

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
1st DAY OF SEPTEMBER 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 1st day of September 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 1:08 p.m. Roll call was taken.

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

Commissioner Mondejar was absent; all other Commission members were present.

2. Announcements

A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, September 15, 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 July 7, 2015.

PUBLIC COMMENT – None

Commissioner Singh motioned to move Items 5a) and Commissioner Bustos seconded that motion.

Secretary Guerra called for a voice vote on Items 5a).

Commissioner Bustos – yes
Commissioner Mondejar – absent
Commissioner Singh – yes
Chair Rosales – yes

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE ABSENCE THAT THE MINUTES FOR THE REGULAR MEETING OF JULY 7, 2015, BE ADOPTED.

REGULAR AGENDA

- b) Adopting Environmental Findings Pursuant to the California Environmental Quality Act and Authorizing the Executive Director to Accept the Navy's Tender of Parcels D-2, UC-1 and UC-2 of the Hunters Point Naval Shipyard and Authorizing a Fourth Amendment of the Interim Lease with HPS Development Co., LP and CP Development Co., LP; Hunters Point Shipyard Redevelopment Project Area (Discussion & Action) (Resolution No. 54-2015)

Presenters: Tiffany Bohee, Executive Director; Tamsen Drew, Senior Project Manager, Hunters Point Shipyard/Candlestick Point Redevelopment Project; Amy Brownell, San Francisco Department of Health

PUBLIC COMMENT

Speakers: Dorris M. Vincent, Bayview Hunters Point (BVHP) resident and Shipyard CAC; Al Norman, BVHP Merchants Association; Oscar James, native resident, BVHP; Dr. Espinola Jackson, BVHP resident

Ms. Vincent stated the documents presented had addressed the CAC concerns regarding the transfer and she was in support of this item and urged Commissioners to pass this item.

Mr. Norman echoed the words of Ms. Vincent and stated he hoped Commissioners would pass this item so that they could all continue to move forward. He thanked OCII for serving the community.

Mr. James stated he had served on the HP Shipyard Committee under the Hon. Joseph Alioto when they closed the Shipyard in 1974. He stated he still had a problem with Parcels E and E2 and wanted those parcels completely cleaned. Mr. James was in support of this project and pointed out that he was one of the first people to alert the Navy and the Mayor that the Shipyard was polluted.

Dr. Jackson referred to the conclusions made on July 11, 2011 on the last page of the presentation and requested the file number for this 37-page conclusion. Dr. Jackson stated there was a huge problem with this item because people were dying in BVHP and she reminded Commissioners that a task force had to be established to have the regulatory agencies come to the area to witness the deaths that were occurring. Dr. Jackson reported that 20 people had died within a two month time period. She pointed out that people were suffering from more mental problems than before and it was because of what they were breathing.

The area was not clean and still needed to be cleaned up. She stressed that the people making the decisions did not live in BVHP and requested that OCII Commissioners come to the community to speak to residents and listen to what the people living there had to say. She urged Commissioners to not be a rubber stamp because this sounded good, but rather to make sure it was safe and ready. Dr. Jackson stated she had been told by the Navy the Shipyard could not be cleaned out because if they took everything out, it would be filled in by the Bay again.

Commissioner Singh requested a representative from the San Francisco Health Department come to the podium and confirm the Shipyard was satisfactory and ready for the transfers.

Ms. Brownell responded that for the 23 years they had been monitoring, observing, attending meetings and reporting on activities at the Shipyard starting with Parcel A and continuing with parcels D2, UC1 and UC2. She reported the Navy had done everything they had to do with the parcels concerned and they were working on the transfer which would happen the next year. Ms. Brownell indicated the Finding of Suitability to Transfer had documented the work of the Navy as well as the three regulatory agencies involved--the U.S. Environmental Protection Agency, the Department of Toxic Substances Control and the Regional Water Quality Control Board and that all three agencies had written concurrence letters and had all agreed on the findings. Ms. Brownell pointed out she has a whole team that she works with as well as independent consultant, Langan Treadwell & Rollo, which looked at technical decisions and which supported the work that had been done to date.

Commissioner Bustos stated this transfer represented a historic vote for Commissioners on this issue. He pointed out there had been many sides; on one hand, Dr. Jackson and her group who always spoke about the health and safety of the parcels; and on the other hand, there were community members who were looking forward to building this area and creating a new community. Mr. Bustos was supportive of this item but did not want to ignore Dr. Jackson's comments about people dying or developing mental illness in the BVHP area. He suggested the Health Department as well as other City agencies get involved and do more research to study these lingering health issues. He pointed out the City had been building over landfill for a long time and issues had come up. Mr. Bustos stressed they now had technology and if things were found that were not clean in the future, they needed to hold the Navy accountable to come back whenever needed to make sure this area was habitable and healthy. He indicated this process might extend well into the future. Mr. Bustos requested a meeting with the Health Department to look further into the issues that had been brought up.

