

**SOUTH OF MARKET PROJECT AREA COMMITTEE  
GENERAL MEETING  
1035 Folsom Street, San Francisco, CA 94103  
(415) 487-2166 FAX: (415) 487-2169  
Monday March 15, 1999 6:00 PM**

**Internal Business**

**Agenda Item 1. Roll Call (6:18 PM)**

Assistant Chair Jeff Roth opened the meeting as Presiding Chair.

**Members Present:** L. Wayne Batmale, Amy Bayley/Mercy Charities Housing, Jim Berk, Marty Cerles, Dr. Mahendra Dave, Amelita Pascual/SOM Foundation, Eric McDougall, Ramon Ferrer for Charles Range/SF Medical Center Outreach Program, Jeff Roth, Antoinetta Stadlman, Don Marcos/SOM Employment Center and Dr. Willis Warner

**Members Absent:** Marlies Hensel, Edwin Jocson/West Bay Pilipino Multi-Service Center and Joseph Robertson

**PAC Staff:** Ann Grogan, Jerry Clark

**Agency:** Bill Carney, Patrick Zak, Jose Campos, Stan Muroaka and Helen Sause

**Guests:** Eric Politzer, Mariel Gonzales, Karin Manwaring, Lori Matsukuma, Byron Yee, Magne L. Veimoen, Craig Adelman and Teresa Vergel

**Agenda Item 2. Agenda Review (6:18 PM)**

Accepted as presented.

**Agenda Item 3. Approval of February Minutes (6:20 PM)**

The minutes were approved unanimously.

**Agenda Item 4. Announcement of PAC vacancies (6:21 PM)**

**Mr. Berk** reported there are five vacancies and that staff must send out notice at least 15 days prior to the April Executive Meeting (scheduled for Monday, April 12). Those vacancies include: 2 – SRO tenants, 1 – Non SRO tenant, 1 – Sixth Street Retail Commercial Business owner and 1 – SRO Hotel owner.

**Agenda Item 5. Announcement of April PAC meeting (6:22 PM)**

Monday, April 19, 1999 6 PM, Columbia Square Conference Room

**Old Business**

**Agenda Item 6. Recommended Boundary report by Agency (6:23 PM)**

(**Don Marcos** arrives at 6:26 PM)

**Mr. Muroaka** summarized the findings of blight that have previously been presented to the full PAC at its December and February meetings, plus at the Special Economics/PAC meeting on March 11, 1999, and summarized in a preliminary draft Blight Analysis distributed at the February PAC meeting. The tentative boundary recommendation of the Agency is to move the Harrison Street boundary to the south side of Folsom, and exclude the two proposed expansion areas (Bessie Carmichael School area and area east of Sixth Street south of Folsom). The

reason the Agency is distinguishing between Folsom and Harrison (excluding it) and between Folsom and Howard (including it), is because an up-to-date survey of building permits and activity demonstrate that there is obviously private development taking place in the former area but not in the latter. Therefore, there appears to be little continuing need for Agency intervention in the former area.

**Mr. Berk** asked why the Agency does not further shrink the recommended boundaries to Howard Street from Folsom since PAC could in any case act to influence adjacent areas, as it has done in the past. **Mr. Roth** expressed concern that such an additional reduction would exclude the Hugo Hotel, a property the renovation of which has long been a primary PAC concern.

**Mr. Carney** stated that between Folsom and Howard there are obviously deteriorated buildings and undeveloped properties that evidenced blight.

Public Comment: None

PAC Comment: **Mr. McDougall** asked why the Agency would not track the SRO hotels in its Blight Analysis. **Mr. Muroaka** stated that the Agency had surveyed them, and **Mr. Carney** pointed out that SROs are included in the Blight Analysis in the land use maps. **Mr. Campos** confirmed that overcrowding in the SROs is also addressed in the demographic section of the Blight Analysis.

Agency Comment: **Mr. Carney** stated that this agenda item could be an action item for the PAC to vote on whether or not to endorse the proposed boundary changes, but that the Agency had no plans to present anything immediately to the Commission, so there was time for Committees and the full PAC to consider the changes.

