



## Potrero Yard Neighborhood Working Group Meeting Minutes

Monday, December 09, 2019, 6:00 p.m. to 8:00 p.m.

Potrero Yard, 2500 Mariposa Street

*Note - the meeting minutes capture the overall tone of the group's discussion and is not meant to be an exact transcription.*

### Attendees

#### Present:

Brian Renehan  
Claudia DeLarios Moran  
J.R. Eppler  
Magda Freitas  
Thor Kaslofsky  
Alexander Hirji  
Roberto Hernandez  
Benjamin Bidwell

Scott Feeney

#### Not Present:

Erick Arguello  
Alexandra Harker  
Kamilah Taylor  
Mary Haywood Sheeter

#### SFMTA Staff:

Rafe Rabalais  
Adrienne Heim  
Kerstin Magary

#### Other Attendees:

Rosie Dilger (consultant)  
Jim McHugh (consultant)

### Purpose of the meeting:

*To reflect on and celebrate the project's progress, as well as the Working Group's contributions and accomplishments in 2019.*

### Item 1. Welcome & Thank you

Rosie Dilger: Thank you everyone for coming. Licinia will not be joining us tonight, and she will be going on maternity leave. Tonight, we will be reflecting on all of the great work we have done in the past year, and how the Working Group has evolved throughout the project.

### Item 2. Working Group Member Announcements

Thor Kaslofsky: There is a meeting coming up soon with Mission Housing.

Rafe Rabalais: Yes, the meeting is on Thursday of this week from 12:30 p.m. to 1:30 p.m. The location is TBD. That follows a suggestion that Thor and Erick had about getting the perspective and early feedback of Mission housing developers and non-profit housing developers.

J. R. Eppler: Is this meeting just for developers or community groups?

Thor Kaslofsky: My concept in talking with Erick is that the meeting is for developers and service providers to discuss what is important to them.

Rosie Dilger: They are also a stakeholder group that has a different level of expertise, and it is important to incorporate them in conversations earlier on, especially as we move into 2020.

Thor Kaslofsky: For me, I want to give those groups almost technical support so that they stay super informed.



Brian Renehan: Eventually down the road we can have an open workshop where developers can meet all of the local partners in one sitting and match up.

Rosie Dilger: It's also something to consider in terms of developing the RFP. A lot of the time with large construction contracts, one large firm will go for it, but the contract has workforce, local hire, and first-source hiring requirements.

Rafe Rabalais: Just to clarify, the RFP process is where we will be shifting our energy the next several months. There will almost certainly be a place for non-profit organizations or affordable housing developers.

Thor Kaslofsky: Along those lines, maybe consider having more than one pre-submission meeting. Also consider having a long proposal due date, 60 days or 45 days minimum.

Rosie Dilger: That is part of capacity too. If you are a large firm and have a lot of support, you can put together an RFP, and you will be more competitive than a smaller firm that does not have that capacity, even if they have the experience.

Brian Renehan: When the SFMTA has done other projects such as bus yards, do you engage other local organizations for contracting work?

Rafe Rabalais: Yes, from a contracting standpoint the last big capital project we did that has some similarity was the Islais Creek facility. There were fewer neighbors and community-based groups, but from a contracting standpoint there were LBE and local hire requirements. From a communications standpoint that was handled internally.

Rosie Dilger: There is a whole City department that handles LBE and local hire requirements as well – the Contract Monitoring Division.

### **Item 3. Look Back on 2019**

*Rosie Dilger recapped the February workshop events, the outreach efforts that supported the workshops and the outcomes.*

Rafe Rabalais: To recap, there were three big topics at the February workshops. We talked about housing affordability and how large of a project people were conformable with. The second topic was urban design issues such as shadow. The third big topic was transportation.

*Rosie Dilger recapped the August 10 facility tours event.*

Adrienne Heim: This event prompted more tours starting in September, up until this Wednesday. We have gotten an average of about seven people per group. We hope to work with the SFUSD and get more youth involved. The next tour is scheduled for this Wednesday, December 11, and then January 8. You can sign up for a tour on the project website.



Rosie Dilger: This event was great because we could discuss the actual facility and it was eye-opening for residents who lived here for a really long time.

Adrienne Heim: It was eye-opening to see the buses coming out and to see how incredibly dated the facility is. A lot of people were interested to learn about how we get the six bus routes running that make up a quarter of our operations.

*Rosie Dilger recapped the October 26 community open house and pre-application meeting.*

*Rosie Dilger then discussed the Working Group's accomplishments this year, community groups and events the project has reached, and welcomed suggestions from the Working Group for future community engagement.*

Rafe Rabalais: The real purpose of today's meeting is to say thank you. We have gotten a tremendous amount of feedback and constructive information this year. We found blind spots on the run-up to events that we would not have seen without this group, especially in terms of how material is presented. The effort has been substantial and that is attributable to you all.

Roberto Hernandez: A question that I have going back to the first meeting is, how is this project is going to be paid for? I know that there was talk about a bond being floated next year.

Rafe Rabalais: There will be a bond in 2022 to support facilities programs. We are looking at starting construction in 2023. The idea is to bring it before voters in 2022. My understanding is that it will not be limited to this one site but be part of a larger facilities initiative.

Roberto Hernandez: Have you figured out the cost of rebuilding here?

