

**MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
6TH DAY OF DECEMBER 2011**

The Commissioners of the Redevelopment Agency 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 4:00 p.m. on the 6th day of December 2011, at the place and date duly established for holding of such a meeting.

President Swig called the meeting to order at 4:00 p.m.

Mr. Swig welcomed members of the public and radio listening audience and asked that all electronic devices including pagers and cellular telephones be turned off during the meeting. Mr. Swig asked members of the public who wished to address the Commission to fill out speaker cards, and to state their names for the record, and to limit their remarks to three minutes. Mr. Swig stated that the appropriate time for members of the public to address the Commission on matters not on the current Agenda, but related to general Agency business, would be Item 6 on the agenda. This portion of the Agenda is not intended for debate or discussion with the Commission or staff, and members of the public should simply state their business or matter they wish the Commission or staff to be aware of, and if they had questions, to follow-up with staff or Commissioners during a break or after adjournment. It is not appropriate for Commissioners to engage in a debate or respond on issues not properly set in a publicly-noticed meeting agenda.

1. RECOGNITION OF A QUORUM

The Commission Secretary announced the presence of a quorum with the following Commissioners present:

Rick Swig, President
Darshan Singh, Vice President
Rosario M. Anaya
Miguel M. Bustos
Francee Covington
Leroy King
Agnes Briones Ubalde

Tiffany Bohee, Interim Executive Director, and staff members were also present.

2. REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY: No Reportable Actions.

3. MATTERS OF UNFINISHED BUSINESS: None.

4. MATTERS OF NEW BUSINESS:

CONSENT AGENDA:

ALL MATTERS LISTED HEREUNDER CONSTITUTE A CONSENT AGENDA, ARE CONSIDERED TO BE ROUTINE BY THE REDEVELOPMENT AGENCY COMMISSION, AND WILL BE ACTED UPON BY A SINGLE VOTE OF THE COMMISSION. THERE WILL BE NO SEPARATE DISCUSSION OF THESE ITEMS UNLESS A MEMBER OF THE COMMISSION OR THE PUBLIC SO REQUESTS, IN WHICH EVENT THE MATTER SHALL BE REMOVED FROM THE CONSENT AGENDA AND CONSIDERED AS A SEPARATE ITEM:

Adopting a Fourth Amended Enforceable Obligation Payment Schedule pursuant to Community Redevelopment Law Section 34169(g), as required by AB 26. (Resolution No. 109-2011)

- (a) Conditionally authorizing the Executive Director to begin negotiating a Personal Services Contract with Forster & Kroeger Landscape Maintenance, Inc., a California corporation, to provide landscape maintenance services in Community Facilities District No. 1, subject to a State Supreme Court decision regarding the authority of redevelopment agencies; Rincon Point-South Beach Redevelopment Project Area. (Resolution No. 110-2011)
- (b) Authorizing a Personal Services Contract with C.H. Elliott & Associates, a sole proprietorship, to provide real estate economic services for, a term of one year, with two, one-year extension options, exercised at the Executive Director's discretion, with a budget amount not to exceed \$55,500 for the first year, and for a total aggregate amount not to exceed \$166,500; Hunters Point Shipyard Redevelopment Project Area. (Resolution No. 111-2011)

Commissioner Singh moved these items.

Commissioner King seconded these items.

ADOPTION: IT WAS MOVED BY COMMISSIONER SINGH, SECONDED BY COMMISSIONER KING, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 109-2011, ADOPTING A FOURTH AMENDED ENFORCEABLE OBLIGATION PAYMENT SCHEDULE PURSUANT TO COMMUNITY REDEVELOPMENT LAW SECTION 34169(G), AS REQUIRED BY AB 26; RESOLUTION NO. 110-2011, CONDITIONALLY AUTHORIZING THE EXECUTIVE DIRECTOR TO BEGIN NEGOTIATING A PERSONAL SERVICES CONTRACT WITH FORSTER & KROEGER LANDSCAPE MAINTENANCE, INC., A CALIFORNIA CORPORATION, TO PROVIDE LANDSCAPE MAINTENANCE SERVICES IN COMMUNITY FACILITIES DISTRICT NO. 1, SUBJECT TO A STATE SUPREME COURT DECISION REGARDING THE AUTHORITY OF REDEVELOPMENT

AGENCIES; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA; AND RESOLUTION NO. 111-2011, AUTHORIZING A PERSONAL SERVICES CONTRACT WITH C.H. ELLIOTT & ASSOCIATES, A SOLE PROPRIETORSHIP, TO PROVIDE REAL ESTATE ECONOMIC SERVICES FOR, A TERM OF ONE YEAR, WITH TWO, ONE-YEAR EXTENSION OPTIONS, EXERCISED AT THE EXECUTIVE DIRECTOR'S DISCRETION, WITH A BUDGET AMOUNT NOT TO EXCEED \$55,500 FOR THE FIRST YEAR, AND FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$166,500; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, BE ADOPTED.

REGULAR AGENDA

- (c) Election of President and Vice-President for the calendar year of 2012 for the San Francisco Redevelopment Agency Commission.

President Swig announced that he would now take nominations for the office of President.

Commissioner King nominated Commissioner Singh and this was seconded.

A voice vote was taken from Commissioners King, Bustos, Singh, Swig, Covington, Anaya, Ubalde and all said aye.

It was unanimously carried that Commissioner Singh will become President for the calendar year 2012.

President Swig announced that he would now take nominations for the office of Vice President.

Commissioner Singh nominated Commissioner Anaya and this was seconded by Commissioner Covington.

A voice vote was taken from Commissioners King, Bustos, Singh, Swig, Covington, Anaya, Ubalde and all stated aye.

It was unanimously carried that Commissioner Anaya will become Vice President for the calendar year 2012.

