

London N. Breed
MAYOR



Marilyn Mondejar
CHAIR

Miguel Bustos
VICE-CHAIR

Dr. Carolyn Ransom-Scott
Mara Rosales
Darshan Singh
COMMISSIONERS

Nadia Sesay
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
19TH DAY OF FEBRUARY 2019**

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 19th day of January 2019, 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 1:03 p.m. Roll call was taken.

Commissioner Rosales - present
Commissioner Scott - present
Commissioner Singh - absent
Vice-Chair Bustos - present
Chair Mondejar - present

Commissioner Singh arrived late at 1:15 p.m.; all other Commissioners were present.

2. Announcements

A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, March 5, 2019 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 Meetings of December 18, 2018 and January 15, 2019

PUBLIC COMMENT - None

Commissioner Rosales motioned to move Item 5(a) and Commissioner Scott seconded that motion.

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

Commissioner Rosales – yes
Commissioner Scott - yes
Commissioner Singh - absent
Vice-Chair Bustos - yes
Chair Mondejar – yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS WITH ONE ABSENCE THAT APPROVAL OF MINUTES FOR REGULAR MEETINGS OF DECEMBER 18, 2018 AND JANUARY 15, 2019, BE ADOPTED.

REGULAR AGENDA

- b) Authorizing a Memorandum of Understanding with the City and County of San Francisco, acting through its Department of Public Works, in an amount not to exceed \$5,581,677 including project construction, and for a term of four years, for design, bidding, and construction management services, for the Building 101 Improvements Project; Hunters Point Shipyard Project Area (Discussion and Action) (Resolution 02-2019)

Presenters: Nadia Sesay, Executive Director; Jonathan Plowman, Development Specialist, Hunters Point Shipyard/Candlestick Point project; Raymond Lee, Contract Compliance Supervisor

PUBLIC COMMENT

Speakers: Marti McKee, Shipyard Trust for the Arts; Barbara Ockel, Shipyard Trust for the Arts; Oscar James, native resident, Bayview Hunters Point (BVHP)

Ms. McKee urged Commissioners to vote for this item because it would benefit the 150 artists in the building as well as another 140 artists located on Parcel B, all small businesses and artists trying to sell their artwork. She explained that these improvements would provide more flexible use of the space as well as make it easier for viewing and exhibiting art. Ms. McKee indicated that the space was previously too small and the improvements would increase the space to be able to bring children and adults onto the facility and hold workshops and training. This would also improve handicap access and help individuals with mobility issues. Lastly new fire doors and improved exit areas would provide greater safety to visitors and artists.

Ms. Ockel expressed appreciation to OCII for their support for the artists and for this facility and urged Commissioners to vote for this MOU. She explained that this facility was now the last bastion for artists since many industrial buildings were being converted to residences and there was no place for artists to be able to continue their work anymore. Ms. Ockel stressed the importance to be able to provide the artist community with space and facilities in order to keep art alive. She reported that they received requests for additional artist space all the time.

Mr. James stated that he was in support of this item. He repeated that they needed more space for artists in the community. Once again Mr. James requested that Building 101 be named for Mr. Karl Kimbrough, former Compliance Officer at the HP Shipyard from the 1940's to the closing of the Shipyard. Mr. James recalled that every summer Mr. Kimbrough would make sure that the youth in

HP and the Western Addition got jobs at the Shipyard and helped the youth in that area avoid a life of crime.

Commissioner Scott expressed support for this item and appreciated hearing about all the benefits and possibilities that this project would bring to the artists and the City, especially the improvements and safety features being added to the building. She stressed the importance of art for children.

Commissioner Rosales was pleased that the Department of Public Works (DPW) had agreed to follow OCII's SBE program but referred to the last sentence in the memo, which states that "geographically based preferences for hiring will not be used as they are prohibited on federal projects" and inquired about whether this referred to labor hiring or business preference; inquired about whether the grant itself prohibited geographic preferences for businesses; inquired about how they had obtained the grants in question; inquired about whether OCII had applied for them and about how they could get more.

Mr. Lee confirmed that DPW had agreed to follow OCII's SBE program with the exception of first consideration for project area and San Francisco (SF) businesses. He explained that DPW had agreed to adopt the SBE program because it was not geographically based and OCII did accept SBE's throughout the state and nationwide as well. He responded that the geographic preference mentioned in the memo referred to local hiring. To the grant question, he responded that OCII had applied for them.

Mr. Plowman responded that OCII had applied for these grants in 2006/2007.

