

Mark Farrell
MAYOR



Marilyn Mondejar
CHAIR

Miguel Bustos
VICE-CHAIR

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
20th DAY OF FEBRUARY 2018**

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 20th day of February 2018, at the place and date duly established for holding of such a meeting.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:05 p.m. Roll call was taken.

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

All Commission members were present.

2. Announcements

A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, March 6, 2018 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 of regular meeting on January 16, 2018

PUBLIC COMMENT

Speaker: Ace Washington, community advocate

Mr. Washington spoke about what was lost in the Fillmore District in San Francisco and expressed concern over the lack of attention to that area. He spoke about London Breed and about those campaigning for the mayoral position.

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

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FOUR COMMISSIONERS THAT APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JANUARY 16, 2018, BE ADOPTED.

REGULAR AGENDA

Agenda Items 5(b) and 5(c) related to the Community Facilities District No. 9 (Hunters Point Shipyard Phase 2/ Candlestick Point Improvements) were presented together, but acted on separately

- b) Resolution of Intention to Establish Successor Agency to the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 9 (Hunters Point Shipyard Phase 2/Candlestick Point Public Facilities and Services), Improvement Area No.1 and a Future Annexation Area, and determining other matters in connection therewith (Discussion and Action) (Resolution No. 1-2018)
- c) Resolution of Intention to Incur Bonded Indebtedness and other debt in an amount not to exceed \$6,000,000,000 for the Successor Agency to the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 9 (Hunters Point Shipyard Phase 2/Candlestick Point Public Facilities and Services), and determining other matters in connection therewith (Discussion and Action) (Resolution No. 2-2018)

Presenters: Nadia Sesay, Executive Director; Bree Mawhorter, Deputy Director, Finance & Administration; Susan Goodwin, Goodwin Consulting Group

PUBLIC COMMENT

Speaker: Ace Washington, community advocate

Mr. Washington referred to the Fillmore Street and stated it was time to pay attention to the Southeast area of San Francisco.

Commissioner Singh referred to the \$6 billion limit on total bonds and inquired about how much they had used so far.

Ms. Mawhorter responded that OCII had not used any of the \$6 billion limit on total bond issuance because no bonds had been issued yet.

Commissioner Rosales thanked Ms. Mawhorter for the presentation and stated that it was the first time she was able to understand how a CFD was formed. She inquired about who the property owners were.

Executive Director Sesay responded that the property owners were Five Point Developers.

Commissioner Rosales referred to slide 9 regarding residential and non-residential uses and inquired about whether the residents knew that the taxes were coming.

Ms. Mawhorter responded that the concept of the CFD was part of the Financing Plan and the DDA. She explained that CFDs are a very typical tool used at this point in the development cycle, when most of the land is undeveloped and there are no property owners. She also explained that developers inform potential buyers about Mello Roos taxes as part of the disclosure process. Ms. Mawhorter also stated that the CFD would not levy taxes on affordable housing units.

Commissioner Rosales stated that as a precaution, they would want property owners, through proper written disclosures in large print and in as many languages as possible, to be aware of these taxes, so they do not run into problems in the future.

Vice-Chair Bustos referred to the shoreline improvements and sea level rise and inquired about how much time this would buy them.

Ms. Mawhorter responded that the sea level rise mitigations that would be financed by the CFD would be required many decades in the future. She also responded that the current development plans take into account the currently expected amount of sea level rise and that further adaptations that would be funded by the CFD would cover excess sea level rise in excess of what is now projected and would serve as a backstop should the worst case scenario occur. Ms. Mawhorter added that the total amount of future sea level rise is a known unknown and that the CFD is an attempt to plan for that unknown.

Vice-Chair Bustos commented that the more they could plan ahead the better and they actually needed to over-plan so that provisions could be made for the financing of this eventuality and people could be made aware of this phenomenon. That way everyone would be ready for the eventual sea level rise.

Chair Mondejar referred to the statement in the presentation that “the CFD may levy a special tax” and inquired about whether there was a time when they did not levy a tax.

Ms. Mawhorter responded that the purpose of forming this CFD was to levy a tax; however, the amount of the tax could vary from year to year depending on the financial needs of the CFD. She explained that they tried to maintain a consistent level but the term of the CFD was for 75 years and much could change by that time, so the word “may” gives them some flexibility for what might happen.

Ms. Goodwin responded that it would be very rare to form a CFD and go through all that work and not levy a tax; however, it had occurred a couple of times: CFD #4 in Mission Bay (MB), where there

was an offset of tax increment and a sufficient amount of tax increment so they never had to levy the Mellow Roos tax. Also in the case of Hunters Point Phase I, they did not levy the services tax for two years because the open space was not developed to be maintained yet. Other than that, it was pretty much assured that a tax would be levied.