- (d) Conditionally Approving the Combined Basic Concept and Schematic Design for a residential building on Block 5 in the Mission Bay South Redevelopment Project Area and adopting environmental findings pursuant to the California Environmental Quality Act; Mission Bay South Redevelopment Project Area. (Resolution No. 112-2011)

Presenters: Kelly Kahn; Kevin Maw, Director of Investments for BRE Properties; Ernie Vasquez, Principal MVE Architects

Commissioner Bustos complimented the team on putting something together that looks great. He stated that he liked the fact that it was broken up and not just one big block. Mr. Bustos stated that he appreciated the incorporation of the park and the surroundings, especially for the experience of pedestrians who will be able to enjoy them. Mr. Bustos inquired if there was a plan to keep the surface bright and clean, because over time the materials get older and get dirty and colors fade.

Mr. Maw responded that they also took into consideration a strong maintenance program because it was an apartment community. They have considered an easy maintenance program, scaffolding to keep the windows clean and maintaining the color, so there is a way to have something come over the edge to manage the weathering and to keep the building clean.

Mr. Bustos inquired as to whether these buildings were considered green in terms of recycled materials and the ability to capture water.

Mr. Maw deferred to Kathy Garrett, PGA Design, to answer the question on sustainability.

Ms. Garrett responded that as far as the landscape is concerned, they are looking at low water use. Ms. Garrett stated that if she were to characterize the plant palette of this block, it would be architectural in style and there is a certain character that emanates from that. She stated that they will be taking all the rainwater from the roofs through a filtration system working with a civil engineer for biofiltration.

Mr. Vasquez responded that they are using materials that are on the sustainable side and that have a long life cycle to them.

Mr. Bustos inquired about how they are working to make sure that the local hire commitment of the Agency and the city is happening.

Ms. Kahn responded that BRE has been working from the get-go with the Agency's contract compliance staff through George Bridges to meet the goals and that was one of the first meetings they had after the purchase of the site. At this point they have a goal of 38% for their consultant team in this phase of the project, and they are already at 54%, so they are exceeding the goal.

Mr. Bustos stated that he liked the design, especially that there are some Legorreta-esque pieces to it that connects the Salesforce campus, so he motioned to move this item.

Commissioner Ubalde echoed her fellow Commissioner's comment on the beauty of the rendering and design which she felt was very impressive. Ms. Ubalde stated that thinking of a new neighborhood in this community draws her attention to the outside landscape with lots of trees, and having the children's park there compliments the actual landscape as well as the public access to the park. Ms. Ubalde inquired about what elements of

lighting there would be and how the lighting is going to be integrated into the development and how will that impact public safety around the area.

Ms. Kahn responded that the entire parameter of the site is subject to the Mission Bay South Street master plan which was the plan which was done when the redevelopment plan was adopted, and at that point the width of the sidewalks as well as street and pedestrian lighting were planned, and the fixtures chosen. All of the public improvements around this site are subject to that plan so the sidewalks will have low pedestrian lights and the streets will have a higher fixture, and the project itself will have lighting around the lobby entries. Ms. Kahn indicated that the entire area is already very bright.

Ms. Ubalde inquired about the large amount of retail footage and the strategy around business attraction and retention.

Ms. Kahn responded that the Mission Bay retail district is only about four blocks in size so about 50,000 sq. ft. total, and when the hotel comes on line that will add another 40,000 sq. ft. Ms. Kahn explained that the biggest barrier is that there is only one building at this point in Mission Bay South on Block 4 and it has sat vacant for a year. The strategy right now is that there are a number of residential projects that will be coming on line in the next two to three years, and the idea is to start thinking collectively among all the property owners to inquire about the tenant plan and to work with the retail brokers. Ms. Kahn added that certain spaces in the retail area are designated as restaurants so they have been built with some of the restaurant infrastructure in place. Other smaller spaces have been built that would be appealing to cafes, dentists, dry cleaners, etc. Ms. Kahn stated that over the next few years there will be more strategic thinking about the retail space because now is the time to start doing it.

Ms. Ubalde advocated, considering that strategy as all the property owners get together over time, that they really make it a point to have that neighborhood serving retail be locally-owned businesses or encourage local small businesses that are in San Francisco to get first dibs on the potential retail space. Ms. Ubalde seconded the motion.

Commissioner Covington inquired about which entity would be responsible for the children's park across the street at the top lot.

Ms. Kahn responded that the park will be part of the Mission Bay park maintenance program. In Mission Bay all the new parks are constructed by the master developer, then accepted by the City of San Francisco as public space, then leased by the Agency and the Agency is in charge of the maintenance. Ms. Kahn explained that the Agency has a unique dedicated funding source for park maintenance for Mission Bay through a Mellow Roos district, which is an assessment on the private property owners in Mission Bay. The Agency hires a private park maintenance company called MJM to do that work.

Commissioner Covington commented that the design had not come before the Commission yet.

Ms. Kahn responded that the design did come before the Commission in 2005 or 2006 and stated that Commissioner Covington raised a good point. Ms. Kahn explained that because the plans were done so long ago and because of the number of kids they expect to have at that park and the new families that are there today, they are going to review the schematic design and do some public work shopping to make sure they are really meeting the needs of the population there. She added that they are looking to get this park built over the next two years and that it will serve both toddlers and older children as well.

Commissioner Covington stated that she would like to see the park design on a future calendar so that the Commission can take another look at it. Ms. Covington stated that the Agency has responsibility for a great number of parks now and the concern continues to be about diverting funds from affordable housing for park maintenance. Ms. Covington stated that they want to make sure that they do not have an over-abundance of deciduous trees, etc. and that she would like to take a look at the benches to make sure they have backs. Ms. Covington inquired about the size of the units.

Ms. Kahn deferred to Kevin Maw to respond.

