

Edwin M. Lee
MAYOR



Mara Rosales
CHAIR

Marily Mondejar
VICE-CHAIR

Miguel Bustos
Leah Pimentel
Darshan Singh
COMMISSIONERS

Tiffany Bohee
EXECUTIVE DIRECTOR

101-0202016-002

Agenda Item 5(a)
Meeting of May 3, 2016

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
5th DAY OF APRIL 2016**

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 5th day of April 2016, 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 1:00 p.m. Roll call was taken.

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

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

2. Announcements

A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, April 19, 2016 at 1:00 p.m. (City Hall, Room 416).

B. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

C. Announcement of Time Allotment for Public Comments

3. Report on actions taken at previous Closed Session meeting – None
4. Matters of Unfinished Business - None
5. Matters of New Business:

CONSENT AGENDA

- a) Approval of Minutes: Regular Meetings of December 15, 2015 and January 19, 2016

PUBLIC COMMENT – None

Chair Rosales noted that reference to “CND” in one of the meeting minutes should be “CMD” and requested that this be corrected.

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

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

Commissioner Bustos - yes
Vice-Chair Mondejar - yes
Commissioner Pimentel - absent
Commissioner Singh - yes
Chair Rosales - yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS WITH ONE ABSENCE THAT Approval of the minutes for the regular meetings of December 15, 2015 and January 19, 2016, BE ADOPTED.

REGULAR AGENDA

- b) Conditionally approving the Major Phase, Combined Basic Concept and Schematic Design, and Design for Development variances for a commercial project on Block 26 (Parcel 1) and Block 27 (Parcel 1) at 1455 and 1555 Third Street that 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 is adequately described in the FSEIR for purposes of the California Environmental Quality Act; Mission Bay South Redevelopment Project Area (Discussion and Action) (Resolution No. 17-2016)

Presenters: Tiffany Bohee, Executive Director; OCII; Michelle de Guzman, Development Specialist, Mission Bay, OCII; Terezia Nemeth, Vice President Development and Community Relations, Alexandria Real Estate Equities; Omar Toro-Vaca, Associate Principal, SHoP Architects; Adony Beniares, Head, Global Workplace, Uber Technologies; Raymond Lee, Contract Compliance Supervisor, OCII; Hilde Myall, Senior Development Specialist and Interim Project Manager, Mission Bay, OCII

PUBLIC COMMENT

Speakers: Corinne Woods, Chair, Mission Bay (MB) CAC

Ms. Woods stated the Mission Bay CAC supported this project and all the variances. She was very pleased about the street level variances and having on-site childcare. Ms. Woods reported there was no opposition to the bridges because they were high enough to not impact pedestrian views. She stated the community was looking forward to having this block completed.

Commissioner Bustos inquired about whether the sidewalk would remain the same and if not, inquired about what would be changed. He stated he loved the design and that the bridges incorporated a campus style to the design. Mr. Bustos remarked the structure possessed the “wow” factor and appreciated childcare being included in the space. He was pleased with the 10% affordable but requested that they consider 15%. He was appreciative about business bios being provided to be able to see what businesses were getting awarded the contracts. Mr. Bustos requested they consider San Francisco artists when they are ready for public art because it would add to the story they were telling about Mission Bay and the area and stated perhaps they should consider all local artists for this project. He remarked he was under the impression that Uber headquarters were located in Oakland.

To the sidewalk question, Ms. De Guzman responded the etched areas on the presentation represented a retractable screen designed to be made out of teakwood and would be permanently attached to the building. She explained the intent was that the screen would be extended and when fully extended, the sidewalk would feel as if it was coming to the street. For larger events, the screens would be tucked in but the face of the curb would not change. She reported the street wall continuity would remain the same and the sidewalk would remain the same in relation to the building frontage.

Mr. Beniares responded there were Uber offices in Oakland but San Francisco was where the CEO and other executives would be located. He added that overall they looked at the Bay Area as being their headquarters.

Commissioner Singh noted the small business percentages and inquired about where the other jobs were going to be. He remarked that he liked the colors. Mr. Singh inquired about what would happen if they needed more than 59 spaces for childcare.

Mr. Lee responded the spreadsheet described the disciplines and the consultants identified.