Chair Mondejar thanked Ms. Mawhorter for her presentation and thanked all those who had been present for questions and follow-up.

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

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FOUR COMMISSIONERS THAT RESOLUTION NO. 1-2018, RESOLUTION OF INTENTION TO ESTABLISH SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 9 (HUNTERS POINT SHIPYARD PHASE 2/CANDLESTICK POINT PUBLIC FACILITIES AND SERVICES), IMPROVEMENT AREA NO.1 AND A FUTURE ANNEXATION AREA, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH, BE ADOPTED.

Commissioner Singh motioned to move Item 5(c) and Commissioner Rosales seconded that motion.

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FOUR COMMISSIONERS THAT RESOLUTION NO. 2-2018, RESOLUTION OF INTENTION TO INCUR BONDED INDEBTEDNESS AND OTHER DEBT IN AN AMOUNT NOT TO EXCEED \$6,000,000,000 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 9 (HUNTERS POINT SHIPYARD PHASE 2/CANDLESTICK POINT PUBLIC FACILITIES AND SERVICES), AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH, BE ADOPTED.

- d) Authorizing an Exclusive Negotiations Agreement and a Predevelopment Loan Agreement in an amount not to exceed \$5,000,000, with Mission Bay 9, L.P., a California Limited Partnership, for the development of approximately 141 affordable rental housing units (including one manager's unit) with supportive services for formerly homeless persons at Mission Bay South Block 9, providing notice that this approval is within the scope of the Mission Bay Redevelopment Project approved under the Mission Bay Final Subsequent Environmental Impact Report ("FSEIR"), a program EIR, and adopting environmental review findings pursuant to the California Environmental Quality Act; Mission Bay South Redevelopment Project Area (Discussion and Action) (Resolution No. 3-2018)

Presenters: Nadia Sesay, Executive Director; Kimberly Obstfeld, Development Specialist, Housing Division; Gail Gilman, CEO, Community Housing Partnership; Raymond Lee, Contract Compliance Supervisor

PUBLIC COMMENT

Speakers: Gail Gilman, CEO, Community Housing Partnership; Smitha Seshadri, Bridge Housing; Peter Cohen, Council of Community Housing Organization; Ace Washington, community advocate; Alex Lantsberg, Research & Advocacy Director, Local Electrical Construction Industry

Ms. Gilman stated how excited they were to get through this hurdle today so they could begin working collaboratively with the community, Commissioners and OCII staff to bring this project to fruition. She reported that they had developed two other parcels under OCII jurisdiction: the Richardson Apartments in Hayes Valley that opened in 2012 and the Rene Cazenave Apartments in Transbay (TB), another site overseen by OCII. Ms. Gilman explained that CHP was the largest provider of supportive housing in San Francisco both as operator and owner. She added that they have enjoyed working with the Commission and looked forward to working with the MB community.

Ms. Seshadri thanked OCII to take time to hear about the project. She recalled that they were there last fall and were excited to be selected once again to work with CHP. Their previous project with CHP was the Rene Cazenave Apartments which has been up and running for 5 years now. Ms. Seshadri reported that the last time Bridge was in MB was almost a decade ago when they built Mission Walk, which was BMR (below market rate) housing. She thanked OCII for this opportunity.

Mr. Cohen stated that he had appeared before through the Block 9 process. He reported that his organization was in support of the project and was proud to see that Community Housing Partnership, one of their member organizations, was part of the development team. Mr. Cohen stated that one of the most effective ways to combat homelessness was to provide homes. He commended the CHP outreach staff and their success with changing perceptions and experiences of people who lived with the end project. Hopefully they would be seeing more and more people who needed help and who would be housed right next door.

Mr. Washington spoke about support and participation from the community. He spoke about his negative past experience with Bridge when he was a homeless person. He spoke about the Fillmore and the Western Addition. He was concerned that there was no Jim Jefferson statue in MB, who was the black man who created MB and that they needed to recognize and honor him.

Commissioner Singh inquired about whether they had a list of who would be getting the 141 units; inquired about who was in charge of giving out these units; referred to the 3% loan and inquired about whether this would become a permanent loan after completion of the project and how much would still be at 3%. Mr. Singh commended Bridge on their excellent work over the years and inquired about how much Bridge owed to OCII in loans.