Mr. Maw responded that the typical unit mix on both blocks will be comprised of studios, one-bedroom, one-bedroom plus a loft, two-bedrooms and two-bedrooms with a loft. Studios will range in size between 530 to 640 sq. ft., one-bedroom between 740 to 850 sq. ft., one bedroom loft between 1,000 to 1,100 sq. ft., two-bedrooms between 1,070 to 1,200 sq. ft., and two-bedroom lofts in the 1,350 sq. ft. range.

Commissioner Covington inquired about the pricing.

Mr. Maw responded that they will be at market with the similar projects that are out there and that will be coming online. The latest market survey indicates that studios will be in the \$2400/month range, one-bedroom in the \$3000/month range, two-bedroom in the \$3500-\$4000/month range.

Commissioner Covington confirmed that they will all be market-rate rentals.

Mr. Maw responded yes.

Commissioner Covington inquired about how many units and how many parking spaces there will be.

Mr. Maw responded that there will be 360 units between both blocks and 360 residential stalls, so one per unit.

Commissioner Covington inquired about the public transportation available within a block either way.

Ms. Kahn responded that within one block they will have access to one of the T-line 3rd Street light rail stations that comes right down 3rd Street so they will be one block from

the China Basin stop and two blocks from the 4th & Berry light rail line and three blocks from the Caltrain station which is right next to the Safeway at 4th & King.

Commissioner Covington inquired about the retail that they are envisioning there.

Ms. Kahn responded that it will be three years out before these spaces are rented and they have always envisioned as many locally-based businesses as possible with local serving uses because they want to make sure that people can walk in this community and have daily services met, which can include everything from buying a cup of coffee, dry cleaners, shoe repair, etc. They have a variety of spaces that are not all huge and many of the spaces are very small to attract small businesses. Ms. Kahn added that once these projects go to market, it will be market-driven.

Commissioner Covington stated that it sounded like it would be a good place for a children's apparel store and such because there isn't anything like that there now.

Ms. Kahn added that they have been carrying out some surveys of residents to find out what kind of retail services they would like and right at the top of the list are children's services, such as day care and toys and clothes for kids.

Commissioner Covington added that a nanny service would be great too. (laughter) Ms. Covington inquired as to whether any of the retail space will be flexible so that in the event that they do have another downturn in the economy it can be rented for office space, and wanted to know if there had been any discussion about that.

Ms. Kahn responded that there had not been, but it was an interesting observation and the redevelopment plan in some cases does allow office space by right, but at other times it has to be a conditional use permit for a secondary use. Ms. Kahn added that it was something to consider and they can start talking about it with the applicant.

Commissioner Covington inquired about the landscape on page 54 and wanted to know if the walls were green or if they were vines.

Ms. Garrett responded that a green screen would be integrated with the landscape and the architecture is such that it will provide a degree of enclosure to the patios so there is a front porch as you come out of the building that then leads to a more public space before you arrive at the sidewalk.

Commissioner Covington inquired about the plant material.

Ms. Garrett responded that it is a metal lattice work that they have been working with Ignition Architecture to define.

Commissioner Covington confirmed that is the material that the plant is climbing on, but wanted to know what the plant was.

Ms. Garrett responded that there is a plant list in the material submitted so specific plants have not been selected yet. There are accent plants, groundcovers and vines identified. It would be a climbing flowering vine, and one of the plants that they have been considering is a pink or purple flower trumpet vine.

Commissioner Covington stated that she was wondering if it was going to be a green wall, meaning that there would be a mass of plants. Ms. Covington inquired about whether a particular plant was lupine.

Ms. Garrett responded that it was lavender and Pride of Madera.

Commissioner Covington thanked everyone and lauded their work on the project and Ms. Covington pointed out in particular the work of Mr. Ernesto Vasquez.

Commissioner Anaya inquired about Page 2, where the number of units is indicated and wanted to know the number of units by size, and also on Page 4 where it talks about townhouses and wanted to know how many there will be and how many bedrooms they will have.

Mr. Maw responded that between both blocks studios will comprise roughly 6% of the total, studio-loft 9%, one-bedroom 50-51%, two bedrooms 32% and two-bedroom loft 2%. He added that the townhome is also known as the loft and has the same configuration.

Commissioner Anaya stated that she wanted to add her congratulations to the architect and the firm not just for a beautiful design but also for the large diverse team that comprises what this city is all about. Ms. Anaya also thanked them for taking care of the concerns that the Commission had listed on Pages 6 and 7 as recommendations.

President Swig asked that the east side be brought up for display and stated that the concept of the grand staircase is wonderful, but recalled the Delancy Street building on the Embarcadero which also has a grand staircase, which was a great concept, until they had to close it for safety reasons. He stated that a big gate was installed that interrupted the pedestrian flow and openness to the space. Mr. Swig stated that he was concerned about the grand staircase and inquired about whether that subject has been raised.

Ms. Kahn stated that at this point they are being idealistic in the process. She stated that she thought there would be a way to control access at the top of the staircase while still leaving the staircase open for people who want to just sit there, talk on the phone or have a cup of coffee. Ms. Kahn stated that she thought more controls could be placed midway or all the way at the top.

President Swig stated it was a concern for him and that design-wise it is beautiful, but in the real world wondered how practical the staircase would be. Mr. Swig stated that it is meant to look like multiple buildings and was aware that it is all on one site and inquired as to whether it was characterized as one building or multiple buildings.

Ms. Kahn responded that it was characterized as one building.

President Swig stated that the reason he asked was because the other sections of the building have large windows, more vertical than horizontal, and this particular facade in comparison reminded him of a cell block because of the small horizontal windows. Mr. Swig stated that this was his reaction to it and that he would hate to see one façade be treated as a second-class citizen. Mr. Swig then inquired that as given it is one building, whether all of the units which are spread throughout the building are to be equal; in other words, is the same mix in sizing of units expected to be in all four sides of the building or is there one quality versus a lesser quality side, or bigger units on one side versus the other side.