Ms. Bohee clarified that the 31.6% were small businesses and the overall number for small business enterprise (SBE) participation for this phase for professional services was 67%; the balance of that remaining or 33% were non-small businesses and Attachment D of the spreadsheet displayed the totality of all firms for professional services.

De Guzman responded there were limitations in terms of capacity for square footage relative to the number of children.

Vice-Chair Mondejar welcomed Ms. De Guzman to OCII and commended her map which included the amenities, stating it helped in understanding the overall project. She inquired about whether there would be a pharmacy. Ms. Mondejar was pleased with the childcare and also expressed the desire to increase the affordable from 10%. She noted there were only three retail spaces left and hoped they would not add more coffee shops. Ms. Mondejar commented that the colors were very attractive and was pleased with the window type that opened automatically. She inquired about how wide the bridges would be. She commended the childcare parking and consideration of the safety issues surrounding childcare.

Ms. Nemeth responded they had not done the retail programming yet but would be discussing this with staff and looking at what the neighborhood had and what it needed and would be bringing in a retail consultant to assist. She responded the windows had hatches and the only other comparable building in San Francisco with this style would be the Academy of Sciences in Golden Gate Park.

Mr. Toro-Vaca responded that the bridges were 8' wide with another foot on other side, so about 10' wide. He added that they would be angled so they receded in space and would have a perspective to them.

Chair Rosales inquired about whether the building would be used for administrative use or as a vehicle center; inquired about whether the retractable wall concept was being used anywhere else. Ms. Rosales was pleased with the bridges because they added a visual plus. She inquired about the First Source hiring program and the developer contribution hiring fund; inquired about who controlled or managed the fund.

Mr. Beniares responded this would be the corporate headquarters for engineers, finance people and human resources teams and added they had separate driver vehicle centers around the Bay Area. He responded it was very common nowadays to deal with windbreak systems of some sort in public plazas, using moveable furniture, temporary partitions, vegetation, light poles, etc. He explained that in response to input from staff they had put these on hinges so that they would be permanent and would be thought of as an architectural feature that would always be there. He added they wanted a minimal look on the bridges during the day but also needed to make them visible at night for safety reasons.

Ms. De Guzman responded the First Source hiring program was under the original OPA. She explained when the developer met certain thresholds for Mission Bay, they would contribute \$500,000 to the First Source hiring fund and those dollars would be used to support first consideration for San Francisco residents for entry level employment and to help them with outreach. She added the idea was to concentrate on creating jobs in Mission Bay for San Francisco residents. She reported they had reached the 2 million square foot threshold for commercial development and as this parcel and the Warriors' parcel were the last ones to be developed, besides the affordable housing in Mission Bay, once they were completed, they would trigger the final payment for a total of \$1.5 million. Ms. De Guzman responded OEWD would manage the fund.

Executive Director Bohee responded that it was the Catellus (now FOCIL MB's) contribution of the community benefits payment that was the catalyst for creating this fund in 1998 when the OPA was enacted and which started the City's First Source program.

Chair Rosales stated she recalled that incident; however, she was not aware of the developer contribution component that would be operated by the OEWD, which then would be separate from the MOU with OCII. She inquired about whether they would be able to ask for more information from OEWD when they came before OCII relating to the MOU or workforce issue.

Executive Director Bohee confirmed that over the last three months FOCIL MB had paid \$500,000 and indicated the last \$500,000 would be paid soon with the recent developments. She responded they could take that into account as far as sources for hiring OEWD consultant services.

Commissioner Singh inquired about how many people would be working on the project; inquired about the 411 parking spaces.

Mr. Beniares responded 3,000 - 3,500 people would be working at the site. He responded the parking would be for Uber employees.

Vice-Chair Mondejar echoed Bustos' comments about using local artists and reiterated that request.

Chair Rosales inquired about playgrounds.

Ms. Myall displayed the existing planned open space. Regarding playgrounds with structures and play facilities, she referred to Park P6 or the Children's Playground, located north near Mission Creek, which was completed and would be the only dedicated space for children. She reported that the infrastructure plan for MB called out public open space as flexible multi-use activity spaces. Ms. Myall added that there was an open space park planned as a playing field, for soccer or baseball.

Executive Director Bohee reported there were other active parks built or planned in Mission Bay including: beach volleyball courts, a boat launch, a kayaking facility, tennis courts, and a dedicated dog run. She added that in Mariposa Park there were child-friendly play areas, so that each park would have some element of programmed and flexible open space.