Ms. Obstfeld responded in the negative and explained that this property would be handled differently from other properties in that it would not go through the typical marketing plan. Residents would be referred directly to the property through the Department of Homelessness & Supportive Housing (HSH), which maintained the Coordinated Entry System. She reported that this system consolidated all the separate databases and individual waiting lists from all over the city into one system, so they could rank and sort people who were dependent on services and had been in and out of shelters and then figure out who would be a good fit for the units. Ms. Obstfeld explained that they coordinated with the Mayor's Office of Housing & Community Development (MOHCD), so that any Certificate of Preference (COP) holders would have priority, but it would not be typically marketed. Ms. Obstfeld

responded that there was a living list managed by Margot Antonetty, Director of Adult Services & Supportive Housing of HSH, who would be the one to work with Bridge, the CHP team and property management to refer tenants in. This was a rolling list with great demand and as they got closer to leasing up the property they would know better who the first residents would be. She reported that in the 2017 count, there were 5,518 homeless single adults in San Francisco. Ms. Obstfeld responded that they would be coming back for the gap loan in about 1 ½ years, which would be at 3%, and which would be rolled into the gap loan. She reported that typical OCII interest rates ranged from 0 to 3% and they would probably be looking at a 4%/9% tax credit split and would determine what their loan needed to be to make it work. Ms. Obstfeld responded that the only outstanding loan that Bridge had with OCII was a \$20 million GAP loan for the Rene Cazenave Apartments project, in which Bridge and CHP worked together. She added that this loan would be transferred to MOHCD over the next year.

Vice-Chair Bustos referred to the outreach program and stated that he been talking to many people who used to live in San Francisco and who are now homeless; people who used to live in the City and lost a home and who should have priority to return to San Francisco. Mr. Bustos stated that he was aware that the list for these units included people who had just moved to the Bay Area from other cities and states and he wanted to make sure that San Franciscans benefited from this project. Mr. Bustos directed OCII staff to look out for those who used to live here because we owed it to former residents to have priority to be able to return to San Francisco. Mr. Bustos stressed that this MB project should not just be for the rich but for everyone.

Ms. Obstfeld responded that she would discuss this with HSH and see how they could work that out.

Commissioner Rosales referred to slide 13 and specifically the bullet that states “explore general contractor joint venture”; however, she pointed out that in the material it stated that the General Contractor (GC) was To Be Decided (TBD) and inquired about whether the GC had been selected; referred to “establishing plan for meeting local hiring goals” and inquired about whether that meant small business hiring as well as labor hiring; inquired about when they were going to receive more information regarding the modular construction; inquired about whether they would be receiving a cost analysis, since presumably it was cheaper to go modular.

Ms. Obstfeld responded in the negative and reported that the development team had just started working with the OCII compliance team to find a GC. To the hiring goal questions, Ms. Obstfeld responded in the affirmative. She responded that modular design made a lot of sense for this project in particular. Ms. Obstfeld explained that 70% of all the work and the entire ground floor would be completed onsite for the large open spaces for community rooms, among others. However, the units themselves and the connecting corridors would be constructed off site at a modular facility. She stated that this project lent itself well for modular construction, because the units were very standardized without many different types and would save six months in vertical construction time. She added that they would be putting out an RFQ or an RFP for a modular provider soon and that there were two possibilities: Guerdon, a well-established provider in the Bay Area, especially in affordable housing, as well as a new provider in Vallejo. Ms. Obstfeld stated that they would have a better idea of what the units would look like and what portion would be modular when they returned for schematic design. They would also have selected a provider by then who could address OCII for more details. To the cost question, Ms. Obstfeld responded in the affirmative and reported that they had estimated a 9% savings. This meant a total of \$23,000/unit in savings for OCII’s contribution, a total savings of \$38,000/unit and total development costs reduced by about \$5.4 million, which was significant.

Chair Mondejar requested clarification regarding the selection off the list and inquired about whether Ms. Obstfeld had been referring to the 5,500 homeless list and inquired about who had that list;

inquired about whether this list was separate from DAHLIA; inquired about what services were offered by CHP.

Ms. Obstfeld responded that HSH maintained the list and coordinated with MOHCD, who maintained the COP holder list, so that COP holders would be identified first from the Coordinated Entry List. She reported that HSH managed the Coordinated Entry List and was the organization that would ultimately choose who got the units. Ms. Obstfeld explained that this was a completely separate list from DAHLIA. HSH had been working on this list for two years and finally consolidated the 15 different lists that were out there from different City agencies to put together a system that provided a person's homelessness history, tracked them through shelters, clinics, etc., and worked with them on housing readiness. It also prioritized people by level of need and sent others to properties for rapid rehousing or other identified interventions.

Ms. Obstfeld deferred to Ms. Gilman for more detail.

Ms. Gilman explained that CHP would provide 7 day/week morning to early evening support services onsite, consisting of certified counselors, licensed clinicians, team leads, including group activities to build community and wellness, such as recovery groups, healthy eating groups, mental health triggers to bingo night, movie night and gardening, as well as one-on-one counseling, case management and nursing services. As far as property management, they provided 24/7 lobby concierge special access services, security, onsite manager, on-call coverage, janitorial and maintenance and, during business hours, there would be 3-7 site staff working under CHP.