Mr. Vasquez responded that they had diversified the unit layouts throughout so that they do not cluster all the same size units in one location so that the richness is spread out. He stated that corners are prime real estate, so that is where the larger units are located because of the light source. Mr. Vasquez asked that President Swig look at the model because the rendering is skewed and stretched, and also there was some concern regarding the massing of the windows and for that reason they wanted to have some variety. Mr. Vasquez indicated that the variety and the proportions are better seen by looking at the model, and that they were comfortable with the amount of light source that comes into every unit.

President Swig wanted confirmation that all of the sizing and the mixes are equally distributed.

Mr. Vasquez stated that it was.

President Swig asked Commissioner Covington if she would like the future President Singh to ask the Executive Director to have a reminder tutorial on that park.

Commissioner Covington responded yes and stated that it would be helpful, especially since the majority of the current Commission were not there five years ago.

President Swig then requested that the Executive Director and the new President have this as an agenda item in the first part of the next year.

Ms. Bohee responded that it could be brought back as an informational item.

Commissioner Singh inquired as to whether this was a green building.

Ms. Kahn responded that it would be a green building and would be certified as such. Ms. Kahn added that it is consistent with the City's green building code which was adopted two years ago.

Commissioner Singh inquired about how much solar will be used.

Mr. Maw responded that they are considering putting in solar on the roof, but they have not gone through a full schematic solar study yet.

Commissioner Singh confirmed that they are planning to use solar.

Mr. Maw responded that they are planning on looking at that option.

Commissioner Singh inquired if not, then why not.

Mr. Maw responded that this will be more flushed out during the design development of the project.

ADOPTION: IT WAS MOVED BY COMMISSIONER BUSTOS, SECONDED BY COMMISSIONER UBALDE, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 112-2011, CONDITIONALLY APPROVING THE COMBINED BASIC CONCEPT AND SCHEMATIC DESIGN FOR A RESIDENTIAL BUILDING ON BLOCK 5 IN THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (e) Conditionally Approving the Combined Basic Concept and Schematic Design for a residential building on Block 11 in the Mission Bay South Redevelopment Project Area and adopting environmental findings pursuant to the California Environmental Quality Act; Mission Bay South Redevelopment Project Area. (Resolution No. 113-2011)

Presenters: Catherine Reilly, Agency staff; Darren Skollneister, MVE Partners

Speakers: Oscar James

Commissioner Covington stated that she was happy that there was some mention during the presentation about echoing the warehouse history because the design did look like a warehouse to her and she was becoming concerned, but now she was aware that it was supposed to be more evocative of a warehouse as opposed to looking like a warehouse. Ms. Covington inquired about the lack of visibility from the street of the grand staircase because once the pedestrian gets to the landing at the grand staircase, they cannot be seen from the street, which is a safety concern.

Mr. Skollneister requested that the plan view be displayed because he thought the angle of the rendering was deceptive. He stated that the staircase has a very subtle turn. As you come up to the half landing, it turns to the left just slightly so that from the street the entire run of stairs from the sidewalk below is visible. He stated that in the rendering more of the wall is seen.

Commissioner Covington commented that there are not many windows looking directly on to the stairs and the primary target audience will be the people working in the hospitals close by and they will be coming and going at all hours of the night particularly women, physicians and nurses, which brings up a concern.

Mr. Skollneister added that there are three stacks of units with corner orientation that look directly onto that staircase; two stacks of units on either side that face the staircase and there is a stack of units to the back that also has a view of the staircase, so there will be eyes on the street and eyes on the staircase.

Commissioner Covington stated that she did note those windows on the staircase, but the people in those units will not be of any assistance, but rather the passersby and the people going by in their cars who will be able to have a line of sight and intercede if necessary. The person who is a story or two up can voice their concerns later, but would not be able to assist if needed. Ms. Covington inquired about the stoops displayed on Page 55 and requested details about the white walls and whether they will be built to permit seating.

Mr. Skollneister responded that the ground floor will have a stoop that leads to a front door for all of the units and added that the taller part of that wall on that edge will define a seating area that can be furnished for that unit. He explained that this would be a private space oriented to that unit directly.

Commissioner Covington inquired whether there is a space behind the wall looking out from the unit.

Mr. Skollneister responded that there is a patio there.

Commissioner Covington stated that this would be an excellent hiding place and that made her very nervous.

Mr. Skollneister responded that it was important to note that in that section there are a couple of steps that lead up to the floor of that patio and the wall itself from the back is very low, about 18" from the floor.

Commissioner Covington stated that it appeared to her that the wall is about 3½' tall.

Mr. Skollneister agreed that it was from the street side, but explained that the units are above the street so the wall is really only 18" high from the backside. Mr. Skollneister indicated that if anyone were to get on the patio, the wall is very low so it would be difficult to be concealed behind that wall because it is too low from that side.

Commissioner Covington stated that this does not allay her fear about it because someone lying prone would be below 18", so this space would be large enough for someone to hide in, as well as the fact that these are glass panels that are right on the street.

Mr. Skollneister responded that there are no glass panels in that view at street level.

Commissioner Covington inquired then as you enter the unit what is the material that one is facing, is it glass or is it something else.

Mr. Skollneister responded that the rendering was making it look like glass, but the idea is that it would be a solid front door with windows next to it that would have orientation from the living room within.

Commissioner Covington stated that she still thought this would be a potential problem and explained that her role is to simply point that out to them and wanted them to know that most women would be advised not to rent those spaces because they are not safe. Ms. Covington inquired whether there are any 3- or 4-bedroom units in this project.

Mr. Skollneister responded that there are not, but there are some two-bedroom with loft units.

Commissioner Covington motioned to move this item.

Commissioner Anaya seconded the motion.

President Swig echoed the concerns of Commissioner Covington regarding the stoops because there is a street population in San Francisco, and a sleeping bag would fit very nicely with a person in it right behind that stoop and no one is going to stop them late at night. Mr. Swig also echoed the comment of Commissioner Covington regarding the staircase issue because the role of the Commission is to point out to the designers any safety risks whatsoever in caring for the public, even if it might compromise the design. Mr. Swig also added he thought the design was gorgeous.