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

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

Commissioner Bustos - yes
Vice-Chair Mondejar - yes
Commissioner Pimentel - absent
Commissioner Singh - yes
Chair Rosales - yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS WITH ONE ABSENCE THAT Resolution No. 17-2016, Conditionally approving the Major Phase, Combined Basic Concept and Schematic Design, and Design for Development variances for a commercial project on Block 26 (Parcel 1) and Block 27 (Parcel 1) at 1455 and 1555 Third Street that 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 is adequately described in the FSEIR for purposes of the California Environmental Quality Act; Mission Bay South Redevelopment Project Area, BE ADOPTED.

c) Workshop on OCII's FY 2016-17 Budget: Hunters Point Shipyard/Candlestick Point, Mission Bay and Transbay Projects, including Affordable Housing (Discussion)

Presenters: Tiffany Bohee, Executive Director, OCII, Bree Mawhorter, Deputy Director, Finance & Administration, OCII; Tamsen Drew, Senior Project Manager, Hunters Point Shipyard/Candlestick Point Redevelopment Project, OCII; Hilde Myall, Senior Development Specialist and Interim Project Manager, OCII; Mission Bay; Shane Hart, Transbay Project Manager, OCII, Jeff White, Housing Program Manager, OCII; Raymond Lee, Contract Compliance Supervisor, OCII

PUBLIC COMMENT

Speakers: Ace Washington, community activist; Clyde Miller, Astron Development Corporation

Mr. Washington commended staff on the presentation. He announced he was the Fillmore Corridor Ambassador and requested Commissioners come to the Western Addition to observe what was happening there.

Mr. Miller stated he had been before the Commission three or four months earlier to discuss an issue his company was having with the developer on the Hunters Point (HP) Shipyard project and stated that the issue still had not been settled after a year and a half. Mr. Miller pointed out that Item 16 in the developer contract required that they undertake arbitration and/or mediation for contract disputes but Mr. Miller stated the developer had not complied with that obligation. He explained Astron had been pushed off the project without due process, which was to go to arbitration or mediation, and therefore the developer was in breach of the contract. He pointed out the developer was waiting until he just went away. Mr. Miller indicated he was a small minority contractor and requested OCII get involved and demand the developer live up to their contract obligations.

Commissioner Singh inquired about whether there would be a second part to this item.

Chair Rosales responded in the affirmative, there would be a second part for the budget and then final approval.

Vice-Chair Mondejar referred to the Grants to Community Based Organizations in the presentation and inquired about what they were.

Ms. Drew responded the grants consisted of \$3.4 million and were allocated for FY 2016-17. She explained they worked with the Legacy Foundation, an entity created in Phase I and II of the DDA. The Foundation allocated developer payments that had been contributed to the community and would make recommendations as far as how the payments would be expended. She reported that for Phase I in the Community Benefits plan, Lennar had provided \$1 million in payments and that Legacy would advise OCII on community needs and how to allocate those funds. For Phase II there were two sources of funds, one for scholarship fund and also the Will Bass Memorial travel scholarship, triggered by the major phase for Candlestick. Ms. Drew reported in the future the Phase II source would be funded by contributions from the sale of market rate homes. She explained this was an ongoing process with the Legacy Foundation and that staff would report again on this before the Commission over the summer.

Chair Rosales expressed concern about having enough staffing positions. She referred to having only three people on the contract compliance staff and one person on the legal team, and inquired about adding more staff to those departments. Regarding affordable housing, she inquired about whether COP recruitment efforts were covered under each project area or under a generic portion of the budget.

Ms. Mawhorter responded the operating budget for next year would be about \$12.5 million, the majority allocated out to non-tax increment sources, so \$5 million would be funded by tax increment. She reported the FTE count would remain the same at 46, but added that they were looking to add more limited term positions, which functioned as full-time positions but coincided with work plan needs. Ms. Mawhorter announced they already had a new deputy general counsel, who would start at the end of April. Regarding COP, she responded they were looking at a number of solutions, but would review that in the next two weeks.

Executive Director Bohee added they contracted full-time pursuant to a proposition voted by San Francisco voters which allowed former Redevelopment Agency staff to take City positions. Therefore, the actual FTE count including administrative services was 50.6. Ms. Bohee added they would review this issue in two weeks.

