, OEWD would be bringing one on board, as well as a program coordinator and would be going door-to-door to let the businesses know about these resources. In addition, because they were opening the program to property owners, they would be doing a mailer to all the business owners.

Commissioner Bustos strongly suggested when they were ready to recruit a corridor manager that they hire someone from the local neighborhood who is acquainted with the businesses and has an understanding of the situation of what the businesses' on Third Street have had to endure over recent years. He stressed that if someone came in from outside, they would only go to the hip and cool places on Third Street and will not go to the older businesses which have been around a long time. Mr. Bustos specifically pointed out that is what happened with the Mission Life Plan on Mission Street, and it was not good. He requested that Ms. Tano come back and update the Commissioners about who was chosen and present them to the Commission.

Ms. Tano stated she would be pleased to present the information to the Commission in the future.

Commissioner Mondejar noted during the presentation it had been stated this program extended to the entire 11 districts and requested more information on the matter.

Ms. Tano responded the program was citywide within the 25 commercial corridors. However, she explained the funding during the past fiscal year had only been targeted to two neighborhoods, Bayview and Central Market, since that was where they were able to deploy the funding. Ms. Tano added they were undergoing a budget process right now to be able to extend the reach to the remaining corridors.

Commissioner Bustos motioned to move Item 5 (b) and Commissioner Mondejar seconded that motion.

Secretary Guerra called for a voice vote on Item 5 (b).

Commissioner Bustos - yes
Commissioner Mondejar – yes
Commissioner Singh – yes
Chair Rosales – recused

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE RECUSAL THAT RESOLUTION NO. 8-2015, CONDITIONALLY AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A GRANT AGREEMENT WITH THE CITY AND COUNTY OF SAN FRANCISCO, ACTING THROUGH THE OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT, FOR UP TO \$446,000 IN TAX-EXEMPT BOND PROCEEDS FOR THIRD STREET CORRIDOR PEDESTRIAN IMPROVEMENTS THROUGH THE SF SHINES FAÇADE AND TENANT IMPROVEMENT PROGRAM AND THE COMMUNITY CHALLENGE GRANT PROGRAM IN THE BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA PER RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE ITEM 386, SUBJECT TO APPROVAL BY THE OVERSIGHT BOARD AND DEPARTMENT OF FINANCE, BE ADOPTED.

c) Authorizing, pursuant to the Transbay Implementation Agreement, amendment No. 1 to the memorandum of agreement with the San Francisco County Transportation Authority for an additional amount not to exceed \$66,841 for design services and \$528,800 for construction expenditures for a total of \$595,641, for a combined aggregate of \$3,479,541 in association with the construction of the

realignment of the Folsom Street Off-Ramp; Transbay Redevelopment Project Area (Discussion and Action) (Resolution No. 9-2015)

Presenters: Tiffany Bohee, Executive Director; Kevin Masuda, Senior Civil Engineer, OCII; Sally Oerth, Deputy Director; Liz Rutman, Senior Engineer, Capital Projects, Transportation Authority

PUBLIC COMMENT

Speaker: Ace Washington, Community Activist

Mr. Washington spoke about how OCII was ignoring the Western Addition. He stated the first redevelopment project was started in the Western Addition but now OCII was not helping them at all. He wanted to know how OCII could pursue all these projects when the obligations in the Western Addition were never met and threatened to try to stop the other projects. Mr. Washington disapproved of what OCII was doing.

Commissioner Bustos inquired about who was responsible for the \$600,000 in cost over-runs and inquired about who would be responsible for making sure this didn't happen again.

Mr. Masuda responded that much of the cost over-runs were from unforeseen conditions and according to the Memorandum of Agreement (MOA) with the Transportation Authority (TA), OCII would be responsible for all the costs.

Commissioner Bustos inquired about whether OCII had made the decisions regarding this project; inquired about who was in charge of the design phase and adding the two recent re-submissions and who was responsible for looking at the budget and seeing that there was a \$180,000 deficit; asked for clarification OCII had to restore the reserves of \$236,000; inquired about who would be responsible for making sure another set of unforeseen costs did not come up.