President Swig wanted to clarify something regarding the previous item (e) with regards to retail and stated that what they are trying to accomplish with this community is for it to be like Irving Street, West Portal, Fillmore, Clement, and all the great residential SF neighborhoods filled with local small business and oriented and mirroring the needs of the community.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER ANAYA, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 113-2011, CONDITIONALLY APPROVING THE COMBINED BASIC CONCEPT AND SCHEMATIC DESIGN FOR A RESIDENTIAL BUILDING ON BLOCK 11 IN THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (f) Conditionally authorizing the Executive Director to draft an Exclusive Negotiation Agreement, approval of which is subject to a State Supreme Court decision regarding the authority of redevelopment agencies, with Golub Real Estate Corporation as lead developer for a high-density residential project on Blocks 6/7, located on Folsom Street between Fremont and Beale Streets; Transbay Redevelopment Project Area (Resolution No. 114-2011)

Presenter: Mike Grisso, Agency Staff

Speakers: Lee Golub, Principal of Golub & Company; Oscar James

Commissioner Covington commended the team for putting together what looks like a wonderful project and confirmed that there will be a mix of one, two, and three bedroom units affordable to families whose incomes do not exceed 50% of the unadjusted area medium income. Ms. Covington inquired as to how many units there were.

Mr. Grisso responded that there were 136 units.

Commissioner Covington inquired as to whether there was a breakdown of the size of each unit.

Mr. Grisso deferred to the architects to respond to that question.

Bruce Prescott, Santos Prescott & Associates, the architect for the affordable component of the project, responded that within the 136 units of the affordable component, the RFP specifically asked that 25% of those units be 3-bedrooms, 25% be 2-bedrooms and the remainder to be 1-bedrooms. Mr. Prescott indicated that was the percentage that they achieved and that each building has a mix of those units. He added that about 60 units will be 2- and 3-bedroom units.

Commissioner Covington stated that she believed there will be many families and many certificate holders who would be happy to take a look at those properties.

Chris Pemberton, SCB Architects, added that he could supply the mix for the market rate units. He stated that there are a total of 109 market rate units, the majority of them in the tower that is proposed but along Clementina there are 7 townhouse units, free-standing family-oriented units which will comprise the character of that street. Mr. Pemberton added that within the tower, about 25% of the units will be 2-bedroom, that just under 60% will be one-bedroom and the remainder will be studios.

Commissioner Covington stated that the tower will be two floors so that the ceilings will not be that high.

Mr. Pemberton concurred and said that the finished ceiling will be approximately 8 ½ feet.

Commissioner Covington inquired how he came to that figure.

Mr. Pemberton responded that they have done many projects of that type with the same basic stacking arrangement as what they are proposing with this project and of that scale and that this is common in an urban context for these kinds of units.

Commissioner Covington inquired about the square footage of the 2-bedroom units.

Mr. Pemberton responded that he did not have that information right now, but that it will be developed as they move forward.

Commissioner Covington commented that she particularly liked the roof garden and the green roofs and was wondering if they were going to be community gardens or just sit and relax gardens.

Mr. Pemberton responded that there are a series of different gardens on different buildings. He explained that starting at the highest point there is a roof garden which will be open to all the tenants.

Commissioner Covington inquired again as to whether it is a sitting garden or a working garden where tomatoes could be planted.

Mr. Pemberton responded no. But to be fair, he indicated that they had not evaluated that yet and tried to assign a variety of spaces at different elevations throughout the entire project, so he wasn't saying it couldn't be a working garden.

Commissioner Covington stated that he might want to consider a community garden for a number of reasons, one of which is because the weather is good in that part of the city and the Chronicle has a roof garden which creates an incredible amount of produce from that garden. Ms. Covington inquired whether Mr. Pemberton was local.

Mr. Pemberton said yes, he was.

Commissioner Covington stated then he would know how the Chronicle likes to trumpet how wonderful their garden is. Ms. Covington noted the childcare center feature and drop-off points, etc., and she indicated that it might be a missed opportunity if there were no little garden for the kids so they can plant vegetables and herbs, which children love. Ms. Covington stated that she loved the trellises going across the courtyard giving that arbor-like feeling and extending the greenery over the space so there is some sky and some green. Ms. Covington congratulated everyone working on the project and motioned to move the item.

Commissioner Bustos echoed the feeling of Commissioner Covington that he was concerned about the height of the ceilings. Mr. Bustos stated that 8½ feet is not a lot of space to actually make you feel like you are at home rather than in a cave. Mr. Bustos inquired as whether there was anything that could be done about that.

Matthew Priest, Agency staff, responded that he wanted to underscore a couple of things. Mr. Priest indicated that this team really knows the project type and have built many residential towers in many cities and would not be as successful as they are if they did not know how to make the numbers work. He stated that this is very typical for this kind of building which is not an affordable building, but somewhere in the market toward luxury range, not super-luxury like some of the recent high-rises in town where they do have to have a greater height, but they are selling them for more money. Mr. Priest reiterated that this is in a range where this is the right ceiling height for the project type.

Commissioner Bustos commented about Mr. James' reference about people having an opportunity to live in these units and the Certificate of Preference holders. Mr. Bustos reminded the audience that the reason there is a Certificate of Preference Program is because at one point people were asked to leave the community, and so the Agency wants to make sure that people are able to come back and live in towers or in townhomes and to be able to really benefit from the new development that the City is supporting.

Mr. Priest responded that all the affordable units in this project, as well as the Agency's other projects, would be subject to the same preferences for Certificate of Preference holders, so that would be part of the project.

