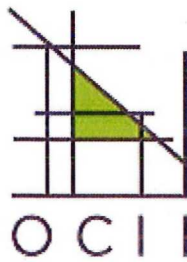


Edwin M. Lee
MAYOR



Marilyn Mondejar
CHAIR

Miguel Bustos
VICE-CHAIR

Leah Pimentel
Mara Rosales
Darshan Singh
COMMISSIONERS

Nadia Sesay
INTERIM EXECUTIVE DIRECTOR

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
18th DAY OF APRIL 2017**

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 18th day of April 2017, 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 1:05 p.m. Roll call was taken.

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

All Commission members were present.

2. Announcements

- A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, May 2, 2017 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 March 21, 2017

PUBLIC COMMENT - None

Commissioner Rosales motioned to move Item 5(a) and Vice-Chair Bustos seconded that motion.

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

Commissioner Pimentel - yes

Commissioner Rosales - yes

Commissioner Singh - yes

Vice-Chair Bustos - yes

Chair Mondejar - yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FIVE COMMISSIONERS THAT APPROVAL OF MINUTES FOR THE REGULAR MEETING HELD ON MARCH 21, 2017, BE ADOPTED.

REGULAR AGENDA

b) Fiscal Year 17-18 Draft Budget – Operations and Debt Service (Discussion)

Presenters: Nadia Sesay, Interim Executive Director; Bree Mawhorter, Deputy Director, Finance & Administration; Jim Morales, General Counsel and Deputy Director

PUBLIC COMMENT - None

Commissioner Pimentel referred to page 11 and inquired about how much it cost per staff person for the reduction in long-term health and pension benefits.

Ms. Mawhorter responded that they were not reducing the benefits, but rather the future liability associated with providing those benefits. She explained that when OCII hires a new staff member, and the staff member qualifies for retiree health and pension benefits, the CalPERS actuaries establish, according to national statistics of how long people live and the staff member's rate of pay, an estimate of how much money the agency would pay over for retiree health and pension benefits over the staff person's lifetime. Subsequently, OCII's long-term liability would increase by that amount. As a result, every time OCII hires a new staff person, OCII's retiree health and pension obligation increases. Another way to look at OCII's long-term liability is as the sum of each retiree's annual health and pension costs over the amortization period of 30 years. Ms. Mawhorter explained that OCII's goal is to reduce long-term liability down to \$0 because when the liability reaches \$0, it means that the retiree health and pension benefits are fully-funded and OCII can fund all of its retiree health and pension benefits with money already set-aside with CalPERS. She added that OCII is not there yet, but is moving toward that goal. Ms. Mawhorter assured the Commissioners that the benefits would be maintained at their current levels but that the future unfunded costs would come down.

Commissioner Singh referred to page 11 and inquired about what a limited term assignment meant; referred to page 13 and inquired about what the \$90,000 was for; referred to page 15 and inquired about the Cal Boating Loans.

Ms. Mawhorter responded that the OCII budget they have 47 full time staff, all of whom are employees that stay in the budget indefinitely unless they are "TXed" or eliminated. She explained that there are also limited term assignments (or LTA's), which refer to people who have a position with a limited duration. She explained that most LTA's are in special fields, like plan review or compliance. She added that for these positions, OCII annually re-evaluates the work plan to determine if there is sufficient funding to keep the person and whether the position is still needed. She explained that the high level of construction going-on requires a lot of monitoring and planning, and that this was why specialized services are necessary.

Regarding the \$90,000, Ms. Mawhorter responded that these dollars fund expense related to administering the Commission, such as paying the City's Department of Technology for the SFGov TV service, which records, digitizes, broadcasts, and archives OCII Commission meetings. She further explained that the funds also cover production and courier expenses for the Commission packets.

Regarding the CalBoating Loans, Ms. Mawhorter explained that the Cal Boating Loan was a loan taken out by the SFRA from the state to build South Beach Harbor and bring it up to the current standard.

Commissioner Rosales referred to page 15 and inquired about a loan that the SFRA had taken out a long time ago from the Low and Moderate Income Housing Fund (LMIHF) and inquired about which project that was for.

Ms. Mawhorter responded the LMIHF payment was to repay a loan taken from the Low and Moderate Income Housing Fund to pay the SFRA's ERAF (Educational Revenue Augmentation Fund) payment a long time ago. She further responded that the ERAF funds schools. Ms. Mawhorter add that OCII pays the loan back at about \$2 million per year.