Executive Director Sesay clarified that they were not able to apply for more as a result of dissolution. She added that this was why they were so excited about getting the extension because these resources would no longer be available.

Chair Mondejar clarified that these were existing grants that were extended.

Executive Director Sesay responded in the affirmative.

Mr. Morales pointed out that there was a provision in the Shipyard/Candlestick Point DDA allowing OCII to seek alternative financing for the project, but added that this had not been tested post-dissolution in terms of what would be required. He explained that OCII had to get special permission to continue these grants because they required a match from tax increment and special approval from the Oversight Board (OB). Mr. Morales stated that it was questionable whether they would be able to get additional grants because it would require a labyrinth of state approval to obtain these alternative sources.

Chair Mondejar clarified that OCII could pursue that provision which would allow them to look for other grants if they needed more funding.

Mr. Morales responded that they were already authorized to seek alternative grants through the DDA; however, to do so would require going through the OB and the State Department of Finance (DOF) for approval. He added that it had not been verified whether this would be consistent with dissolution law.

Commissioner Scott inquired about whether OCII could respond to Mr. James' request about naming Building 101 for Mr. Karl Kimbrough and stated that she would support that request.

Mr. Plowman responded that it was possible and that they would look into that request.

Chair Mondejar inquired about how many spaces were available for artists in the two buildings in question.

Mr. Plowman clarified that this improvement project was just for Building 101 and added that there were artists in multiple other buildings.

Ms. McKee responded that there were five other buildings on Parcel B and clarified that all together Parcel A and Parcel B consisted of 300 artists and 260 studios, all full with a long waiting list.

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

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

Commissioner Rosales – yes
Commissioner Scott - yes
Commissioner Singh - yes
Vice-Chair Bustos - yes
Chair Mondejar – yes

ADOPTION: IT WAS VOTED BY FIVE COMMISSIONERS THAT RESOLUTION NO. 02-2019, AUTHORIZING A MEMORANDUM OF UNDERSTANDING WITH THE CITY AND COUNTY OF SAN FRANCISCO, ACTING THROUGH ITS DEPARTMENT OF PUBLIC WORKS, IN AN AMOUNT NOT TO EXCEED \$5,581,677 INCLUDING PROJECT CONSTRUCTION, AND FOR A TERM OF FOUR YEARS, FOR DESIGN, BIDDING, AND CONSTRUCTION MANAGEMENT SERVICES, FOR THE BUILDING 101 IMPROVEMENTS PROJECT; HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

- c) Authorizing a Ground Lease Agreement and an Amended and Restated Loan Agreement, for an aggregate not to exceed \$47,361,690 both with Mercy Housing California 78 L.P., a California limited partnership, for the development of 152 rental units (including one manager’s unit) serving extremely-low to low-income families at Mission Bay South Block 6 West (691 China Basin Street), a project within the scope of the Mission Bay Final Subsequent Environmental Impact Report (“FSEIR”), a Program EIR, and is adequately described in the FSEIR for the purposes of the California Environmental Quality Act; Mission Bay South Redevelopment Project Area (Discussion and Action)(Resolution 03- 2019)

Presenters: Nadia Sesay, Executive Director; Annie Wong, Development Specialist, Housing Division; Pamela Sims, Senior Development Specialist, Housing Division; Doug Shoemaker, President, Mercy Housing California

PUBLIC COMMENT

Speaker: Oscar James, native resident BVHP

Mr. James supported this project. However, he expressed concern about apartment sizes and the fact that two-bedroom size units were not big enough for the many large families currently found in the community. He stressed that they needed to provide for the families in the community with more than two children of different sexes. Mr. James also requested that OCII train people from the community to be the building manager.

Vice-Chair Bustos stated that he was pleased with this project and wanted to move the motion.

Commissioner Singh pointed out that OCII had been working with Mercy Housing for over 20 years and they had been doing a very good job.

Commissioner Rosales referred to slide 12 regarding the survey and inquired about whether they knew if survey respondents who were Certificate of Preference (COP) holders had indicated a preference or desire for Mission Bay (MB). Ms. Rosales explained the need to connect the interest with the opportunity and to do that they needed to understand applicants’ preferences and making

sure the opportunities were available. She inquired about the project based voucher family units and stated that the language suggested that OCII did not know whether folks were going to want to voluntarily transfer.