Commissioner Bustos welcomed Mr. Golub to San Francisco and stated he thought it was very smart for him to go with Mercy. Mr. Bustos stated that the Sisters of Mercy have been in San Francisco for over 150 years and they know what it means to be from this City. One of the things Mr. Bustos stated that he would ask is to have San Franciscans make this project a reality, which means local hire, because the Agency believes in their own people. Mr. Bustos stated that local hire is a San Francisco resource and San Franciscans should be able to benefit from the opportunities that come with approvals like this. Mr. Bustos stated that if they are hearing this from the Agency, they should get ready to hear it again from the Mayor and Members of the Board, as well as other people and people will be asking for numbers. Mr. Bustos seconded the motion.

Commissioner Ubalde stated that the South of Market community has a very high density of Filipino Americans and she thought that the push for retaining and including team members or contractors or skilled experts that may have a unique perspective of this community would be crucial to the City and wanted to echo what Commissioner Bustos had stated regarding local hire as they develop this plan, and stated that she would be watching out as well from her side of the podium. Ms. Ubalde inquired about how many children will the childcare center be licensed for.

Mr. Grisso responded that he thought it was 75, but needed to check on the number.

Commissioner Ubalde inquired what the percentage of subsidized versus non-subsidized care would be, since this was a market rate and affordable mix.

Mr. Grisso responded that they had not determined that yet and when they find an operator, which will be part of the process with Mercy in developing the affordable project, which is where the childcare is, they will be looking at that. Mr. Grisso stated that the ideal situation would be to have some slots set aside for below market rates for both the residents of this building as well as other Transbay residents.

Commissioner King inquired as to whether there were any Blacks working on this development team. Mr. King stated that he did not see any Blacks on the team. Mr. King reminded the team that they are working in an area that has a number of Blacks and inquired why they do not have one Black person on their team. Mr. King demanded an answer and stated that he would not give approval unless they had an answer.

Mr. Golub responded that the entire team has not yet been selected and the entire team was not present at the meeting.

Commissioner King commented that they did not think enough to have a Black at the initial meeting and had no concept of having one.

Mr. Golub responded that at this point, they had not.

Commissioner King inquired as to whether they intend to have any Blacks on the team.

Mr. Golub responded that as the team grows and as they get approved to move the project forward, they will definitely endeavor to do that.

Commissioner King stated that they surely will not be moving forward with his support unless they have Blacks on the team.

Mr. Golub responded that he understood.

Commissioner Singh echoed Commissioner King's comments and stated that he also thought that they should have someone from the Black community on the team.

President Swig welcomed everyone to San Francisco. Mr. Swig stated that he hoped the State would allow them to move forward in an ENA and through the development of this project. Mr. Swig stated that this is a pioneering area and there are a couple of mostly upscale luxury apartment developments in that neighborhood, but that this is the first step in diversification, and diversity is of utmost importance to the Commission in all elements of the project, including the developers, the workers and the residents. Mr. Swig promised that there will be significant scrutiny as they move forward because of the pioneering nature of this development. He stated that the good news is that it looks like they won, and the bad news is that it is going to be more of a challenge probably for the next group of developers coming in because they will have a heavy responsibility to set the tone and the stage for the growth and development of this new neighborhood. Mr. Swig stated that the aggressiveness they may have sensed from the Commission on the diversity issue will continue, because the Commission takes care to do everything

responsible to make sure these communities evolve properly. And because of that there will be great scrutiny and commentary. Mr. Swig stated that he looked forward to moving on and being the pioneer in this neighborhood.

Commissioner Anaya welcomed Mr. Golub and wanted to make sure she had heard correctly that he was coming back with additional members on his staff who will be from the African-American community.

President Swig reiterated that it was all about diversity in all elements of this development.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 114-2010, CONDITIONALLY AUTHORIZING THE EXECUTIVE DIRECTOR TO DRAFT AN EXCLUSIVE NEGOTIATION AGREEMENT, APPROVAL OF WHICH IS SUBJECT TO A STATE SUPREME COURT DECISION REGARDING THE AUTHORITY OF REDEVELOPMENT AGENCIES, WITH GOLUB REAL ESTATE CORPORATION AS LEAD DEVELOPER FOR A HIGH-DENSITY RESIDENTIAL PROJECT ON BLOCKS 6/7, LOCATED ON FOLSOM STREET BETWEEN FREMONT AND BEALE STREETS; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

5. **MATTERS NOT APPEARING ON AGENDA:** None

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS.**

Speakers: Richard Hashimoto, Oscar James, Arnold Townsend

7. **REPORT OF THE PRESIDENT:**

President Swig started off by acknowledging that he had received Mr. Hashimoto's letter regarding his Certificate of Preference and he stated that he was appalled. Mr. Swig stated that he called the Executive Director (ED) and told him that he thought that they had handled this situation to the grandchild level and the ED, along with the legal counsel reminded Mr. Swig that they had not gotten resolution to that level yet. Mr. Swig stated that he, one of the former commissioners who lives in that area and Commissioner Covington, recalled that it was the intention several years ago to do exactly what Rev. Townsend was talking about, and that is to continue the Certificate of Preference Program to grandchildren because there were market conditions that did not allow Certificate of Preference holders in the first place to execute those certificates, nor allow their offspring to use those certificates, and this is something that families could be allowed to pass down through generations. Mr. Swig stated that it was his recollection that this was resolved and that the Certificates of Preference could be extended to grandchildren, although the ED and legal counsel did not agree. Mr. Swig requested the incoming president to put this on the agenda because Mr. Swig stated that he agreed

completely with Rev. Townsend and also with Mr. Hashimoto's concern because this is a family heirloom. Mr. Swig recalled that they had discussed this and thought that Commissioners King and Singh would agree with him, recognizing that several of the other Commissioners were not around at that time. Mr. Swig stated that he hoped that when they have a hearing about this subject, they can get some clarity and move it forward in a different direction.