Chair Rosales agreed about the lingering issues and she inquired about whether there was any more information that could be provided on these issues to determine if there was a cause and effect between the lack of appropriate clean-up and the health issues being brought up; inquired about the portion of the pleading whereby in 2011 the San Francisco Superior Court granted a writ against the San Francisco Development Agency (SFRA), among other City agencies, including the Board of Supervisors, and inquired about the outcome of that matter.

Ms. Brownell responded they were well aware of the disparities in African American health and were addressing this issue with various programs. She stated the Health Department investigated healthy housing issues, such as mold, pests, indoor air quality and monitored food and restaurant inspectors for the entire city, including BVHP, and added that she could come back with other resources from the Health Department to provide more information about those programs. Ms. Brownell reiterated that the issues of contamination at the Shipyard were not impacting the community and that the Navy had certified this fact. She indicated the air and soil monitoring and other data had proven that those areas

were appropriate for transfer. She acknowledged there were health issues at the Shipyard but stated they were not connected to the contamination.

Chair Rosales requested clarification regarding the writ granted by the San Francisco Superior Court in 2011 against the SFRA, among other agencies, and inquired about what happened with that matter.

Executive Director Bohee responded that in 2010 there was a comprehensive approval by the SFRA and other City agencies, which provided entitlements and a comprehensive environmental review as required under CEQA. As a result of the subsequent litigation, there was an agreement that required additional environmental review (a new EIR) if early transfer of Shipyard parcels was pursued by OCII and/or Lennar. She stressed, however, that this was not the situation under consideration at this time, where the properties were fully remediated for their intended use. She stressed this was not the subject for Commissioners' review during this meeting, but for any future early transfers actions by OCII there would be additional review as required under the writ.

Commissioner Singh stated he felt they should defend the experts in this situation and he was pleased with their comments.

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

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

Commissioner Bustos – yes
Commissioner Mondejar – absent
Commissioner Singh – yes
Chair Rosales – yes

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE ABSENCE THAT RESOLUTION NO 54-2015, ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND AUTHORIZING THE EXECUTIVE DIRECTOR TO ACCEPT THE NAVY'S TENDER OF PARCELS D-2, UC-1 AND UC-2 OF THE HUNTERS POINT NAVAL SHIPYARD AND AUTHORIZING A FOURTH AMENDMENT OF THE INTERIM LEASE WITH HPS DEVELOPMENT CO., LP AND CP DEVELOPMENT CO., LP; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Items 5(c) and 5(d) related to Yerba Buena Gardens were heard together, but acted on separately

- c) Conditionally authorizing a first amendment to the commercial retail lease for the West Café in Yerba Buena Gardens with Samovar Tea Lounge Yerba Buena, LLC, a California limited liability company, to extend the term of the lease for ten years, with one five-year option to extend; former Yerba Buena Center Redevelopment Project Area (Discussion & Action) (Resolution No. 55-2015)
- d) Conditionally authorizing a first amendment to the commercial retail lease for the East Café in Yerba Buena Gardens with Gourmet Provisions, LLC, a Delaware Limited Liability Company, doing business as Boxed Foods Company, to extend the term of the lease for ten years, with one five-year option to extend; former Yerba Buena Center Redevelopment Project Area (Discussion & Action) (Resolution No. 56-2015)

Presenters: Tiffany Bohee, Executive Director; Marie Munson, Senior Development Specialist, Real Estate Division; Kelly Rytel, Economist, AECOM and consultant to OCII

PUBLIC COMMENT

Speaker: Kevin Best, Owner, B Restaurant; Jesse Jacobs, Owner, Samovar Tea Lounge

Mr. Best stated they had been working very hard for the past 10 years to make the space something special and felt the Yerba Buena community was their community now. He felt the SFRA had done a great job finding tenants 10 years ago. Mr. Best indicated that Samovar had been a great neighbor to the restaurant and added to the overall community in the Gardens.

Mr. Jacobs stated it had been a great 10 years and he appreciated being part of the Yerba Buena community and looked forward to the opportunity to continue into the future.

Commissioner Singh inquired about other leases and asked for some names; inquired about capital improvements.

Ms. Munson deferred to Ms. Rytel, the economist who conducted the retail market study, for more detail.

Ms. Rytel responded they had looked at a variety of leases in the downtown area. She explained this was confidential information and could not release the names.

Executive Director Bohee directed Ms. Rytel to describe the study methodology of the trade area from a geographic point of view and put into context the second floor low visibility spaces.