Chair Mondejar inquired about who paid for these services; inquired about whether CHP was still servicing the Rene Cazenave Apartments.

Ms. Gilman responded that they contracted with HSH and billed MediCal to be reimbursed for those services and was also provided a subsidy by MOHCD through project-based vouchers or the LOSP (Local Operating Subsidy Program) to fund the operations and property management portion. So CHP would have two contracts with the City and County of San Francisco (CCSF), who would be monitoring their activities on a regular basis. Ms. Gilman responded that they were not servicing the Rene Cazenave Apts. at this time but that they had a bid in currently with the Department of Public Health for that location. She explained that at the time of the Rene Cazenave bid for services, they were not a MediCal bidder; however, they were now and had been a MediCal bidder for 5 years. Ms. Gilman added that of the 17 properties in San Francisco, they did not service two locations but hoped to change that soon. Currently, they were not servicing any OCII properties, so this would be the first time. She added that they had 15 properties under the purview of the MOHCD.

Commissioner Singh inquired about compliance.

Mr. Lee responded that they have had several meetings with the developers and the developers had been very cooperative. He reported that Ms. Pecot (OCII Contract Compliance Specialist) had been assigned to the project and had ongoing dialogue with the development team regarding issuing proposals for professional services. They also have had some initial meetings regarding modular to see what impact modular construction would have on Small Business Enterprises (SBEs).

Chair Mondejar inquired about parking at this project; inquired about how many bicycle parking spaces there would be.

Ms. Obstfeld responded that there would be a couple of staff and delivery parking spaces. She reported that they had toured a number of facilities and interviewed property management staff and found that there was no demand for resident parking; those that did have parking lots found that the

cars generally just sat unused. So this was not the best use of resources or space to allocate resident parking other than bike parking. She reported that the bike parking ratio was at a .5 ratio, so there would be approximately 70 bike spaces.

Chair Mondejar thanked staff for the very thorough presentation.

Chair Mondejar opened Public Comment for one last person to comment.

Mr. Lantsberg stated that he had run over to the meeting from his office after hearing the discussion regarding modular construction. He wanted to report a growing issue by the modular manufacturing industry that local building code amendments did not apply in California, so minimum safety standards for fire, plumbing, seismic within the building themselves were not applicable. Mr. Lantsberg reported that this item was being discussed by a number of organizations, including the Building Inspection Commission last November and there would be a request soon to define and delineate the differences between the local building code and the California code. While that was happening, he suggested that OCII wait to vote on this issue. He added that it was generally agreed that affordable housing should not be of a lesser quality than the market rate product. However, if this interpretation prevailed, the affordable housing that they were building for the homeless would not meet San Francisco local safety standards. Mr. Lantsberg questioned whether this was the type of policy that OCII wanted to endorse which would put lower safety standards on affordable housing than every other type of construction.

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

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FOUR COMMISSIONERS THAT RESOLUTION NO. 3-2018, AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT AND A PREDEVELOPMENT LOAN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$5,000,000, WITH MISSION BAY 9, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF APPROXIMATELY 141 AFFORDABLE RENTAL HOUSING UNITS (INCLUDING ONE MANAGER'S UNIT) WITH SUPPORTIVE SERVICES FOR FORMERLY HOMELESS PERSONS AT MISSION BAY SOUTH BLOCK 9, PROVIDING NOTICE THAT THIS APPROVAL IS WITHIN THE SCOPE OF THE MISSION BAY REDEVELOPMENT PROJECT APPROVED UNDER THE MISSION BAY FINAL SUBSEQUENT ENVIRONMENTAL IMPACT REPORT ("FSEIR"), A PROGRAM EIR, AND ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

e) Workshop on the July - December 2017 reports on OCII Small Business Enterprise and Local Hiring Goals Practices (Discussion)

Presenters: Nadia Sesay, Executive Director; Maria Pecot, Contract Compliance Specialist II; Raymond Lee, Contract Compliance Supervisor; Joshua Arce, Director, CityBuild, San Francisco; George Bridges, Contract Compliance Specialist

PUBLIC COMMENT

Speakers: Pete Varma, Director, National Association of Minority Contractors (NAMC); Nick Colina, Anco Iron & Construction Inc.; Hector Colina, owner, Anco Iron & Construction Inc.; Ray Horne, owner, R & I Glassworks; Linda Fadeke Richardson, Bayview business owner; Marcus Tartt, Director, Renaissance Entrepreneurship Center, Bayview; Michael Spencer, owner, Spencer Masonry; James Richards, owner, Southeast Electrical Contractors, and President, ABU (Aboriginal Blackmen United) in the Southeast; Ashley Rhodes, member of ABU and owner, Masters Painting Company