Ms. Sims responded that the top three areas that respondents wanted to live in were the Bayview Shipyard area, the Western Addition and Mission Bay. She added that the less desirable areas were the Shipyard and Transbay (TB). Ms. Sims indicated that this had been the goal of the holiday letter. She referred to another Mercy project coming up in 2019 at 455 Fell Street and reported that additional outreach would be conducted to COP holders for that project.

Ms. Wong responded that there would be a list to confirm who would want to relocate to MB, specifically residents of Sunnysdale and Potrero and that they would be able to permanently relocate to MB South Block 6West.

Mr. Shoemaker responded that they had gone through this process with TB and had gotten a lot of takers. He reported a mismatch between interest levels and household sizes but stressed the importance that this was completely voluntary and that people had the right to return. He anticipated that they would have more than enough applicants. Mr. Shoemaker stressed that many of the units at Sunnysdale and Potrero were becoming uninhabitable and the sooner they could get people into new housing, the better.

Chair Mondejar referred to slide 12 and inquired about the lottery and COP holders; inquired about whether the 38 units under the project based vouchers were included under the lottery system; inquired about how many four- and five-bedroom units there were.

Ms. Wong clarified that 113 of the units will be subject to the lottery system, and all applicants for those units will be ranked according to their lottery numbers but with COP holders having first preference. She explained that the remaining 38 units that are subsidized with project based section 8 vouchers will have a preference for households voluntarily and permanently relocating from the Sunnysdale or Potrero Terrace or Potrero Annex HOPE SF communities and will be leased through the San Francisco Housing Authority, in conjunction with the developer for each site. Ms. Wong responded that there was one four bedroom and one five bedroom unit and explained that this was for OCII to continue to meet its bedroom size replacement requirements under Redevelopment Law.

Chair Mondejar thanked everyone for making a presence at the meeting.

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

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

Commissioner Rosales – yes
Commissioner Scott - yes
Commissioner Singh - yes
Vice-Chair Bustos - yes
Chair Mondejar – yes

ADOPTION: IT WAS VOTED BY FIVE COMMISSIONERS THAT RESOLUTION NO. 03-2019, AUTHORIZING A GROUND LEASE AGREEMENT AND AN AMENDED AND RESTATED LOAN AGREEMENT, FOR AN AGGREGATE NOT TO EXCEED \$47,361,690 BOTH WITH MERCY HOUSING CALIFORNIA 78 L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF 152 RENTAL UNITS (INCLUDING ONE MANAGER'S UNIT) SERVING EXTREMELY-LOW TO LOW-INCOME FAMILIES AT MISSION BAY SOUTH BLOCK 6 WEST (691 CHINA BASIN STREET), A PROJECT WITHIN THE SCOPE OF THE MISSION BAY FINAL SUBSEQUENT ENVIRONMENTAL IMPACT REPORT ("FSEIR"), A PROGRAM EIR, AND IS ADEQUATELY DESCRIBED IN THE FSEIR FOR THE PURPOSES OF THE CALIFORNIA

ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- d) Workshop on the July - December 2018 Report on OCII Small Business Enterprise and Local Hiring Goals Practices (Discussion)

Presenters: Nadia Sesay, Executive Director; Maria Pecot, Contract Compliance Specialist II; Ken Nim, Acting CityBuild Director/Manager of Contract Compliance, OEWD City Build Program; Raymond Lee, Contract Compliance Supervisor

PUBLIC COMMENT - None

Vice-Chair Bustos spoke about his interest has been having local San Franciscans be hired to build the projects in this city. He pointed out that the projects in the pipeline were the only ones they had left and they needed to make sure that they gave local residents the opportunity to build them. Mr. Bustos stressed that this was a 100% City resource and reminded everyone that they were only asking for 50%, which was a good deal. All OCII developers, contractors and unions realized the urgency and importance of this goal and he stated that no one should get a pass on this policy. Mr. Bustos reminded everyone that this was not a new policy and advised that if they were receiving resistance to it, then push harder. There were many businesses that had been in service to the City for a long time and they should have the opportunity. He offered to go talk to some of the developers himself if this helped and was necessary.

Mr. Lee stated that they understood the urgency because of all the construction activity but he also saw a lot of opportunity. He mentioned that when the Chase Center is completed at the end of this summer there would be 3 million construction work hours that would have been performed and these hours may not exist moving forward. He explained that there was a lot of behind the scenes work done to get SF residents in the construction industry. Mr. Lee reported that the Chase Center and Mortenson|Clark had been very supportive in bringing new people into the construction industry and as a result there had been 85 new placements or sponsorships. He explained that sponsorships were important because they represented individuals who had entered the unions with the support of an employer to become indentured within the unions. Mr. Lee praised Vice-Chair Bustos for the talk that he gave to the subcontractors at the Chase Center and noted that there was a significant difference in their attitude after Mr. Bustos' talk. He stated he would love to have him repeat that event.