**Mr. Campos** stated that not every property in a redevelopment area is blighted. What the Agency seeks is a prevalence of blight in an area in order to include it. **Mr. Berk** expressed concern that it will take one year to get the Amended Plan in place and that conditions of blight may well change during that time. **Mr. Campos** stated that the Blight Analysis, maps and information therein could always be updated and amended but that it is approximately complete at this time.

**Ms. Pascual** asked what the lifespan of a project is. **Mr. Campos** stated the SOM Redevelopment Area began in 1990 as a base year and will last for 30 years. Any additional area added will start at the date it is added, meaning that the present area may no longer be a project area while the new part will stay an additional ten or so years. In addition, although it is difficult to predict what the Board of Supervisors will do 20 years from now, it is possible that they may extend the life of the present Project Area if conditions of blight have not been sufficiently remedied.

**Mr. Batmale** and **Ms. Stadlman** stated that they felt it was premature to vote on the proposed boundaries at this time. **Dr. Warner** asked if PAC was being asked to accept the report or approve the recommendations. **Mr. Berk** stated that it is not necessary for the PAC to “accept” a report as the report stands “as is”, but that the appropriate PAC action would be to vote to approve or disapprove the recommendations.

**Mr. Roth** moved:

**Motion:** *“That PAC accepts the recommended boundaries proposed by the Agency in the Draft Blight Report.”*

**Vote:**                    **Yes: 5**                    **No: 6**                    **Abstain: 1**                    **Motion Fails**

For: Dr. Warner, Mr. Roth, Mr. Cerles, Mr. McDougall, and Ms. Bayley  
Against: Dr. Dave, Ms. Stadlman, Mr. Berk, Mr. Batmale, Mr. Marcos, Ms. Pascual  
Abstain: Mr. Ferrer

**Mr. Cerles** inquired what happens to the PAC after the boundaries are changed. **Mr. Carney** stated that through the amendment process until the Board of Supervisors votes, the constitution and operation of the PAC remains the same.

**Mr. Campos** stated that the Agency has to insure that the boundaries are legally defensible in a court of law. Their attorney has reviewed the proposal. Generally, a PAC does not get involved in discussions about boundaries because that takes place prior to a PAC election, but in this case, SOMPAC was elected prior to the final boundaries being established, and so is involved in the discussions. He clarified that without a Plan Amendment there would be no powers of eminent domain added to other Agency powers. **Mr. Carney** stated that the first step in amending the Plan is to establish the boundaries of the project.

**Mr. Campos** confirmed that a study is underway in the Mid Market area and that their Blight Analysis would be complete in approximately one month, with final recommendation boundaries for that area.

#### **Agenda Item 7. Mid Market Merger/Consolidation (7:05 PM)**

**Mr. Campos** stated that the Agency's current proposal is not to merge two independent full project areas but rather to consolidate the full SOMPAC area with a restricted Mid Market Survey Area. The reasons include that many issues and development challenges appear to overlap between the two areas such as façade improvement and homelessness, plus need for affordable housing. In addition, preliminary analysis of tax increment funds generated by the MM area show that only about \$100,000 a year will be generated during the next several years, and this is sufficient only to fund an administrative effort but no development effort. Development in SOMPAC will generate only about \$400,000 or more each year. Neither area will generate substantial tax increment monies for many years. In about 5-8 years there may be sufficient monies to issue a small bond in the MM area. Consolidating the two areas makes fiscal sense not only for MMPAC, which will share in the tax increment funding from the Golden Gateway project, but also for the SOMPAC which will benefit from earlier access to a higher level of tax increment as more available and more valuable Market Street properties are developed and contribute to the resources in the single broadened PAC area. The Agency wants to insure that new projects are self-sufficient.