Mr. Masuda responded that the TA had made the decisions. He explained they were providing a turnkey delivery of the reconfigured off-ramp and had entered into the design and construction phase and was how they would be delivering this project. To the question about restoring reserves, Mr. Masuda responded in the affirmative. He added construction was about 35% complete and there was still much to do before the project was completed.

Commissioner Bustos clarified this constituted an amount of \$600,000 being requested now including \$236,000 for reserves. He inquired as to whether OCII would have to restore funds again if the TA had to use those funds for more unforeseen circumstances.

Mr. Masuda responded in the affirmative.

Commissioner Bustos stated this made it appear as though OCII was a blank checkbook, which was not good enough and added that it was not prudent to allow the over-runs to continue.

Ms. Oerth responded when OCII entered into this project, they worked with the TA who created a budget and an estimate was provided for the construction cost of the contract in the original MOA. She explained everyone was surprised that all five bids came in much higher than the original cost estimate of \$180,000. However, she clarified the costs had been reviewed by OCII and the TA staff to make sure they were appropriate. Ms. Oerth explained that no one expected the California Department of Transportation

(Caltrans) to require four submissions instead of two, but clarified they were aware of all the unforeseen circumstances and engaged in discussions with the TA about them. Ms. Oerth explained it was typical practice to maintain some project reserves during the project in the event of unforeseen conditions; they could be dealt with at the moment. She indicated the MOA currently provided for discussion around change orders so OCII was involved with the process. She hoped they did not encounter any additional problems that would require the depletion of the project reserves but with an excavation project such as this one, some costs were unknown. Ms. Oerth explained they were still in negotiations with Caltrans regarding stockpiled soil and might need to come back for additional funding for that.

Commissioner Bustos stated Caltrans did not have a good track record of finishing things on time or within budget and specifically gave as an example of the Bay Bridge. He expressed concern this would not be the end of it.

Ms. Oerth responded that for that reason the TA would be doing the reconfiguration work rather than Caltrans and the issue with the soils was the last matter where they would be dealing with Caltrans. Ms. Oerth added the cost over runs had occurred during the initial phase while getting the job ready to go, but clarified the TA was doing the work on behalf of OCII, not Caltrans.

Commissioner Bustos inquired about how confident they were that they would be able to adhere to what might be approved during this meeting.

Ms. Oerth deferred to Ms. Rutman to respond to that question.

Ms. Rutman responded she was the project manager during the construction phase. She stated they were as sure as they could be, given that they were still digging, because when digging it was unforeseen what might be found. She referred to what Mr. Masuda had referred to as buried manmade objects. Ms. Rutman explained when they were excavating and taking out the old ramp, they had found leftover piers from when there was a bridge structure at that site and Caltrans had previously cut off portions of the piers and covered over the remaining portions while building the Folsom leg of the ramp. Ms. Rutman explained those pieces had to be removed. She also indicated they had not expected to find contaminated materials in the ground, because there had been nothing in the studies conducted during the environmental phase that would have lead them to believe they would find those materials. She explained that they had asked for the project reserves to be replenished because the TA was not in a position to be able to continue working and extend costs beyond what was allowed in the MOA, so if they ran out of money, they would have to stop the project. She explained they were trying to avoid that because it was in no one's best interest. Ms. Rutman assured Commissioners they were not interested in spending OCII money without good cause and added that anything they didn't spend would come back to OCII. She stated they also were a public agency and understood that this project was for the people. Ms. Rutman stated they had regretted the over-runs and also had been "yanked around" by Caltrans for the extra design submittals, but explained Caltrans had changed their design standards and required information that they had not told the TA about before, and therefore the TA had been forced to produce those items. Ms. Rutman indicated they wanted to finish this project as quickly and efficiently as possible and not spend all the money allotted.

Commissioner Bustos inquired about whether their partners were aware of their concern regarding cost over runs and the use of public money and the need for their partners to understand this and directed that question to Executive Director Bohee; inquired about how long the project had been going on and when had construction started. Mr. Bustos pointed out the construction labor local hire number was at 25% and wanted assurance that that number would go up.

Executive Director Bohee responded she was also very concerned about costs and that OCII was working closely with the TA and their Executive Director, Tilly Chang, as well as with Maria Ayerdi- Kaplan of the Transbay Joint Powers Authority (TJPA), because this transit center project was for the benefit of the state. However, she agreed it was important that Caltrans understand this as well. Ms. Bohee added it was essential that all three directors and their technical staff were all operating under the same information and with the same goals to move ahead expeditiously and make those agencies responsible for the public money being spent.