Chair Rosales inquired about the reference to 1450 Franklin in the presentation. She referred to feedback from the contractor community that the manner in which developers set their RFP's created requirements limiting the pool of contractors competing at the prime level. This was because the scope of the limitation was such that they had to have prior experience doing the type of work requested. However, she explained, the small contractors did not have that experience and could not get into the game and, therefore, were not winning. Ms. Rosales asked for statistics regarding SBE's selected by Lennar competing at the prime level as contractors.

To the question regarding 1450 Franklin, Executive Director Bohee responded this was the Western Addition and explained this involved an owner participation agreement for a housing project and that there was litigation and OCII had prevailed.

Mr. Lee responded in the affirmative, they had history of SBE's working as prime contractors. He referred to the Candlestick demolition and the joint venture between a large contractor and a local Bayview (BV) contractor, although this was not a minority firm. Mr. Lee also referred to a grading contract with a local contractor acting as prime. He stated he did not have the information requested but could make that available. Mr. Lee referred to contracting activity during the last three months from December 2015 to March 2016 and explained that subcontracting with developers was different from public contracting. He explained that under public contracting, bids came in and subcontractors were identified all at once. With developers, the GC requested bids for the sub trades on a phased basis or were negotiated in. He informed the contracting activities were still fluid over the last three months because plans were still being negotiated. Mr. Lee used Transbay (TB) Block 7 as an example of a project going into construction soon and Alice Griffith Block 1, which was in the beginning phase of construction, but added that not all the trades had been brought in. He reported that to date tentative plans stood at \$106 million, with \$50 million (48%) of that with SBE's and approximately \$19 million (18%) of that with San Francisco SBE's and of that \$9 million (8.5%) was with BVHP area businesses with zip codes 94124, 94107 and 94134. So in summary, 50-60% of the San Francisco business dollars that were awarded went to BVHP businesses and this was for HP dollars only. Mr. Lee reported for activities up to December 31, 2015, 58% of all San Francisco dollars had been awarded to BVHP businesses. Between January to March 2016, 24 BV businesses were slated for awards, eight of which were minority owned and one was a woman-owned business. He added while this did not answer the question about prime contractors, he noted that they did have past experience of prime contractors winning awards, but those were in the neighborhood of \$5-8 million and not near the large housing construction projects of \$50-\$60 million. Regarding the possibility of engaging additional SBE's at prime level, Mr. Lee responded that he had spoken to a number of contractors about not having the experience or capacity to compete at the prime level. He reported that, unfortunately, they had to strike a balance between meeting the developer's requirements for completing the project and not making it overly difficult and onerous for the small business. His response to the SBE's in question was that the process was gradual and gaining this experience would be helpful. He suggested they bid at smaller work to gain that experience and reputation. He added that SBE's may need more education and support to keep them competitive and to be accepted and suggested they consider other methods for the developers and GC's to consider the SBE's.

Commissioner Bustos stated he was aware that this was a difficult issue, but stressed there had to be some practical answer to this. He explained that one of the reasons why this project went through in the first place was because during the redevelopment days they had made it clear to Lennar that this was not just about building vertical buildings but about finding ways to lift up an entire community. Mr. Bustos reiterated that they continue hearing subcontractors say they did not get paid or were pushed out of the project. He reminded staff that initially the Redevelopment Agency and then OCII had chosen developers who were able to include SBE's and help smaller businesses move forward.

Mr. Lee responded that he wanted to give credit to the OCII Commission for amending the SBE policy in July 2015 regarding the creation of joint ventures between larger businesses and associations with small businesses because that had proven to be a real resolution to helping SBE's gain experience and knowledge by working with a larger business and/or association. He used as an example the joint venture for the Candlestick demolition.

Chair Rosales clarified that the SBE's they were talking about were certified local San Francisco businesses. She reported the record indicated robust double-digit numbers across all categories and that the variety of work completed by those SBE's included very complex infrastructure projects, such as building water systems to control towers at SFO. Therefore they must be capable of doing other kinds of projects; including those at Hunters Point. Ms. Rosales promised that they would come back to this issue. She believed that many of the developers paid lip service to the SBE program, by satisfying the numbers required and then forgetting about the SBE's. She stated that it was unsettling that they had capable subcontractors in the 94124 area who were competing and who should be winning the contractors, but were not getting the contracts. Ms. Rosales stated that this was a sign that something was wrong. The contractors were telling Commissioners that they were qualified, were within the estimate and deemed able to compete, but then told that their price was too high. Then when they asked to see the numbers, they never saw the numbers. Ms. Rosales indicated that they had the same problem at Mission Bay and Transbay. Mr. Lee stated that OCII would get those numbers and look at some of the bids.