Vice-Chair Bustos stated that he and all the other Commissioners would be happy to do this at any time.

Mr. Lee also talked about the observation regarding new businesses opening up in the neighborhoods and they recognized this as well. He referred to tactics such as workers residing in trailers at Candlestick so they could claim residence there. He stated that they confront employers when issues arise.

Vice-Chair Bustos requested that they communicate to the developers that they would be asked about these kinds of activities. He reported that in the East Bay the city agencies were requesting photographs of the company offices from staff to get a sense of how long the business had been there. Mr. Bustos suggested that perhaps they needed to do this in SF as well.

Commissioner Scott agreed with Vice-Chair Bustos because she had heard comments about how small businesses were not being given adequate information as to why they had been overlooked and they needed to know what to do about it. She stated she would be willing to help with this as well. Ms. Scott commended Ms. Pecot for her hard work on this presentation.

Commissioner Singh inquired about whether people from India were included in the Asia category. He remarked that he had spoken with a few of the Indian contractors and they were not getting any work.

Mr. Lee responded that people from India were categorized as Asian sub-continent. He explained that OCII had an open-door policy so if there were contractors who had issues, they should contact him and staff and they could speak to them about why they had not been accepted or about their issues.

Commissioner Rosales commended staff on the comprehensiveness of the report. She stated that if there were going to be fewer opportunities in the future, they needed to be strategic about what they were doing. She stated that in the past they used to see the same couple of General Contractor (GC) names over and over again, but now she noticed diversity in and greater quantity of GC's. Ms. Rosales referred to joint ventures slide, which showed that there were 108 arrangements of joint ventures and inquired about whether these included repeat business partners. She requested information on the number of subcontractors and the zip codes they were in. Ms. Rosales recalled that there was a time when many subcontractors complained about not getting accepted but they were not hearing that so much anymore. She requested that a capacity or availability analysis be conducted that listed which subcontractors were qualified and certified but still had not participated. Ms. Rosales commended staff for achieving such amazing success with this goal; however, she stressed that there was still a need to strategize with OEWD and City Build to get more SF residents into construction and labor.

Mr. Lee responded that they had started to acknowledge the good faith efforts of the contractors and stated that moving forward it may be worthwhile to formalize a program to give recognition to those contractors who undertook those efforts. Regarding the number of firms that had participated in joint ventures, he reported that there were some who had participated multiple times, recalling that some may have participated as many as four times. Mr. Lee commented that they will be undertaking a capacity study that Commissioner Rosales had mentioned and added that a result of the study may be to consider small business set-asides. If the capacity of small businesses who could participate is in the \$500,000 to \$1 million range, for example, then developers would be encouraged to create and set aside contracting packages of these sizes for small businesses.

Vice-Chair Bustos recalled that they used to meet with the Planning Commission to share ideas and information and suggested they restart that activity. Mr. Bustos pointed out that there would be a lot of infrastructure work that would also need to be done. He stated that when they reached the point that there was not enough construction work, they could look at other industries like technology to prepare people to work in.

Mr. Lee added that they wanted to support the Mayor's initiative to offer opportunities for all, including creating opportunities for youth in not only construction, but in other industries also.

Vice-Chair Bustos mentioned that he had met with the Planning Commission recently and discovered that they had been using OCII's workforce model.

Mr. Nim thanked OCII for their support of the "workforce angels" with a special thanks to Vice-Chair Bustos for giving his pep talk at Chase. He also offered thanks from Josh Arce, Director of Workforce Development at OEWD, who was not present at the meeting. Mr. Nim reaffirmed the need to look at other industry labor opportunities, such as hospitality, technology, health care and landscaping. He spoke about offering internships for high school and college students and designing training programs in those areas. Mr. Nim reported that they had been in discussion with employers like the Chase Arena to discuss office jobs in retail hospitality and also with Uber and DropBox about a workforce plan for particular types of jobs. He stated that he had been personally advertising OCII policies during visits to other cities. Mr. Nim offered a special invite to Commissioners for an Open House Event on March 20 from 9-12:00 for a tour of the CityBuild facility and a presentation on the training programs.