Mr. Masuda responded construction had begun in September 2014. He agreed to try to increase the local hire percentage.

Commissioner Mondejar motioned to move Item 5 (c) and Commissioner Bustos seconded that motion.

Secretary Guerra called for a voice vote on Item 5 (c).

Commissioner Bustos – yes, but with reluctance
Commissioner Mondejar – yes
Commissioner Singh – yes
Chair Rosales – recused

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE RECUSAL THAT RESOLUTION NO. 9-2015, AUTHORIZING, PURSUANT TO THE TRANSBAY IMPLEMENTATION AGREEMENT, AMENDMENT NO. 1 TO THE MEMORANDUM OF AGREEMENT WITH THE SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY FOR AN ADDITIONAL AMOUNT NOT TO EXCEED \$66,841 FOR DESIGN SERVICES AND \$528,800 FOR CONSTRUCTION EXPENDITURES FOR A TOTAL OF \$595,641, FOR A COMBINED AGGREGATE OF \$3,479,541 IN ASSOCIATION WITH THE CONSTRUCTION OF THE REALIGNMENT OF THE FOLSOM STREET OFF-RAMP; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Chair Rosales returned to the room and thanked Commissioner Singh for his help.

- d) Workshop #2 on the Recognized Obligation Payment Schedule for July 1, 2015 to December 31, 2015 (ROPS 15-16A) (Discussion)

Presenters: Tiffany Bohee, Executive Director; Leo Levenson, Deputy Director, Finance & Administration; Christine Maher, Director, Real Estate & Development Services

PUBLIC COMMENT

Speaker: Ace Washington, Community Activist

Mr. Washington displayed the agenda from an upcoming Home Owners Association (HOA) meeting on which was listed an item called SFRA Updates under their Management Report and stated that he would be attending that meeting. He spoke about the locks being changed in one of the commercial spaces in the Western Addition and wanted to know who had changed the locks. He spoke about the Western Addition Heritage Center Garage where he was employed and wanted to know who was in control in the Western Addition and who to go to for answers now that Michael Johnson had disappeared from the scene.

Commissioner Singh wanted to know what had changed since the last workshop #1.

Executive Director Bohee clarified that Mr. Singh was referring to page 15, item 26 on the ROPS, specifically, the Legacy Foundation, \$250,000 – \$995,000.

Mr. Levenson responded that they had \$995,000 in hand for that community benefit program. He explained originally they thought that the pace was such that only \$250,000 could be disbursed during this 6-month spending period. However, now the expectation was that they would like to be able to have the spending authority to disburse the entire amount if the pace was fast enough to be able to disburse it during this spending period. Mr. Levenson added this was money that they already had on hand.

Executive Director Bohee added the funds were those that Lennar had contributed and that any specific expenditure would be brought before the Commission for review and consideration.

Chair Rosales inquired about whether the Hunters Point Legacy Foundation would be the vehicle through which community benefits would be funded.

Executive Director Bohee responded the Hunters Point Shipyard Phase I Disposition Development Agreement provided for a quasi- public entity, with oversight from the Commission. She explained that there was an alliance for District 10 where funds ran through the San Francisco Foundation, but that OCII had direct purview for these Legacy Foundation funds under the Phase I DDA. Ms. Bohee added that with the approvals of the major phase and with housing underway, Lennar had made a series of payments and had restructured the terms of the community benefits under the Phase 1 DDA. As a consequence, instead of being a back-ended profit-sharing model, it would be a more time-certain payment requirement which would be used for the benefit of the Bayview Hunters Point (BVHP) community for education, jobs, housing and other eligible programs under the Phase I DDA.

Chair Rosales requested clarification on the items listed for the Western Addition because OCII was anticipating shouldering more expenses. She requested discussion about holding a meeting in the Western Addition because she felt they were losing control there and inquired about a mitigation plan.