Ms. Rytel responded they had started by historically analyzing the average rental rates and average asking rates for the entire City and then zoomed into the Yerba Buena area specifically to study the average rates and trends over the past few years. She explained that as a secondary analysis, they had studied the differential between high traffic primary spaces and secondary spaces, like the second floor location in this situation, which suffered from lack of pedestrian traffic, which they found at about 50% and cross-checked that against the City and the Yerba Buena Garden area specifically. Due to the smaller size of the Yerba Buena market, they also looked at the greater downtown area because of similarity with density of employment which contributed to the leases. Ms. Rytel reported the third component studied the specific locations and the attributes of the real estate, so visibility, access and pedestrian traffic were the main considerations.

Commissioner Singh inquired about the type of capital improvements that would be conducted.

Ms. Munson deferred to Mr. Best and Mr. Jacobs to respond to that question.

Mr. Best responded that capital improvements had been ongoing and had allowed them to be successful for 10 years because they continually reinvested in the space. He explained that capital improvements included the walk-in area, all new kitchen line equipment and the most notable and most expensive, which was the 6' high glass wind barrier and partition surrounding the patio structure and which became part of the patio area itself.

Mr. Jacobs responded that the idea was to make the space a downtown area which would be accessible at night. He explained that currently it was dark, cold, and windy and exposed to the elements and that the glass partition and heat lamps would make it warm, dry and heated without building an entire structure

around it, so they would be able to offer service at night. That was the largest capital outlay. Other than that, expenditures included maintaining the furniture, walls and general upkeep of the area. Mr. Jacobs added that on a slow day, they could have 100 people come by but on a busy day and during a convention, they could have 1,000 visitors, so the overall area could suffer a lot of wear and tear.

Commissioner Singh stated he was very familiar with the area. He felt the rent was not enough and indicated that he would not approve a 15-year lease because it was too long. He pointed out that the members of the Commission would not be around in 15 years, and that three mayors would come and go as well within that period of time. Mr. Singh felt that other Commissioners coming afterward should have something to say about the lease. He would only approve a five-year lease.

Commissioner Bustos stated he had been to the restaurants and really enjoyed the experience. He inquired whether they could sustain a good business given the limitation of that space, the location and changeover; inquired about whether it was worth it for them to continue there.

Mr. Jacobs responded in the affirmative, that it was worth it. He stated Samovar had two other locations but that this location was their flagship location due to being in the center of the City. Mr. Jacobs explained the main challenge was dealing with the fluctuation of business and staffing and providing reliable jobs for people, because they could be empty for days and then experience a surge of business during a convention. He stated that San Francisco was an international city and his challenge was to create a destination business with the offer of tea that was not reliant on just foot traffic. Mr. Jacobs explained they were just now recouping the investment of the past years but were excited and optimistic about the vision for the future, which was why they were eager for a long-term lease.

Mr. Best responded, if he had been asked that question after year 5, the answer would have been no. But by now they had adjusted the way they ran their businesses, which were unique. Mr. Best explained that he had 18 employees, 10 were full time and had been there for five years. He pointed out that lunch traffic might be low during the week, but the weekend business spiked and conventions helped make it worth it. They were trying to balance all of this. Now they wanted to make the space workable during the evening hours to extend the business into the night, which was why they were requesting the extended term.

Commissioner Bustos stated that one thing he had learned through his MBA program was that the worst business was the restaurant business because it was so difficult to maintain and added that the sense of stability was critical. Mr. Bustos pointed out that this was the same thing they were asking from the long-term businesses in the Mission who wanted to renew their leases. He felt that with more years they could plan and invest.

Mr. Best responded that this was the reason they were asking for 10 years. He reiterated that the glass partition was very important to be able to extend the business and with the ticket price of \$60,000, it would take them many years to recoup that with their margins being .03 or .04 cents on the dollar.

Chair Rosales inquired about their marketing plan. She applauded them for being able to stay in business for over 10 years based on the difficulty of the location. However, she pointed out the advantage of the Moscone Convention Center and inquired about whether they were members of San Francisco Travel, did they confer with people in the hotel business; inquired about whether they worked with the local museums and the Yerba Buena Festivals and Events organizations; inquired about the term of the lease.

Mr. Jacobs responded they had created good relationships with the concierges of the hotels and conduct events and hold happy hours for the hotels. He explained that they had met with the San Francisco

Visitors Convention Bureau, the Yerba Buena Alliance and other area organizations, but added the best marketing was really word of mouth. Mr. Jacobs stated the founders of Uber, Twitter and Yelp were regular customers and to have them come in and tweet something positive out to their followers was the best publicity. He added that they had thousands of Yelp reviews. He explained that this was a destination that people had to seek out which had taken years to build up. Secondly, he felt that employee training about their specialty product, which was tea, was the most critical to their success because they could then educate visitors about tea and hold tastings and events with customers. Mr. Jacobs indicated that, being in a specialty market, they did not use the traditional advertising channels but relied on members of local organizations and used the social media side of marketing. To the Yerba Buena Festival question, Mr. Jacobs responded in the affirmative and added that they had just had a meeting six weeks ago with local museums to discuss how to elevate the perception of the entire area and were planning to offer a round-robin happy hour and a tea-tasting with all the museums in the area for the public.