Mr. Varma explained that NAMC members included minority women-owned and veteran-owned contractors and suppliers in northern California, which was started in 1969. He was proud to report that next year they would be celebrating 50 years of being the longest lasting union minority-owned organization supporting contractors. Mr. Varma was pleased to see progress with OCII but wanted to see more development between suppliers and contractors. He was there to talk about the joint venture program that had worked very well for small businesses. When the arena project first started, he met with the Warriors executives and addressed them regarding minority participation. In collaboration with Clark Construction and Mortenson, both companies were receptive to the OCII idea of the joint venture agreement between large contractors and smaller subcontractors which allowed small businesses to participate in building projects. For NAMC's members, Mr. Varma explained, this type of partnership worked very well because it allowed suppliers to sell their products as well. He requested that NAMC be considered for inclusion on the developer teams because they were the only organization providing assistance to contractors. Clark Construction was their major corporate partner and the only company currently working with NAMC in developing small businesses to be successful on their projects. Mr. Varma encouraged contractors and developers to join his organization to bring in more minorities into the industry.

Mr. Nick Colina stated that he was there with his father, Hector, and explained that his company, Anco Iron & Construction Inc., was a Mexican-owned third generation small local business in the Bayview and in business since 1969. He reported that they had had a successful partnership with Clark Construction working on the Chase Center. He and his father had enrolled in Clark Construction's free 10-month program called the Strategic Partnership Program and from that they learned estimating, insurance coverage, contract writing, market and presentation skills, which still helped in their business today. Mr. Colina reported that Clark continued the mentorship after the program was over with personal help and training. He described how Clark had set up a match-making event with over 500 large contractors and smaller subcontractors. As a result of this collaboration, his company was currently working on the Chase Center, which brought a great sense of great pride to his family.

Mr. Hector Colina reported that the class he took with his son sponsored by Clark had opened up much business for his company. They had obtained great advice from Clark and looked forward to having more work with them.

Mr. Horne stated that he had been a member of Glaziers Union Local 718 in San Francisco for 17 years and then decided to start his own business. He started out as contractor's assistant working at the Renaissance Center where he met a representative from Clark Construction who introduced him to the Strategic Partnership Program, which was critical in getting him started on his business. Mr. Horne was proud to report that he was the only African-American glazier in San Francisco and that Clark was instrumental in getting him started when they took a chance by giving him the opportunity to work on a project in Berkeley when he had no experience as an owner. Mr. Horne added that he was currently working on MB Block One and he thanked OCII for all their help.

Ms. Richardson stated that she was a member of the San Francisco African-American Chamber of Commerce and the Bayview Advisory Board. She projected that the Warriors Chase project would be a model for SBE and minority-owned business participation on large city construction projects. Ms. Richardson reported that she had been working with city and company leaders to work on this participation. Clark Construction was germinating new businesses that were going beyond what they had seen in the past.

Mr. Tartt explained that Renaissance was a non-profit organization in the Bayview for 16 years and that they provided technical assistance, mentorship, peer support, access to capital, business and entrepreneurship training to small businesses. He reported that Clark and Mortenson have been great community partners committed to the community first. Last year Clark hosted the Bayview Business Extravaganza event where they brought in diverse small businesses, entrepreneurs & vendors to the Bayview Opera House to celebrate the diversity of the community, which was attended by the Mayor, and there was a tremendous proclamation of Bayview Business Day which they wanted to continue annually in memory of former Mayor Ed Lee. Mr. Tartt reported that Clark and Mortenson had a great culture of volunteerism and had created 3 cubicles at the Renaissance Center for films certified by CMD [San Francisco Contract Monitoring Division] that enabled small community businesses to participate on larger contracts and as a result, they had three new businesses: a plumbing business, a janitorial service and a trucking business. He stated that equity and participation was Clark's goal and they were always accessible.

Mr. Spencer stated he was pleased to be part of a joint venture that had been created through Clark Construction with Bratton Masonry, a very large masonry company, working on the Chase Center. He appreciated that Clark and Mortenson had given his company the opportunity to work with Bratton Masonry to get to the next level. Mr. Spencer explained that this had been his father's business and now he was the owner. He stated that it was going very well and in order to give back, he took in local people to work with him on local projects as well.

Mr. Richards explained that ABU helped high-risk youth get jobs in the community and worked with CityBuild and other youth organizations in the City. He stated that he was also an electrical contractor and worked with Clark and Mortenson in his community in the Southeast. Mr. Richards commended Clark and Mortenson for their attempts to work with the community to help community members get work and training. He was a great supporter of Clark and Mortenson and stated that "their problems are our problems" so any problems that they experienced would be the community's problems as well.