Mr. Morales reported that when the state legislature requested that redevelopment agencies provide additional monies to the school districts through the ERAF, they allowed redevelopment agencies to tap the LMIHF, which for most redevelopment agencies constituted 20% of the total tax increment that was generated. That money had been set aside and protected for the exclusive purpose of affordable housing, so that it would not be used for other purposes, and there were many restrictions placed upon the fund. When the state required that redevelopment agencies contribute more money to school districts for educational purposes, it allowed the agencies to access those funds instead of paying directly for affordable housing. SFRA took advantage of that by issuing debt that would have otherwise gone into the LMIHF and made the payments directly to the school districts. Then, under state law, the agencies had a period of time to repay that money, which SFRA did. Mr. Morales explained that under dissolution the money that had been borrowed was to be repaid to the housing successor, even though OCII still had significant housing obligations. He added that the general concept for most agencies was that they would be wound down by now and not be involved in any new activities. The idea was that the housing successor to the SFRA which obtained all of the housing assets would also get repayments from the successor agencies for the housing funds borrowed for ERAF and then use those funds for affordable housing.

Commissioner Rosales clarified that the \$2 million annual payment for the prior loan was going to the City and inquired about what fund it went into.

Ms. Mawhorter clarified that it went to MOHCD.

Mr. Morales explained that the money went into the Low and Moderate Income Housing Asset Fund, a state fund created by dissolution law, which was where all the housing funds that had to be

transferred from the former SFRA went. He added that there were reporting requirements and restrictions for use that were similar to what redevelopment agency restrictions had been.

Commissioner Rosales inquired about how much was left to be repaid; referred to page 5 of the memo, Exhibit 4 where the budget for positions and salary ranges were listed and noted that there was no net increase in budgeted proposed positions for 2017-18. She also noted decreases in some areas and inquired about several positions being lost, including a senior financial analyst and a Project Manager (PM).

Ms. Mawhorter responded that they had \$16 million still to go to repay the LMIHF. She responded that the senior financial analyst and the PM were not lost position, but rather TXs, or changes to the positions' classification. She explained that a TX occurs when a position is vacant and OCII looks at the position and decides that the current classification is not appropriate for the work program and identifies a new, more appropriate classification. In some cases, the work program had changed and a different type of position is needed. For example, Ms. Mawhorter explained that the senior financial analyst, which was a new position in the 2016/17 budget was too limited and what OCII really needs is someone who can serve as a bridge between the project and financial teams, performing both accounting and financial analysis. Since the financial analyst classification did not fit that job description, OCII TXed the financial analyst position to a staff associate position, which is a more appropriate classification. In the case of the PM, Ms. Mawhorter reported that the need at the Shipyard had evolved from a project manager with global vision of the project to an associate project manager who could do detailed planning and entitlement work. So, OCII TXed the position from a Project Manager to an development specialist. All in all, Ms. Mawhorter noted that the TXed positions made no change to the total number of FTE in the budget.

Chair Mondejar inquired about the percentage of property tax that OCII received; inquired about the total value of bonds issued last year; referred to page 14 and inquired about the hotel tax; inquired about whether those proceeds would fund current construction; inquired about the \$600,000 in funds disallowed by the state Department of Finance (DOF).

Regarding the property tax, Ms. Mawhorter responded that it changed year to year, but at a high level, it was about 60-70%. She reported that last year OCII utilized approximately \$122 million of the property tax and left about \$70-80 million on the table for the City. Regarding the bonds, Ms. Mawhorter responded that they had started the year with \$96 million in debt service and had just closed 2017A, 2017B, and 2017C in April and had not yet completed all the accounting transactions. She noted that 2017C also included some refunding bonds but estimated that annual debt service was about \$110-112 million. She stated that she would check the exact numbers and get back to Chair Mondejar; however, she thought the total outstanding was about \$500 million.

Regarding the hotel tax, Ms. Mawhorter responded that those bonds had been issued in the 1980's or 1990's with hotel tax revenue and that the bonds had funded Moscone North and South. She explained that OCII entered into an agreement with the City whereby OCII issued bonds on the City's behalf and the City transfers the hotel tax to OCII to pay the annual debt service. As to whether those proceeds would fund current construction, Ms. Mawhorter responded in the negative.

Ms. Mawhorter responded that the money disallowed by DOF related to OCII staff and non-labor costs such as professional services related to implementation of the Property Management Plan or PMP. She explained that the PMP outlines how OCII will dispose of its physical assets, all of which would be transferred to a government entity or sold for the benefit of the taxing entities. She reported that the plan was very extensive and outlines the disposition of each property and the timeline under which the disposition would take place. OCII estimated that it would take at least

\$1.1 million to implement the PMP next year. Ms. Mawhorter explained that the vast majority of the \$600,000 was for professional services, such as appraisal, title and escrow work, among others, all the things needed prior to transferring or selling an asset.