6. Public Comment on Non-agenda Items

Speakers: Ace Washington, Community Activist; Clyde Miller, Astron Development Corporation

Mr. Washington announced that a Tribute to Marvin Gaye event would be taking place at the Fillmore. He advocated a partnership between OCII and himself when Commissioners come to visit the Fillmore so he could assist in the event. Mr. Washington spoke about music being universal and how it brought all people together.

Mr. Miller stated it was commendable that OCII supported small businesses in becoming GC's to help the community and the City grow. He stated he had been in subcontracting for 30 years and suggested there be a large minority GC to help the smaller minority contractors have more opportunities. Mr. Miller stated the issue was always about bonding. He recalled there used to be a payment bond and a material bond. He indicated the smaller contractors could do the large jobs but needed to have the opportunity and support to do it.

7. Report of the Chair

Chair Rosales stated that she did not have a report.

8. Report of the Executive Director

Executive Director Bohee announced the San Francisco Business Times had published an annual report on real estate deals of the year and highlighted Park Tower, Transbay Block 5 under development by Equity partner Met Life, the John Buck Company and Golub. Ms. Bohee reported OCII had closed that transaction in September 2015 for \$172.5 million with strong workforce and contracting participation and local hiring requirements in the RFP and noted the deal had closed in nine months. She reported the \$172.5 million compared favorably to the Salesforce Parcel T sale by the TJPA for \$192 million. Ms. Bohee explained that Block 5 was a 700,000 square foot office project with ground floor retail, public art, urban rooms, had a fantastic design and added that it would be a wonderful contribution to the public realm. She passed around the article to Commissioners for their review.

PUBLIC COMMENT – None

9. Commissioners' Questions and Matters

Chair Rosales suggested a special meeting where they could explore possible amendments to their SBE policy requiring that competitors through their RFP's or competitors to be awarded prime contracts by developers were SBE's or requiring that they had a joint venture with an SBE. She added that then the question would be whether they could adopt an amendment now to the SBE policy to flow through existing agreements with developers so that they were bound now.

10. Closed Session

Chair Rosales asked that members of the public not involved in the Closed Session leave the room.

a) 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: Tiffany Bohee, Sally Oerth, James Morales, Shane Hart, Jeffrey White, Christine Maher

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

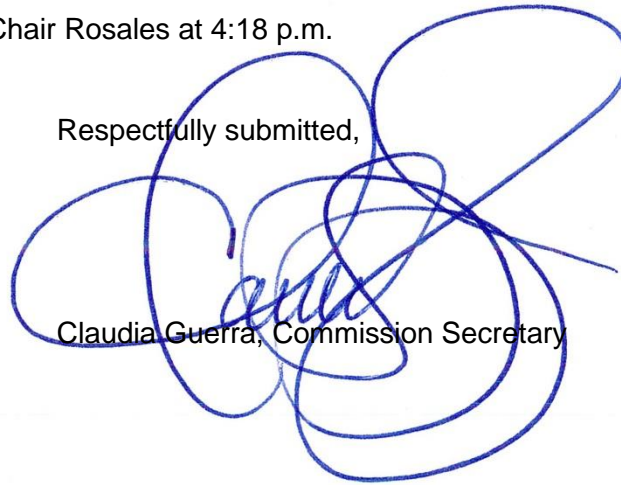
Under Negotiation: ___ Price, ___ Terms of Payment, ___x___ Both (Discussion)

Chair Rosales announced that on April 19, 2016, there would be a public hearing held by OCII on the Block 4 Option.

11. Adjournment

The meeting was adjourned by Chair Rosales at 4:18 p.m.

Respectfully submitted,

A large, stylized handwritten signature in blue ink, consisting of several overlapping loops and curves, positioned over the text 'Respectfully submitted,' and 'Claudia Guerra, Commission Secretary'.

Claudia Guerra, Commission Secretary