Mr. Rhodes stated that Masters Painting Company was a SBE in Bayview Hunters Point and reported that the Renaissance program was instrumental in helping him get his business back together a few years ago. He had worked together with the Clark Construction local hiring agent, Prentiss Jackson, and now Mr. Rhodes handled some of the hiring referrals for the Chase Center. He explained that they had a very good relationship and they worked to get community members and youth into that project and he had been able to network with many large businesses as well. Mr. Rhodes felt that the OCII program was working well to make sure that contractors met their goals and he had been a part of that through ABU. He explained that they had a standing meeting with Clark every month to discuss what they could do to improve in the work and the community. Mr. Rhodes stated that Clark was doing a tremendous job in the community.

Chair Mondejar thanked everyone for their public comment.

Mr. Lee acknowledged some of the OCII partners in attendance at today's meeting: Gail Hunter, Yoyo Chan and Steve Collins with the Warriors; Jim McLamb and Viki Bamba with Mortenson Clark; Josh Arce, Director and Ken Nim with CityBuild.

Vice-Chair Bustos commended Clark Construction for all the great work they had been doing in San Francisco. He thanked all the small businesses that had attended the meeting that day for allowing local community residents to work on City projects. Mr. Bustos recalled that regarding the Warriors stadium, he had stated repeatedly that this was not just about building a stadium but about lifting up a community and the people within it by providing jobs and opportunities to all San Francisco residents. He stated that all OCII was asking for was 50% local business participation and as long as they gave San Franciscan's 50% of those job opportunities, they could do whatever they wanted with the other 50%. Mr. Bustos expressed concern about the numbers and inquired about whether this 50% local hire goal was in actuality good faith or whether it was mandatory.

Mr. Arce responded that he had joined CityBuild as Director in September 2017. He explained that the policy they worked under with OCII was a good faith policy goal in contrast to the City goal, which was mandatory, but which was a lower percentage. He felt that the OCII policy was very eloquently laid out and he felt this was a good plan.

Vice-Chair Bustos referred to the difficulty in reaching that goal. He inquired about what the effect would be if they made this a mandatory policy instead of a good faith policy.

Mr. Arce responded that mandatory always got some attention. He wanted to stress the importance and the positive aspects of these outcomes, which were that the City was at ground zero for labor shortage in construction. At Hunters Point Shipyard there was a workforce of 36% of local residents and there were some newer projects with lower percentages; however, in contrast to where they were six months ago, there was currently 55% more work. Mr. Arce explained that their motto was "No San Francisco resident left behind". He stated that whether the jobs were good faith or mandatory, CityBuild's job was to help, identify, recruit, provide training and get people into the job. Now they were working on employment for the formerly incarcerated and for limited English speakers, and recruiting from more neighborhoods. As a result, they were doubling their training to bring in another 50 people to get them employed at the Chase Center and other projects for construction.

Vice-Chair Bustos stated that he appreciated CityBuild's great efforts and was pleased to hear about those new endeavors, but as a Commission, they still needed to review the good faith versus mandatory policy. He thanked everyone for coming to this meeting and sharing their stories because OCII loved to hear about how they were changing people's lives.

Commissioner Rosales referred to certain columns in the report and the seemingly under-representation of the Asian population in San Francisco with percentages of 2.9%, 3.3% and 3.7% in construction contracts and inquired about whether there was enough outreach being provided to that community.

Mr. Arce referred to Attachment B3 which contained the race/ethnicity gender demographic of the workforce. He responded that those numbers would go up considering the "Other" category, which included workers who declined to state Race/Ethnicity and that this might be a biracial issue. The Other category total was 30.5% going back six months, but pointed out that for Hunters Point Shipyard and Candlestick Point, it went as high as 38.4%. Solving for that, for example on Hunters Point Shipyard, black workers composed 16% of the workforce rather than the 9% stated and Asians would compose about 6% or 7%. In any case, Mr. Arce agreed that they could do better. He reported that CityBuild had conducted one event of active recruitment through a Chinese journal in Visitation Valley with bilingual speakers and without advertising in Chinese media and only 2 people showed up. However, when they did a full blow-out media recruitment with speakers in Cantonese and Mandarin, 30 people attended.

Chair Mondejar congratulated Mr. Arce on his new position and stated that they looked forward to working with him in the future.

Mr. Lee added that in the last report Ken Nim had stated that the San Francisco unemployment rate was 3.3%. However, Mr. Lee reported that according to the most recent figures with the State of California, Employment Development Department, as of December, 2017 the unemployment rate for San Francisco, Redwood City and South San Francisco was 2.2%. He reported an increase of 4,100 construction jobs from December 2016 to 2017, which amounts to about a 10% increase in construction jobs. He commented that as Mr. Arce had reported, during the past six months, there was an additional increase of 55% construction work which, when compared to the 10% increase in the workforce, added information to the disparity between the work and the number of workers.