Mr. Swig also recognized the comments of Commissioner King and Rev. Townsend regarding diversity and suggested that staff make a point in conversations that diversity is key. Mr. Swig acknowledged that it is something that the Commission cannot mandate, but reiterated that diversity must be a part of the development, planning and residence levels, if at all possible.

Mr. Swig congratulated Tiffany Bohee on being inducted to Lambda Alpha, which is an organization which is dedicated to professionalism in the real estate field by invitation only. Mr. Swig stated that he and Amy Neches are already members and former ED, Fred Blackwell, was also a member so they all fondly welcomed Ms. Bohee to the organization, which is a great recognition of her excellence in the field.

Mr. Swig stated that this meeting was supposed to be the last Agency meeting of the year; however, should there be a resolution within the next two weeks regarding the court case. There may be a meeting on December 20, but it is not scheduled and Mr. Swig asked everyone to not book any theatre tickets because they may have to reconvene on short notice.

Mr. Swig stated that there was mention that the Commission Secretary, Gina Solis, is joining the Honeydew Club and Mr. Swig suggested to the incoming president that an opportunity to formally recognize Gina be put on the agenda for the first of the year, but recognized Ms. Solis' retirement as of December 31. Mr. Swig did state to Ms. Solis that it may not be her last meeting, and also how much of an honor it has been to work with her and thanked her for all the support that she has provided to the Commission. Mr. Swig congratulated Ms. Solis on all of her achievements and on joining the Honeydew Club in retirement.

Mr. Swig also congratulated Commissioner Singh on becoming incoming President and Commissioner Anaya as incoming Vice-President and thanked everyone for allowing him the honor to serve as President over the past year, which he stated had been quite a year. Mr. Swig stated that he hoped that his successors will also have quite a couple of years in the future, which means getting the court case settled in the correct fashion and that they will have a lot of work to do next year when the case does go through. Mr. Swig continued to wish everyone a happy, healthy holiday and a most successful 2012.

8. REPORT OF THE EXECUTIVE DIRECTOR:

Ms. Bohee stated that they will miss Ms. Solis. Ms. Bohee stated that she had an update on AB 26 and 27. As was discussed previously by President Swig, the court decision is

expected by January 15 and if both AB 26 & 27 are upheld, which is the continuation of the Agency and moving forward on projects that the Commission heard at this meeting, they will be subject to the adoption of community remittance ordinance by the Board, which commits to making payments, the first of which is approximately \$14.6 million and which is a reduction from the original amount from the State. Ms. Bohee stated that the Mayor has committed to making that payment and has already adopted the Resolution of Intent and the Commission had taken certain steps in previous meetings to adopt an agreement subject to the court decision to pay back the City for that payment. Ms. Bohee stated that another option is that the court could issue a split decision which would allow AB 26, the dissolution ordinance to stand, but would strike down AB 27, the buyback ordinance. Ms. Bohee reminded everyone that, in that case, the Agency would be dissolved and the City would serve as the successor entity for many of the remaining enforceable obligations, Mission Bay being one of them. That would be the situation without further action by the legislature, but Ms. Bohee stated that Commission staff and the Mayor are working very hard to make sure that, in that case, there is a legislative package that is adopted to allow redevelopment activities to continue. Ms. Bohee mentioned that she had just been in Sacramento the previous week meeting with their Sacramento delegation and had members of the delegation in San Francisco showing them what the Commission does and showing them how the Agency is a model for redevelopment. Ms. Bohee stated that they brought the delegation to Mission Bay, Transbay, and the 6th Street revitalization, which was quite impressive, but nonetheless stated that it is important that they be poised for each of the scenarios that may come. Ms. Bohee reiterated that the City and the Mayor remain committed and the communities that the Agency works with are very committed to having redevelopment activities continue.

Ms. Bohee stated that there was an informational memo in the Commission packets. She stated that the previous week the Mayor had released a comprehensive Central Market Economic Strategic Plan for that area from 5th to 10th Streets and that this plan would complement the Agency's activities for revitalization and community stabilization through affordable housing that are already underway along 6th Street. Provided that both AB 26 and 27 are upheld by the courts, the Agency would play a key role in implementing the Central Market strategy which would be done through the adoption of a redevelopment plan for the mid-Market area. Ms. Bohee stated that they have consultants teed-up and on board to continue the assessment work and the environmental review work and once the court decides, the Agency can move forward with that. The role of the Agency in mid-Market would be through the use of tax increment financing to help revitalize that area and really focus on art, catalytic projects, affordable housing investments, stabilizing the mid-Market community, façade and streetscape improvements, building on the Agency's work in SOMA, as well as adaptive reuse of historic buildings in the district.

Ms. Bohee also pointed to an informational memorandum in the packets about the status of the Agency's Certificate of Preference Program. The Commission made some very important changes to that program in the fall of 2008, and they do have good results since the adoption of those changes. Ms. Bohee indicated that they were able to hire additional staff and resources to modernize the certificates, check to make sure that people were

deceased and the authorized expansion included other people, so additional certificates have been issued, which is well over 300. Ms. Bohee stated that 40 certificates have been used from former A2 and Hunters Point, both on rentals and homeownership. Ms. Bohee stated that as President Swig had indicated, there was discussion at the time the Commission adopted those guideline changes to study additional changes, but no further changes have been adopted by the Commission to this time. Ms. Bohee stated that she would be happy to bring this subject back to the Commission as part of an informational workshop.

9. COMMISSIONERS' QUESTIONS AND MATTERS:

Commissioner Bustos clarified then that the grandchildren of certificate holders are eligible to receive the certificate.

President Swig responded no.

Ms. Bohee explained through the Chair that the current policy provides that if the child or grandchild was a member of the household, then that individual is eligible for the certificate, so that person would have had to have been displaced.

Commissioner Bustos inquired whether they will have the opportunity of having that certificate go to the grandchildren.