Mr. Best responded that they worked to make the Yerba Buena Gardens a destination and for them to be part of that destination. He explained that it was critical that when visitors came into the area to go ice-skating or bowling or listen to music, that they then wanted to stay for lunch or dinner and tea.

Regarding the term of the lease, Executive Director Bohee responded the City's position was that it was important to have a long-term tenant throughout the transition process of the entire Yerba Buena Gardens in order to provide stability to the area. She explained that the ten-year lease with the five-year option was what the City had requested and was very supportive of it. She stated they would not have brought these leases with those terms in these very challenging locations before Commissioners if they did not have the support of the City. Ms. Bohee pointed out that they were coming up on 22 years for these spaces and longer for the balances of the Gardens. There would be capital needs for the Garden and if there were gaps in continuity, it would add to the burden on the City.

Ms. Munson responded the San Francisco Department of Real Estate (DRE) had expressed interest in the longer leases and added that in the market study there was a range of 5-10 years, but mostly 10 years and because of the challenge of the spaces, 10 years was recommended. As far as the extension, she explained that all parties had to agree to the five year option, so even if the tenants wanted the extension, the City would still have to agree to it.

Commissioner Singh stated he was very familiar with businesses in the Moscone Center and Yerba Buena Gardens area. He stated that the rent was very good for these businesses but reiterated that the tenure of the leases was too long. He stated he would approve leases for five years but felt that the Commissioners who succeeded them should have the right to say something about this.

Commissioner Bustos motioned to move Items 5c) and Chair Rosales seconded that motion.

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

Commissioner Bustos – yes
Commissioner Mondejar – absent
Commissioner Singh – no
Chair Rosales – yes

ADOPTION: IT WAS VOTED BY TWO COMMISSIONERS WITH ONE NAY AND ONE ABSENCE THAT RESOLUTION NO 55-2015, CONDITIONALLY AUTHORIZING A FIRST AMENDMENT TO THE COMMERCIAL RETAIL LEASE FOR THE WEST CAFÉ IN YERBA

BUENA GARDENS WITH SAMOVAR TEA LOUNGE YERBA BUENA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO EXTEND THE TERM OF THE LEASE FOR TEN YEARS, WITH ONE FIVE-YEAR OPTION TO EXTEND; FORMER YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Commissioner Bustos motioned to move Item 5d) and Chair Rosales seconded that motion.

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

Commissioner Bustos – yes
Commissioner Mondejar – absent
Commissioner Singh – no
Chair Rosales – yes

ADOPTION: IT WAS VOTED BY TWO COMMISSIONERS WITH ONE NAY AND ONE ABSENCE THAT RESOLUTION NO 56-2015, CONDITIONALLY AUTHORIZING A FIRST AMENDMENT TO THE COMMERCIAL RETAIL LEASE FOR THE EAST CAFÉ IN YERBA BUENA GARDENS WITH GOURMET PROVISIONS, LLC, A DELAWARE LIMITED LIABILITY COMPANY, DOING BUSINESS AS BOXED FOODS COMPANY, TO EXTEND THE TERM OF THE LEASE FOR TEN YEARS, WITH ONE FIVE-YEAR OPTION TO EXTEND; FORMER YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

e) Amending the Personnel Policy to add provisions concerning reinstatements rights of former employees (Discussion & Action) (Resolution No. 57-2015)

Presenters: Tiffany Bohee, Executive Director; Monica Davis, Human Resources Administrative Services Manager

PUBLIC COMMENT - None

Commissioner Bustos motioned to move Item 5e) and Commissioner Singh seconded that motion.

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

Commissioner Bustos – yes
Commissioner Mondejar – absent
Commissioner Singh – yes
Chair Rosales – yes

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE ABSENCE THAT RESOLUTION No 57-2015, AMENDING THE PERSONNEL POLICY TO ADD PROVISIONS CONCERNING REINSTATEMENTS RIGHTS OF FORMER EMPLOYEES, BE ADOPTED.

6. Public Comment on Non-agenda Items - None

7. Report of the Chair

Chair Rosales stated that she did not have a report.

8. Report of the Executive Director

Executive Director Bohee stated that she did not have a report.

9. Commissioners' Questions and Matters

Commissioner Bustos announced that the memorial service for former Commissioner Rosario Anaya would be held on the following Saturday, September 19.

10. Closed Session - None

11. Adjournment

The meeting was adjourned by Chair Rosales at 2:32 p.m.

Respectfully submitted,


Claudia Guerra, Commission Secretary