Commissioner Rosales requested a report that separated unemployment by industry and by neighborhood in San Francisco; she inquired about whether 2.2% is accurate for the construction industry in each neighborhood. Ms. Rosales commented that she appreciated hearing all the success stories of individuals coming forth as well as companies and developers.

Mr. Lee responded that this was a difficult question to answer because there is a lack of information that is refined in terms of neighborhoods. He acknowledged that within the Bayview Hunters Point Shipyard area with ZIP codes of 94124, 94107 and 94134, the unemployment rate is higher than the rest of San Francisco. Mr. Lee added that for these purposes, OCII and CityBuild staff focused on project area residents, especially those in the Southeast sector, for employment opportunities.

Commissioner Rosales inquired about whether they could quantify good faith efforts and inquired about what good faith actually meant.

Mr. Lee responded that OCII's policy and programs were centered around good faith efforts because most of the projects OCII oversaw were private developments, which, as he characterized, essentially meant bringing private contracting into the public realm. He reported that given the \$3.5 billion within OCII's current oversight, 99% is in development with private developers and that they only had about \$6 million directly contracted by OCII. Mr. Lee commented that with the private developments under OCII's oversight, OCII's SBE program meant ensuring that contracts were not being given out just within the good old boys network and friends, but rather those contracts had to be publicly solicited for open competition, opening private contracting opportunities to the public. Mr. Lee explained that they did this by meeting with the developers and contractors before solicitations went out and reviewing the type of work that was being planned, reviewing pre-submittal documents, bid specifications, and RFQ's, for example, to ensure that there were no undue barriers, such as excessive insurance or years of experience requirement. They helped developers and contractors solicit those contracting opportunities through OCII and the City websites to ensure that the public had adequate notice of those solicitations. As part of good faith efforts, there is a minimum 30-day advertisement period to ensure the public was made aware of the contracting opportunities. Also a pre-bid or pre-submittal meeting is required to take place in-between bid issuance and bid due date whereby questions were entertained and answered with adequate time afterwards to afford the public to submit bids or proposals. He added that they met later with developers and general contractors to review and discuss bid tabulations, price spreads, and goal attainment. OCII had a first consideration policy for project area and San Francisco businesses built into the OCII program, and reviewing bid tabulations was important to ensure that efforts were made by the developers and general contractors to that end. Mr. Lee explained that they looked for price spreads that were within reason so that local businesses could be awarded if they were not significantly higher. He added that OCII was separate from the City regarding the SBE program, but that OCII looked to the City program for guidance in terms of bid preference, which was up to 10% depending on the size of the contract

amount. For contracts of \$10-20 million, the City's bid preference or spread was only 2% and OCII used that as guidance as well. He commented that it would be unreasonable for OCII to impose a 10% bid spread on a \$20 million contract, for example, because it would add an additional \$2 million to the contract. Finally, Mr. Lee reported that when a contract was awarded, all of this was taken into consideration to ensure that there was a balance between what was awarded and what was achieved toward the SBE program, giving first consideration to project area and San Francisco businesses.

Commissioner Rosales inquired about how to increase capacity on Type 1-Type 5 construction, such as, for example, the joint venture program. She requested that staff be proactive and think of solutions to this problem so she would no longer have to hear excuses regarding the problem with Type 1 capacity due to different type of construction.

Mr. Lee acknowledged and thanked the Commission for supporting the joint venture program and codifying it within the SBE program because it had been so successful and made such a difference for the SBE program.

Vice-Chair Bustos asked Mr. Arce directly what his definition of good faith effort was.

Mr. Arce responded that Mr. Lee's response was similar to his definition for the employment side for local hiring. He explained that good faith effort started with the communication between contractors and their compliance team, with special acknowledgment to Chris Vergara, CityBuild Compliance Officer. That communication indicated that they were bringing on an OCII project, expected a certain number of workers and needed to maximize opportunities for local residents to achieve the goal of one-half local workforce. He reported on the great communication between CityBuild and the Warriors Mortenson Clark team, which was starting later than other projects; however, the creativity level was very high. As a result, they connected the developer with the local workers through the labor unions and for the first time they recently started to experience empty hiring halls. So Mr. Arce concluded that good faith effort meant communication between the contractor and CityBuild involving both the compliance and liaison teams, which linked up with the CBO's and union hiring halls to identify workers to refer to the contractors for hire. He stated that they were adding to that by providing more training for potential workers to build those skills needed to be hired for these local jobs. All of this was part of the good faith process.