Chair Mondejar clarified that the plan was still to transfer all the properties in 2017; she followed up on Commissioner Rosales' question and clarified that the Executive Director did not have an assistant last year and commission secretary was also 0.

Ms. Mawhorter responded that they had originally planned to transfer many of the properties during 2016-2017; however, due to the complexity of transferring some of the very large properties, such as Yerba Buena Gardens, things had taken longer and some of the transactions now would be closing in 2017-2018. Ms. Mawhorter responded that the OCII job classifications describe a range of duties and a set of knowledge skills and requirements for the position. She noted that many classifications perform administrative duties, for example in the FY16-17 budget, a Management III position was filled by a person who served as both an executive assistant to the Executive Director and the commission secretary. As needs of the organization changed, OCII separated the Management III position in to two positions. The Management II became the EA to the ED and the legal secretary became the Commission Secretary.

Commissioner Rosales inquired about what commissions would be supported by the Commission Secretary whether one executive assistant would be enough to support the entire executive team.

Ms. Mawhorter responded that the Commission secretary supported OCII, the Oversight Board and the Financing Authority. She responded that in this modern age, staff perform their own administrative tasks and filed, made copies, sent emails, scheduled meetings and supported themselves instead of having more secretaries.

Commissioner Rosales noted several City agencies, where the director has staff, such as the Airport Director who had two executive assistants and the executive secretary had an assistant. Ms. Rosales recalled that when she was General Counsel there, she had access to a total of five staff people. She strongly suggested that OCII look to see if there was enough money to bring in more administrative support.

Ms. Mawhorter pointed out that the Airport was an enterprise department, which generated its own revenue and therefore has lots of flexibility. She noted that OCII is different because any administrative position would be an administrative cost which would have to be funded with ACA dollars, which were limited to \$3.5 million. Ms. Mawhorter acknowledged that additional administrative support would make their lives easier but they had to determine whether that position was necessary as opposed to other positions that were really essential.

Commissioner Rosales inquired about where the MOU's with City departments were in the budget; specified that she was referring to services that City departments provided OCII, such as City Planning, Administrator, Controller etc., provided by the City.

Ms. Mawhorter indicated the locations of the MOU's in question. She referred to a bullet point in the staffing section of the budget, which addressed the OCII staff who are employees of ADM and are contracted back to OCII. She noted that both OCII and City staff would receive a 3% COLA, consistent with the City's MOU's. To clarify, Ms. Mawhorter referred to slide 12 for City Department Services. She reported that OCII spends about \$100,000 for City department services which are unrelated to the projects. She added that OCII has very large MOU's with the Planning Department, MTA, and DPH to support the Shipyard, Transbay and Mission Bay, so the majority of the MOU's would be under the project budget, which amounted to about \$1.2 million.

Executive Director Sesay referred to Commissioner Rosales' suggestion regarding administrative support and responded that they would take her suggestion under advisement and get back to her about that question.

Chair Mondejar commended the executive team for all their hard work without any assistance the past year. She referred to the comment regarding Public Communications Support and inquired about whether that meant updating the website and making it easier to use.

Ms. Mawhorter responded in the affirmative, that Public Communications Support referred to dollars that they could spend on outside specialists for web design and one in-house staff who is responsible for public relations.

Commissioner Pimentel inquired about whether social media would be used for outreach and engagement, and as a digital marketing aspect to help communicate information about OCII, its projects, what it does as well as opportunities for people in the community, etc.

Ms. Mawhorter responded that OCII posts all jobs opportunities on the OCII website. She reported that the City has a website where the contracting opportunities and all the RFP's are posted and all commission meetings are archived. She indicated that over the next year OCII would hire a consultant to figure out what the digital footprint should look like, including ways to reach out to the community.

Commissioner Pimentel stated that she would like all that information to be included on the website.

Chair Mondejar commented that there were lots of good things that OCII was doing that the public was not aware of.

Commissioner Rosales pointed out that OCII had recently contributed \$145,000 to MOHCD for DAHLIA and inquired about whether they were contributing any more money to it.

Ms. Mawhorter responded that they had contributed to DAHLA in 2015/16 and that MOHCD was moving along with their implementation but had not requested additional financial support. Ms. Mawhorter said she would reach out to MOHCD for an implementation update.

Chair Mondejar thanked Ms. Mawhorter for her very comprehensive presentation.