Chair Mondejar referred to slide 4 regarding insurance and bonding benefits. She inquired about whether this was being communicated to contractors and subcontractors and inquired about how many had taken advantage of this program.

Mr. Lee responded that this was not an OCII program but an industry trend. He explained that one of the basic requirements in a public works contract was that there must be a performance and payment bond posted by the GC, who in turn requires its subcontractors to provide a performance and payment bond that the GC is protected. Mr. Lee explained that surety bonding poses a challenge for many smaller businesses because a bond has to be collateralized, which is difficult for a lot of small businesses. As a result and to help alleviate that situation, the industry created large umbrella policies to cover a project, including subcontractors so that each subcontractor did not have to take out a bond individually. These policies are acceptable on projects monitored by OCII because these projects are not public works contracts. Mr. Lee responded that 99% of the contracts he sees utilize this type of arrangement.

Chair Mondejar stated that this was a benefit that needed to be promoted better and was a concern to many subcontractors she had spoken to. Ms. Mondejar referred to slide #8 and inquired about whether they met with subcontractors that had not been selected to let them know why they were not selected and advise them on what to do subsequently.

Mr. Lee responded that it was really up to the GC's to inform the subcontractor of the outcome of the bid. He added that OCII strongly encourages GC's to communicate back to the bidders as to whether they had won or not won the bid and, in the latter case, why they had not won. Mr. Lee stated that there were times when OCII got involved in setting up a meeting between the GC and the subcontractor to discuss the outcome of the subcontractor's bid.

Chair Mondejar referred to page 5 of the memo stating that OCII assesses the performance of the contractor and whether their efforts were adequate. She inquired about whether this had ever been done and whether there had been any violations and asked for an example of this.

Mr. Lee responded that there were instances when inadequate efforts had been made by the contractor. He explained that when they spoke to the contractors, there was no accusation made but suggestions have been made that they undertake additional efforts to outreach, to carve out work, to review the specifics of the bid and point out where adjustments or improvements could be made.

Chair Mondejar stated that during the presentation on joint ventures, Mr. Lee had indicated that some businesses were involved in four joint ventures and inquired as to whether four was the limit. She repeated Commissioner Rosales' request to find out how many repeats there were so that they could expand this number.

Mr. Lee responded that all the joint ventures had been on different projects but the number of joint ventures that businesses were participating in had definitely been counted. He stated that they could provide the data about repeats.

Chair Mondejar referred to the 1.1% WMBE and hoped they were working to improving the numbers in this category. She thanked staff for their hard work on the presentation.

6. Public Comment on Non-Agenda Items

Speaker: Oscar James, native resident, BVHP

Mr. James commented on the training programs mentioned by Mr. Nim. He stated that many young people were not able to get to destinations for training because of gang action. He asked OCII to work on reducing this problem by infiltrating these groups to talk to them about workforce development and stated that this needed to start in high school.

7. Report of the Chair

Chair Mondejar announced that she had no report.

8. Report of the Executive Director

Executive Director Sesay announced that there was a letter in Commissioners' binders regarding the rescission of the demand to perform obligations under the DDA regarding the TB Block 8 grocery store. This letter was dated January 25 regarding a notice of default.

Executive Director Sesay provided an update on the State Department of Public Health Parcel A1 Shipyard Phase 1. She stated that they had been retesting soil and that last year they had issued a final report but had continued with analyses. She announced the release of a report on February 5 which stated that Parcel A was safe and presented no geological danger at the Shipyard. Ms. Sesay reported that a work plan had been completed on Parcel A2 and that to date retests showed that soil was safe. Ms. Sesay noted that all the retesting had delayed development of Phase 2 but work would continue by the Navy and regulatory agencies until the community felt safe living there. She announced that more information would be forthcoming at the next meeting.

9. Commissioners' Questions and Matters

Chair Mondejar thanked Max Barnes (Project Associate, PR & Media Relations and Real Estate) for the weekly roundup he had provided on all the articles impacting OCII. Ms. Mondejar explained it was very helpful because it kept Commissioners informed of events and news that they needed to be aware of.

Executive Director Sesay asked Commissioners to RSVP to the invitation regarding the opening of Hunters View on February 27, 2019.

10. Closed Session

11. Adjournment

Commissioner Scott motioned to adjourn and Commissioner Rosales seconded that motion.

Chair Mondejar adjourned the meeting at 2:59 p.m.

Respectfully submitted,



Jaimie Cruz
Commission Secretary