Ms. Maher responded the Western Addition space had gone dark in early January and OCII had been informed that the utilities and the alarm system had been shut off. She indicated they had worked with MOHCD and the City was able to get power restored and the alarm system reactivated. As Mr. Washington alluded to, Ms. Maher stated they had been notified the previous week there was some unauthorized use of the property. Since they were not sure how secure the property was, the building commercial space was rekeyed under OCII authority on the ground lease. Ms. Maher explained those were the steps OCII and the City had taken to secure the space and make sure the life safety system was operating. She indicated that both agencies were working together to look at legal options both under the OCII ground lease and under the City's loan agreement and added the City loan was secured against the commercial parcel. Ms. Maher explained they were in the process of working with the City to determine the legal options: whether the ground lease would be terminated or whether the City would take over the ground lease and act as the operator. She indicated in the meantime they had taken those steps because OCII was liable and made sure that the space was secure and the life safety system was fully functional.

Chair Rosales inquired about whether Michael Johnson was still available to speak with them.

Ms. Maher responded they had been in communication with Mr. Johnson and he was cooperating with them but OCII had had to get everything re-established in the name of OCII or the City.

Commissioner Singh pointed out that Western Addition was not an OCII project area anymore and inquired about the status of the MUNI substation building; inquired about how OCII could still help the Western Addition.

Ms. Maher responded that nothing had happened to that building since it had been transferred back to the City but added that the City was looking at ways to program that space.

Executive Director Bohee responded that, unfortunately, since both A-1 and A-2 Western Addition project areas were finished, OCII had been in the transition mode and partnering with third parties and the City to protect their assets, whether loans or physical property. She explained they were working with the District Supervisor to strategize about the future of the area, given its distinct history, but stressed decisions about the Fillmore Corridor and its future were for the City to make now. Ms. Bohee recalled at the last meeting they had directed unexpended bond proceeds for capital improvements to Ella Hill Hutch, which had been transferred to the City in 2008/09. Ms. Bohee stressed because of dissolution, OCII's role was very limited and that they could maintain projects in transition but were not able to initiate new projects.

Chair Rosales inquired about which City department was now in control over the Western Addition.

Executive Director Bohee responded here were multiple departments involved, including the Department of Real Estate, the Office of Economic and Workforce Development (OEWD), the Department of Public Works, and the Mayor's Office of Housing and Community Development (MOHCD), among others. She reminded Commissioners about the Mayor's "Invest in Neighborhoods" initiative and also the District Supervisor was looking at land use controls for appropriate entertainment uses in the Western Addition.

Chair Rosales expressed concern about their losses and that one way to stem their losses could be to engage not only the City, but the community as well, such as a proposal being initiated from the community. She assumed there were many other businesses in the Fillmore District that were also closing and stressed they needed to ensure their investments.

Ms. Maher responded they were working with OEWD on that aspect.

Chair Rosales inquired about whether there was a timeline to determine the future direction of the Western Addition and what OCII could do to help.

Ms. Maher responded that first the focus would be to look at the legal options and then look at other strategies.

6. Public Comment on Non-agenda Items

Speaker: Ace Washington, Community Activist

Mr. Washington stated he felt much better after the previous discussion on the Western Addition and he really appreciated what OCII was doing and now could go back to his community and tell them OCII was listening to them.

7. Report of the Chair

Chair Rosales stated that she had no report.

8. Report of the Executive Director

Executive Director Bohee reported that on February 9th, the Transbay Block 9 had closed. She explained that this was the 500+ unit development along Folsom Street with developers Essex, TMG, and Bridge with 20% affordable, or 109 units at 50% of AMI. Ms. Bohee reminded Commissioners that in December they had authorized the schematic design and the Development Agreement and were right on schedule, according to the DDA, the \$43 million was transferred to the TJPA for the transit center so construction could continue. She added they expected to bring Transbay Blocks 5 & 8 before the Commission later this year. Ms. Bohee congratulated staff for their hard work on this project, namely Sally Oerth, Pam Sims, Gwen Sebay, Jeff White, and other staff not present, as well as former OCII staff.

PUBLIC COMMENT - None

9. Commissioners' Questions and Matters

Commissioner Singh applauded staff on their hard work.

10. Closed Session

11. Adjournment

The meeting was adjourned by Chair Rosales at 2:30 p.m.

Respectfully submitted,


Claudia Guerra, Commission Secretary