6. Public Comment on Non-Agenda Items

Speaker: Oscar James, native resident Bayview Hunters Point (BVHP)

Mr. James stated that he really appreciated the thoroughness of the presentation and was pleased to hear that the community would be informed about upcoming events and agenda items. He had heard from the community that they would like to hear more about OCII and its events. Mr. James thanked staff for contacting him about the Housing Authority's project and thanked the Executive Director for attending the recent CAC meeting in BVHP. He requested that staff hold a meeting in the Western Addition to help with the situation out there and come to a conclusion on it.

7. Report of the Chair

Chair Mondejar stated that she had no report.

8. Report of the Interim Executive Director

- a) Informational Memorandum on transmitting the Candlestick Point and Hunters Point Shipyard Master Developer's Report on compliance with the Community Benefits Programs for October through December of 2016 and OCII staff analysis; Hunters Point Shipyard and Bayview Hunters Point Redevelopment Project Areas (Discussion)

Interim Executive Director Sesay announced that this was an informational memo regarding developer compliance. She reported that the developer was substantially compliant with slight improvement from the prior period that was received. Besides the memo, the developer had provided materials and there was also a letter to the developer clarifying certain areas that needed improvement with an action plan in preparation for the next reporting cycle. She explained that Kasheica McKinney, Assistant PM, Hunters Point Shipyard/Candlestick Point, was the development specialist working on this compliance matter and she would respond to specific questions on this matter.

Next, Interim Executive Director Sesay wanted to make sure that all Commissioners had received an invitation for the upcoming naming ceremony for Candlestick Point, which would take place on Sunday, April 30 from 1-3 in the City Hall Rotunda. She announced that some of the Commissioners had responded, but not all and staff needed to get names to make appropriate reservations. Ms. Sesay also announced that Part II of the Candlestick Point retail center meeting that took place in December 2016 would be held the following Thursday, April 27 at the community elementary school.

PUBLIC COMMENT

Speaker: Oscar James, native resident BVHP

Mr. James stated that he believed that anyone getting contracts or receiving money from OCII should come to the meetings and listen to the presentations and concerns of the community. He requested that OCII mandate this of directors and anyone receiving funds from OCII. Mr. James was concerned that the only time people came to meetings was when there was a hot item on the agenda. But then they complained about things that they really didn't know anything about. He stressed that people needed to know about the good work that OCII was doing and that the Commissioners performed every week without getting paid for it. He stated that it was one thing to do hard work but another to not get recognition from the community about how OCII efforts were affecting the community.

Commissioner Singh inquired about when the interim ED position would become permanent.

Chair Mondejar responded that they were working on it and that his question was noted.

Commissioner Rosales referred to the slide on page 10, 2016 Quarter 4, regarding Construction workforce performance and noted that the District 10 (D10) percentage was 10%. Ms. Rosales inquired about what that number really meant and whether they could they find out what 10% of D10 represented. She inquired about whether they were picking up as many able-bodied available D10 residents as possible directly through CityBuild or some other CBO and whether they had the pipeline in place. Also, was 10% a good number or a low number? She stressed that if they were leaving 90% of the people behind, then 10% might not be such a good number or outcome. Ms. Rosales recalled a representative from the Mayor's Office of Economic Workforce Development stating that there was more capacity in D10 for potential workers to be brought in.

Raymond Lee, Contract Compliance Supervisor, responded that they could make an attempt to gather that data and had gathered some of that data. He reported that one of the things they have repeatedly asked for and which has been difficult to get was the total San Francisco and D10 populations, meaning the total number of construction workers registered with a union or City

Build. He explained that this data was difficult to gather because the unions considered it proprietary and did not want to share it. Mr. Lee indicated that they could provide statistics regarding ethnicity and where people resided but in comparison to the totality, this was the missing piece.

Commissioner Rosales stated that Mr. Lee made a good point because 10% of D10 residents would not all be African American.

9. Commissioners' Questions and Matters

Commissioner Singh inquired about the Commission secretary position and requested it to be made permanent.

Interim Executive Director Sesay responded that the positions had been posted and staff had been reviewing the responses for both the executive assistant and the Commission secretary and hopefully decisions would be made as early as May. The good news was that they now had a budget for these positions.

10. Closed Session

Chair Mondejar requested that anyone not involved with Closed Session to please leave the room.

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION.

- a) Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 of the California Government Code: Patricia Lovelock v. City and County of San Francisco, Title VIII Case No.: 09-17-7400-8 (complaint filed with U.S. Dept. of Housing and Urban Development)
- b) Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 of the California Government Code: one case.

After Closed Session, Chair Mondejar stated that there was nothing to report.

11. Adjournment

Commissioner Bustos motioned to move for adjournment and Commissioner Pimentel seconded that motion.

The meeting was adjourned by Chair Mondejar at 3:25 p.m.

Respectfully submitted,


Interim Commission Secretary