**Mr. Cerles** presented the concerns of the MMPAC, which he felt were similar to those of SOMPAC, including that they want to insure an equitable allocation of development funds and insure that their specific project goals be adequately supported. MMPAC did not want the Mint included in their new boundaries. MMPAC suggested that a conference Committee be established with representatives from both PACs. **Mr. Cerles** stated that members of both PACs have limited time to devote to the boundary definition and Plan Amendment process, and the process appears to already have the commitment of the Mayor and the Agency, therefore, some action to insure PAC input should be undertaken. He clarified that he had not accepted the nomination to Chair a SOMPAC Special Committee on consolidation. **Mr. Berk** and **Dr. Warner** had told PAC staff that they wished to serve on such a committee.

**Mr. Roth** asked why the Agency could not proceed and meet separately with MMPAC and with SOMPAC, and stated that he did not see the purpose of taking SOMPAC off track of its

projects and priorities, and thereby slowing down progress. **Mr. Campos** stated that it is both more efficient and effective to have some programs planned and implemented for both areas at one time such as the façade program. **Mr. Berk** felt the façade program as an example actually worked against the Agency position, in that it might be more efficient and effective to undertake the Sixth Street improvement and use it as an example to amend such an effort and tailor it for the Market Street area as a second step. He also felt the present SOMPAC composition, and any future composition incorporating MM, would not appropriately represent the 4000 residents in PACland versus 350 owner-occupants. **Mr. Marcos** asked if there had ever been a consolidation of project areas before and **Mr. Campos** replied that there had not.

(**Mr. Berk** departs at 7:45 PM)

**Mr. Roth** stated that he would rather stay on the path and not waste time with the consolidation issues. **Ms. Bayley** inquired about the remainder of the agenda items and time remaining to conduct business. **Ms. Grogan** stated that items 13-17 have been withdrawn and will be continued to the next meeting due to absence of PAC member to discuss it or request of party sponsoring the item to continue it.

#### **Agenda Item 11. (Out of order) Conflict of Interest Law and Policy (7:50 PM)**

**Mr. Carney** introduced staff attorney **Jim Kapiak** and Human Resources Manager **Ora Muccheon**, who discussed Form 700, which is due from all PAC members (but not staff) by April 1<sup>st</sup>. He distributed information on the legal requirements, and offered to receive telephone calls at (415) 749-2491, or direct PAC members to Sacramento for additional information on the requirements. **Ms. Bayley** inquired if her organization as a CBO was the reporting party as opposed to herself as an individual. **Mr. Roth** stated that **Ms. Hensel** also had that question. **Mr. Kapiak** stated that the organization and PAC members as a precautionary measure should probably both complete forms. The form actually helps protect PAC members and avoid any potential conflict of interest challenge from a disgruntled community member.

**Mr. McDougall** inquired about the enforcement provisions in the conflict of interest law, and how any action could be taken since the PAC created its own Bylaws. **Mr. Kapiak** responded that PAC members who do not file the form will be contacted by the Ethics Committee and that there are fines up to \$100 for not filing. Eventually the PAC member would become ineligible from serving on the PAC.

#### **Agenda Item 8. Agency Budget (7:45 PM)**

**Mr. Carney** reported that the Commission budget has been passed and sent on to the Mayor's Office, and that **Mr. Carney** is preparing a comparison for PAC of last year's with this year's budget in order to pinpoint the differences. He will present this for consideration at the next Executive Committee meeting.

#### **Agenda Item 9. PAC Office Budget (7:50 PM)**

**Ms. Grogan** referred to the draft narrative and line item budget included with the PAC material sent prior to the general meeting. This item was presented for discussion and consideration of the PAC membership only, since the Executive Committee did not meet in March to review the submission, and will address it at the April meeting.

Primary differences between this year's and next year's proposed budget is the omission of the office set-up items, and inclusion of (1) a computer/printer for general PAC and committee use in the main office area, (2) personnel increases such as a full-time position for Mr. Clark, and modest salary increases for both Mr. Clark and Ms. Grogan to bring them in line with the lower end of non-profit organizational salaries, (3) contractual items such as a \$1200 item for liability

and premises insurance plus a cleaning service contract. What is not included is a separate line item for editorial assistance for the proposed quarterly newsletter (funding for the newsletter itself might include minimal editorial assistance of \$500 a month), for staff/member training or extended education item, and for additional research tools or resource books.

Source of funding will be (1) the present Agency budget recommendation of \$112,000 (exclusive of rent) plus (2) about \$41,000 of savings from this year's budget, in accord with guidelines established by a special committee meeting of the Executive Committee with Mr. Carney, to insure that carryover of savings into an appropriate second year's budget. As part of the review of the current year's budget to identify savings, Ms. Grogan discovered that there are limited funds of approximately \$500-plus from the meeting refreshment item to fund the proposed Open House suggested by staff for Thursday, May 20 from 6-10 PM. **Ms. Grogan** expressed her hope that the Agency might be able to contribute some additional funds for that celebration to officially open the PAC offices and present its program to the community and local PAC members will be contacted by staff for their assistance in volunteering for the Open House, suggesting program content and invitees, and locating possible contributors of food, music and decorations.

#### **Agenda Item 10. Agency Update (8:10 PM)**

Emporium – Comments and Responses document due from Planning Department in April. **Ms. Grogan** added that a letter for Mr. Range's signature had been drafted, addressed to Project Developer David Jones. The letter was at the request of the PAC to invite Mr. Jones to attend the April 1<sup>st</sup> Economics Committee meeting and the April 19<sup>th</sup> full PAC meeting to present his project design and discuss PAC concerns re: impact on PACland of the project, Mr. Jones had not returned two phone messages left by Ms. Grogan at his office. The letter will be sent this week. **Ms. Grogan** is preparing a memo, which will be ready this week for distribution to the PAC, Mr. Range and Mr. Cerles outlining questions that can be presented to Mr. Jones during his visit. The proposed questions are based upon existing legal and policy guidelines for what constitutes reasonable requirements that city's characteristically impose on developers to mitigate project impacts.

GSA – A community advisory group is being established and invitations to the PAC to participate will be forthcoming. **Ms. Grogan** volunteered staff to attend in the event that PAC members requested such support.

Minna Russ Park Project – The PAC sponsored planning meeting was held on March 8<sup>th</sup> as planned. Two additional meetings for parents and children are scheduled.

Natoma RFP – Market Study is beginning.

Façade/Steam Cleaning – **Ms. Mele** has been on vacation and will return soon to pursue the RFP for steam cleaning

Bessie Carmichael School letter – **Mr. Carney** is presently drafting the letter.

Hugo – Negotiations apparently are underway by a private party to purchase the Hugo, whose sale price was established as too high a level for the Agency to support purchase. Further, the Hugo does not qualify for the rehab RFP for 157 units of replacement SRO housing that the Agency recently issued. Three project letters of intent have been submitted from TNDC, AND and TODCO. The Agency is working with these groups to finalize their proposals.

#### **New Business**

**Agenda Item 18. Committee Reports (8:20 PM)**

Human Services – **Dr. Warner** reported that the proposed ballot initiative to replace cash GA grants with a pencil and paper test followed by vouchers for housing and service to those identified as drug addicts, did not receive his committee support, and will likely be changed by the drafter, **Mr. Rynerson**. The test is not a diagnostic test, as originally described.

Housing – **Ms. Stadlman** reported that there were no action items from her committee.

Crime and Safety – **Mr. Berk** was not present to report.

Economics – **Mr. Cerles** had already presented the consolidation discussion, and the commitment to locate a parking structure continues.

**Agenda Item 19. Public Comment (8:25 PM)**

**Mr. Veimoen** urged the Agency to get on with the matter of façade improvements, filling in basements and offering grants to local hotel owners on Sixth Street.

**Agenda Item 20. Other**

There was no other item of business.

The meeting adjourned at 8:30 PM

Submitted by  
Ann Grogan  
Executive Administrator

Jerry Clark  
Assistant Administrator