Commissioner Singh stated that before Mr. Lee was onboard, OCII used to hold meetings every three months with the SBE contractors and asked Mr. Bridges to talk about that working group.

Mr. Bridges responded that for many years they had a working group that included two Commissioners, former Commissioner King and Commissioner Singh, that would meet every three months to discuss the SBE Program and ways they could improve the SBE situation. The results of those meetings would be presented to the Commission and the director would talk about ways they could enhance the workforce as well as contracting programs.

Chair Mondejar commended all the small business owners and thanked them for coming to report on their successes as well as the challenges facing them. She was impressed by the overwhelming success of the joint venture programs and associations and the mentoring received by the Mortenson Clark team and CityBuild as well as the training provided. Ms. Mondejar suggested that perhaps OCII needed to look at putting more resources into the joint venture program to create more successful partnerships. She also suggested that perhaps they needed to better market construction work to overcome the lack of construction workers and put more resources, dollars and staffing into these programs to help their SBE contractors and subcontractors to grow and codify this within the SBE program. She thanked all the presenters who attended, especially the Warriors team.

Public Comment on Non-Agenda Items - None

6. Report of the Chair

Chair Mondejar stated that she had no report.

8. Report of the Executive Director

- a) Report on compliance by the Master Developer on Candlestick Point and Phase 1 and 2 of the Hunters Point Shipyard, with the Community Benefits Programs for July through September of 2017; Hunters Point Shipyard and Bayview Hunters Point Redevelopment Project Areas
- b) 2600-2700 Arelious Walker Drive (Alice Griffith Phases 1 and 2) Marketing Outcomes Report, a 184-unit HOPE SF multifamily development, including 114 public housing replacement units, and 68 affordable housing rental units, plus two manager's units, which are affordable at 50% Area Median Income; Hunters Point Shipyard Redevelopment Project Area
- c) 588 Mission Bay Boulevard North Marketing Outcomes Report, a 198-unit affordable multifamily rental development, plus two managers units, which are affordable at 50% and 60% Tax Credit Allocation Committee Area Median Income; Mission Bay South Redevelopment Project Area

Presenters: Nadia Sesay, Executive Director; Pamela Sims, Senior Development Specialist, Housing Division

PUBLIC COMMENT - None

Commissioner Rosales referred to Page 6 of the first report where it stated that “over half of the Alice Griffith right to return households who applied were not housed in Phases I and II for some of the same reasons that some of the COP holders were not housed, etc.” She inquired about what that meant and inquired about the status of their housing situation.

Ms. Sims responded that their housing situation remained the same way as it was before; still marginally housed, had been encouraged to seek housing and credit counseling through San Francisco Housing Development Corp. to strengthen their chances for Phase III and IV. However, she reported that the number of households that had applied under the Alice Griffith preference for Phase III, which was currently being leased up, had tripled. They were still trying and would keep applying for these housing units. Ms. Sims reported that this was the first lease up for Phase III where they might not get past COP holders, which meant that the Alice Griffith right to return residents and COP holders would be living at the Alice Griffith housing project, which was very exciting.

Commissioner Rosales recalled that five years ago Commissioners were worried that people would be left behind with this process. The idea that people were relocating but could not get back in was a great concern. So it was good news that everyone was getting a chance for housing.

9. Commissioners' Questions and Matters – None

10. Closed Session

CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Pursuant to California Government Code Section 54956.8, a closed session has been calendared to give direction to staff regarding the potential sale of the property described below.)

Property: 200 Main Street (Portion of Block 3739, Lot 008) also known as Transbay Block 4

OCII Negotiators: Nadia Sesay, Sally Oerth, Deputy General Counsel Aaron Foxworthy for James Morales, Shane Hart, Jeff White, Hilde Myall

Negotiating Parties: For F4 Transbay Partners LLC, a Delaware Limited Liability Company, a joint venture of Urban Pacific Development, LLC, an affiliate of Hines Interests Limited Partnership, and Broad Street Principal Investments, L.L.C, an affiliate of Goldman Sachs: Christopher Collins and Cameron Falconer

Under Negotiation: ___Price, ___Terms of Payment, ___x ___Both (Discussion)

Chair Mondejar asked any member of the public to leave the room if they were not part of Closed Session.

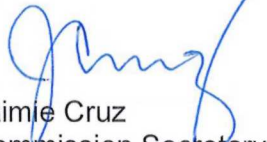
Chair Mondejar stated that there was no report on Closed Session.

11. Adjournment

Motion to adjourn was made by Commissioner Singh and seconded by Commissioner Rosales.

The meeting was adjourned by Chair Mondejar at 4:48 p.m.

Respectfully submitted,



Jaimie Cruz
Commission Secretary