President Swig stated that that was his intent in his comments on the subject and he reiterated that his strong advice to Commissioners Singh and Anaya on setting the agenda for next year would be to raise that issue again for discussion in the evolution of that.

Commissioner Bustos stated that he was happy to hear that because he had recently met someone whose grandmother had received \$7,000 from the Agency for a 60-unit building that the grandmother owned. Mr. Bustos stated that he felt there had to be some sense of justice in getting these people who were displaced back to San Francisco and giving them an opportunity to stay here.

Concerning the Certificate of Preference Program, Commissioner Covington stated that those who were on the Commission at the time will remember that she was the one who brought the issue to the floor. Supervisor Mirkarimi had asked for a report and Ms. Covington made sure that she was in City Hall to hear that report because she wanted to know what was going on with the program. Ms. Covington stated that at that time she was amazed to find out who had been lost in the system and the number of certificates that were just floating out there without anybody knowing where the holders were. That was the time that Ms. Covington asked that the subject be brought before the Commission and she stated that they had several meetings about the program and that at her urging, a person was hired to find the holders and to connect them with housing opportunities. Ms. Covington stated that there was a lot of discussion both at staff and Commission level about grandchildren, which Ms. Covington stated was no longer an item for discussion, but rather an item for action. Ms. Covington strongly indicated that

she did not want an informational memo about it or more information about it, unless there is an action that they can vote on at the end of the discussion. Ms. Covington stated that this is something that must be corrected because the Commission thought they had taken action on something that somehow did not get done. So now is the time to correct it and she reiterated how important this issue was because it was a travesty that this has gone on so long, that people have been waiting for more than 40 years for replacement housing. Ms. Covington stated that in this community 40 years is two generations and now they are into the third generation and perhaps it will take another 40 years to really make a dent in these numbers, but even if it does take that long, that is what they have to do.

Commissioner Covington continued in thanking President Swig for serving with distinction and for being their President (applause). Ms. Covington congratulated incoming President Singh and Vice President Anaya and stated that she was so happy that they are willing to serve in these tumultuous times for the Agency and the Commission, and thanked them for their service in the past as well as in the future. Ms. Covington stated that she wanted to address the diversity issue that came up earlier in the meeting in a different way. The first two teams did not have any African-Americans, nor much diversity of any kind, but the second team had a long-standing local partner, Mercy. Ms. Covington stated that this keeps coming around and around again. That they have very few players on the bench when it comes to affordable housing and building, and the Commission keeps saying that they want the big guys like Mercy to work in conjunction with firms that are owned by people of color in the City and the Commission has never really grappled with that. She stated that now is the time to deal with this issue. Ms. Covington made the point that if there is no diversity on a team that is local, then what can you expect from a team that comes from out of town, because they are taking their lead from the local team. Ms. Covington stated that she thought they had chosen the wrong person to beat up and perhaps there needs to be discussion at both the staff and Commission level about how they build capacity for the smaller affordable housing developers in the City that are headed by people of color so that they can work with the big guys like Mercy, and also partner with the national companies. Ms. Covington continued to wish everyone a happy holiday.

Commissioner Singh stated that he wanted to thank President Swig for his leadership for two years and that he was looking forward to having Mr. Swig's advice in the future. Mr. Singh also thanked all the Commissioners for electing him as President and Commissioner Anaya as Vice President and looked forward to working with all the Commissioners in the future.

Commissioner Ubalde also congratulated President Swig and stated that in just the short time that she had been on the Commission, he had demonstrated great professionalism, fairness and equity, which are qualities that Ms. Ubalde stated she looked for in colleagues and team members she was working with and she highly commended him for that. Ms. Ubalde also congratulated incoming President Singh and Vice President Anaya and stated that she looked forward to working with them in the coming years to tackle many issues in the City. Ms. Ubalde stated that she believed it would be worthwhile to

host some kind of workshop or learning sessions for the Commission for them to get a sense of what they are doing to address supplier diversity. Ms. Ubalde explained that she was not just referring to their developers, but also the contractors and contracting agencies that the Agency does business with. Ms. Ubalde suggested that as a future agenda item that the new President and Vice President can consider in the coming year. Ms. Ubalde stated that she thought that they should not just assume there is no diversity when they do not see the diversity in the room during the meetings. However, Ms. Ubalde went on to say, that they should continue to ask the questions and push the envelope more as they consider what they do in this city because they need to look at the diversity issue even if it may be uncomfortable for other people to hear. Ms. Ubalde stated that the diversity issue is of utmost importance to her and something that she will always be bringing up, and to please respect that as they are considering their agenda for the next year.

Commissioner Anaya stated that she wanted to talk about the Certificate of Preference and also the diversity issues. Ms. Anaya stated that she understood Commissioner King's indignation because the diversity issue is something that they talk about a lot, but do nothing to make it a reality. Ms. Anaya stated that she agreed with Commissioner Covington that this is not for discussion anymore, but time for action and that they should be moving forward with the support of the community, staff and Commission to make it a reality for the City. Ms. Anaya continued in congratulating President Swig for his leadership, his work on the Commission and stated that she really appreciated everything that he had done and Ms. Anaya thanked all the Commissioners for having voted for her and stated that she hoped to do a good job and that she will be there whenever needed. Ms. Anaya stated that they will miss Ms. Solis and thanked her for all her hard work and congratulated her on her retirement, but felt very badly that Ms. Solis was retiring the year Ms. Anaya was coming in. Ms. Anaya assured Ms. Solis that they will be able to celebrate her retirement more next year.

Commissioner Singh stated that Ms. Solis had told him that she was going to stay another year (laughter).

Ms. Solis stated that that was news to her!

10. CLOSED SESSION: None.

ADJOURNMENT:

It was moved by Commissioner Singh, seconded by Commissioner Anaya and unanimously carried that the meeting be adjourned at 6:30 p.m.

Respectfully submitted,

Gia Casteel-Brown
Interim Agency Secretary

ADOPTED: