

SOUTH OF MARKET PROJECT AREA COMMITTEE
1035 Folsom Street
San Francisco, CA 94103
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July 21, 1997

Members Present: Jim Berk, Marty Cerles, Marlies Hensel, Martin Herling, Eric McDougall, Amelita Pascual, Charles Range, Jeff Roth, Antoinetta Stadlman, John Stevens and Willis Warner.

Members Absent: Wayne Batmale, Amy Bayley, Jackie Benjamin, Roselyn Calangian, Edwin Jocson, Don Marcos, Janet Norman, Nick Patel and Rick Patel.

Guests: Elizabeth Boardman, Alicia Duke, Helen Jun. Chris Reyes, Henry Perez and Jose Wheelock,

Redevelopment Agency Staff: Gaynell Armstrong, Michael Kaplan and Amy Neches

Chair Willis Warner called the meeting to order at about 6:15 PM and did a roll call. With no quorum present at the start of the meeting, action on approval of the minutes of July 7th was deferred.

Agenda Item 1. Project Update by Michael Kaplan

Michael Kaplan made a report on the status of existing and proposed project activities:

464 Natoma: The Agency is still negotiating the acquisition of an 8,000 sq. ft parcel owned by the S.F. Newspaper Agency. There are issues related to land price based on toxics on the site. It is expected that a deal will be consummated within the next month. The matter will then come to the PAC for its advice on the allocation of Project funds to acquire the site and then to the Agency Commission for authorization to acquire the parcel. This site plus the Agency owned parcel to the west would accommodate approximately 40 affordable family housing units.

479 Natoma: Asian Inc. continues to be on schedule to complete construction of 30 affordable housing units by November 1997.

960 Howard (Leland Apartments): TODCO recently began construction of 24 affordable housing units for families with disabilities. Construction is expected to be complete in April 1998.

Rose Hotel: Rehabilitation of 90-unit hotel by Mercy Charities is expected to be complete by October 1997. The street improvements will be implemented in accordance with the proposed Sixth Street Improvement Plan utilizing darker sidewalk pavement, street trees with ornamental sidewalk grates and new boulevard type street lighting.

Grand Southern Hotel: Rehabilitation of 90 SRO units by TODCO is proposed to begin in October and be complete in August 1998.

Bessie Carmichael School/Park Complex: The School District has received a commitment of State funds to construct a new elementary school on the site just to the

west of the existing school. The Recreation and Parks has previously allocated funding for the acquisition of a portion of the site for a 2-acre recreation area. Architectural plans are being prepared by the School District and construction could possibly begin in the spring of 2000. He added that it would be appropriate that the Recreation/Parks the fall of 1998. Construction of the park on the site vacated by the school could begin Department and School District review the project with the PAC in the near future.

Sixth Street Improvement Program: Design work is progressing on the proposed 6th Street Improvement Program by DPW and other departments. It is intended to eliminate all the sub-sidewalk basements on 6th Street between Market and Howard Street. Costs for the project, estimated at \$5- \$6 million, will be split between the property owners and the Agency. The owners, where applicable, will be required to vacate sub-sidewalk basements, build structural walls in the basement at the property line and relocate any utilities in the sub-sidewalk area. The Agency would assume the cost of filling in the sub-sidewalk basements and provide the new sidewalks, street trees and new lighting. It is appropriate to review the proposed design with the PAC in the near future to be followed by a meeting with 6th Street property owners. It is possible that if agreements are reached between the Agency and property owners, construction could begin in early spring 1998.

Delta Hotel: The owners of the Delta have approached the Agency about pursuing extensive interior and exterior rehabilitation of the SRO hotel in which they would form a partnership with a non-profit Filipino group to operate the property. They would use the Livability and Management Standards, as currently drafted by the Agency, as a basis of determining the extent of the rehab program and would look to the Agency to assist in funding the project. Kaplan added that, if this project were pursued, it would become an early test of the Agency's proposed SRO Hotel Rehab Program and would provide insight the extent that rehabilitation and SRO livability improvements can be made and be economically feasible. He said that before the Agency proceeded with such an Owner Participation Agreement, it would be brought to the PAC for its advice.

Kaplan, who had to leave the meeting, introduced **Gaynell Armstrong** to assume the Agency staff role. He also introduced **Amy Neches**, Project Manager for the Federal Office Building Project, to brief the PAC on the proposed GSA Office Building Project at 7th and Mission Street.

Agenda Item 2. GSA Federal Office Building Project by Amy Neches

Before **Ms. Neches** was permitted to give her report. There was considerable discussion by the PAC as to the appropriateness of using valuable PAC time for this information matter. **Mr. Roth** suggested a continuance of the matter until after the PAC had disposed of matters relating to By-Laws and PAC staffing and budget. **Jim Berk** concurred that top priority should be given to adopting PAC By-Laws.

Ms. Neches advised the Committee that there will be an Agency public hearing on August 12, 1997, to consider adopting a Federal Office Building (FOB) Redevelopment Plan and amending the merged South of Market/Golden Gateway Redevelopment Project Plan and that the committee might want information regarding this issue.

Several PAC members suggested that the matter be heard and, after more discussion, a motion was made by **Marty Cerles**, seconded by **Charles Range** that **Ms. Neches** be granted 10 minutes to make her presentation.

Ms. Neches handed out a fact sheet on the proposed project (attached). The FOB Project Area is proposed to be merged with the SOM/Golden Gateway (GG) Merged Project Area in order that funding from GG can be allocated for the acquisition of the site at Seventh and Mission Street. The estimated land acquisition is \$9.5 million. The building is expected to be 675,00 gross sq. ft. and will provide space for approximately 3,000 Federal employees currently housed in other leased Federal space throughout the city. The building footprint is 136,500 sq. ft.

The approval process entails a public hearing by the Redevelopment Agency adopting the FOB Redevelopment Plan and amending the SOM/GG Redevelopment Plans to permit those Merged Project Areas to be merged with the Federal Office Building (FOB) Project Area. The Agency public hearing is scheduled for August 12, 1997 and a subsequent public hearing by the Board of Supervisors on these items is tentatively scheduled for September 22, 1997. Prior to the Board public hearing, the Planning Commission will consider the consistency of the proposed FOB Project with the City's General Plan (not yet scheduled).

PAC members raised numerous questions including:

- What is the financial impact on SoMa?
- Why is the FOB Project not included in the SoMa Project Area?
- What is the cost of acquisition?
- How much money is coming from Golden Gateway?
- Is there a height limit?
- Would like an analysis on whether this project will have any adverse impact on the South of Market Project Area.

In response to the questions, **Ms. Neches** provided the following information:

The Golden Gateway project currently generates tax increment that has an unused bonding capacity of \$25 million. The Agency has budgeted up to \$9.5 million for land acquisition for the FOB Project. **Ms. Neches** acknowledged that this could, over time, affect the amount of tax increment allocated to the SOM Project.

In order to expedite timely approvals required, the FOB Project was created as a separate redevelopment project area. It would have been more complicated to expand the SOM Project Area to include it and the Agency decided that there was no advantage to doing so.

GSA has committed to abide by the existing zoning code height limitations for the site. The height limits start at 90 feet along 7th Street, near the Court Of Appeals building and step upward moving west. Although the maximum height is 240 feet at the extreme west end of the site, it is for so small a portion of the site as to be impractical. The maximum height is therefore likely to be 180 feet on a portion of the site. She added that, even though the city does not have design control of the project, after approval of the Disposition and Development Agreement, there would be building design consultation process established with the community.

Ms. Neches added that the development could stimulate private investment in the surrounding SoMa that could have a positive impact on the SOM Project Area. She agreed to conduct further analysis based on any specific information requested by the PAC.

Housekeeping Matters

On making motions: Concern was expressed regarding the documentation of motions at the PAC meetings. The minutes do not necessarily/always reflect verbatim language of each motion.

Mr. Roth made a motion, seconded by **Ms. Stadlman**, that the exact language of the motion should be entered into the minutes and that the motion be read back to the Committee prior to action on the motion. After some discussion, the motion was approved. It was acknowledged that a motion made might have to be recomposed for understanding. Any amendments to motions are to be made by members of the PAC. Whatever is voted on should be recorded

Length of Meetings: Led by the Chair, there was discussion on the length of meetings and whether meetings should be adjourned at 8:00 PM or be continued until the business of the meeting is completed.

Ms Hensel suggested that an outside time limit should be set. **Mr. Cerles** said that if the CAC sets a goal for two hours, it should stick to that. He added that if it is an important meeting and more time is needed to complete necessary business, the membership should be told ahead of time. **Mr. Range** suggested that there should be some structure to the timing of the meeting and if the CAC wishes to go beyond an established time that it should be agreed to by PAC members present. It was agreed to extend the time for this meeting by one-half hour.

Approval of Minutes: With a quorum present, the Chair asked for action on the minutes of the meeting of July 7, 1997. The minutes were approved as written.

OLD BUSINESS

Staffing/Funding: There was some discussion on the memo from **Michael Kaplan** to the PAC dated July 21, 1997 (attached) regarding policy related to the staffing of PACs. Some concern was expressed regarding **Mr. Morales'** support of the memo prepared by **Michael Kaplan**. **Ms. Armstrong** indicated that **Mr. Morales** had reviewed the memo prior to it being sent to the PAC and found it consistent with the policy he was proposing to bring to the Agency Commission.

A motion was made by **Jeff Roth** to the effect that the PAC explore using either the S.F. Renaissance or San Francisco Community Clinic Consortium, both of which are non-profit 501 C-3 entities, as possible fiscal agents for the PAC. The PAC would then present its recommendation on a selected fiscal agent to the Agency as part of a proposed budget to be funded as soon as possible to facilitate the immediate operation of the PAC. The motion was approved.

A second motion was made by **Mr. Roth** to the effect that that the PAC endorse the Resource sub-committee's budget of July 21, 1997 for forwarding to **Michael Kaplan** and that the PAC request that **Mr. Kaplan** meet with the resource committee within one week of his receipt of the July 21, 1997 budget. The motion was approved.

Fees for Meeting Accommodations: A motion was made by **Jim Berk** to have the Agency pay a donation of \$25 to Columbia Square Apartments for every PAC meeting held there. The motion was approved.

By-Laws: **Jim Berk** made a motion that the PAC adopts section 2.1 of Article 2 of the proposed By-Laws. The motion was approved. The remainder of Article 2 was discussed but consensus was not reached.

Future Meetings: **Eric McDougall** made a motion that the PAC meets every two weeks until By-Laws are adopted. The motion was amended to include actions related to staffing and budget matters. The only items on the agenda at these special meetings would be 1) staffing and budget matters proposed by the Resource sub-committee and 2) By- Laws adoption. The motion was adopted as amended.

Next Meeting: The next meeting was set for Tuesday, August 5, 1997 at 6 PM at 1035 Folsom Street.

With no further business the meeting was adjourned at 8:45 PM

Respectfully submitted: **Gaynell Armstrong, Michael Kaplan and W.L. Warner,**
Temporary Chair 7/29/97

Attachments: FOB Redevelopment Project Fact Sheet
Proposed FOB Redevelopment Project Plan
Proposed Amendment to SOM/Golden Gateway Merged Redevelopment
Project Plan
Proposed PAC budget from Resources Sub-committee
Kaplan memo, dated July 21,1997, to PAC on staffing/funding