Rafe Rabalais: The bus facility itself? That is a great question. The total estimated cost of the bus facility itself is inflated to 2024, so about \$400 million. There is a \$120-\$150 million funding gap. We have identified \$250-\$280 million in potential funding sources, but there is still a gap out there that we need to resolve.

Roberto Hernandez: Is this gap coming from the bond money?

Rafe Rabalais: I will say that it is a dynamic funding environment. The Uber/Lyft tax is a new funding source and something that we can bond against. Whether or not that is included in the \$150 million, I don't know offhand, but yes it must come from some type of revenue or bond measure.

Roberto Hernandez: When we look at the affordable housing costs, and the exercise we went through with the Mayor's Office of Housing and Community Development, knowing there is no money there even though the \$600 million Prop A got approved, how does that fit into the equation?

Rafe Rabalais: We met with the Mayor's Office of Housing before the Prop A discussion. At that point, the direction of the Mayor's Office was that there was no money for this project. For modeling purposes, we were looking at a project that complies with the planning code, which is 25% affordable



and those units would be paid by the private sector. We heard from you guys at that meeting, and at the February meeting, telling us to do better. In our conversations with the Mayor's Office since then, we have secured a commitment to get us to 50% affordable.

Benjamin Bidwell: I know that the idea is what happens here be replicated at Presidio. I would assume there will be some processes that will overlap in terms of the timeline. Will the projects roll together?

Rafe Rabalais: Presidio is on an accelerated timeline to start the planning work. It is the oldest bus yard. It is accelerated because we applied for and got a Caltrans grant to do similar work. We are starting the initial facilities analysis in January/February. We are having the same affordable housing and land use conversations with that community.

Benjamin Bidwell: Can the same contractor take both jobs at the same time?

Rafe Rabalais: That is unlikely due to the size of the projects.

*The Working Group conducted an exercise which asked each member to write down their thoughts about what worked well with the group so far, and what can be improved upon moving forward.*

Thor Kaslofsky: Do you know how the teacher housing is going through under the fair housing law?

Rafe Rabalais: They found a way to do it through state legislation which allowed SFUSD to have teacher housing, so there is a pathway. We have been talking to the City Attorney's office about the possibility of Muni operator and employee housing.

Thor Kaslofsky: And that state legislation passed?

Rafe Rabalais: Yes, it is in place. The big question now is a question of policy. If we do have units set aside for Muni employees, what will that percentage look like? At what income levels? What about janitors and administration positions? There is a whole list of policy issues we are working through.

Rosie Dilger: There is a financial advising firm coming on to help understand what the funding sources will be. There are a lot of different ingredients that can be put in from a policy and legislative side. These are the things we are starting to balance out and comparing those to what the funding realities end up being.

Thor Kaslofsky: Have you considered doing a video? That is a good way to help us do outreach and explain to people on social media.

Adrienne Heim: We had a consultation three months ago to see what we can do in terms of a video.

Thor Kaslofsky: I can see you doing something like a tour. You can have another one on the project itself. We have gone far enough on this project that there is more to tell.



Rosie Dilger: I think that is going to be a big pivot now that a project is being submitted. We are now going out to tell people what the project has become after doing all of this work.

Roberto Hernandez: Especially now that the Planning process has started. People can sabotage the process. When Mayor London Breed was the President of the Board, and they had to rebuild housing in the Western Addition and it was clear some of those people were not going to be living in it, she contacted me to sit down and figure out how we could get our residents in this housing. She went to Washington DC to meet with HUD to fight for this idea – which is called Neighborhood Preference. HUD agreed that San Francisco, because of the housing crisis, had to have a 40% neighborhood preference. A couple of projects in San Francisco are already model examples. We want to get ahead of it.

Rosie Dilger: There are other buildings that have been successful at doing this, but not everything is going to happen on one project, so we need to think regionally in terms of the neighborhood, and which communities are being served so we can make meaningful choices.

Thor Kaslofsky: Since so many projects have been approved and so few have been built yet, I am wondering if you can do an analysis of which populations are being served by this project, and if there is a service deficit?

Claudia DeLarios Moran: We need to also survey the occupancy rates of developments that have been built. Do market occupancy rates benefit the neighborhood? There is a cost to having too many market rate units come on. How can we look at that?

Brian Renehan: There are two different studies usually. There is a financial assessment and there is a market assessment. Those two things need to merge together.

Rosie Dilger: Right, and the developer does not want empty market-rate units either.

Scott Feeney: That is my concern. At what point does the developer not want to build?

Rafe Rabalais: These are all great process observations and questions. There is some market timing risk to the whole project. For example, if you have a situation when public funding has been identified, but construction costs are high. We have a financial consultant that is focused on procurement and minimizing risk.

Brian Renehan: The financial advisor will come up with a lot of assumptions, but we will need something to test how realistic the assumptions are.

Rafe Rabalais: Yes. We have done a lot of that already.

Roberto Hernandez: I want to address the housing part as a future topic. The Mission has had 10,000 people get evicted and 8,000 of those people were Latino. The Planning Department has said there is a need to build 2,400 additional affordable units in the Mission. We are 1,300 short still. The other thing is, you got to look at Potrero Hill and the impact the housing market has had in relationship with the



African American community there. That is a subject we need to address. You can hire a consultant, but a majority of them have no clue and are book theory people. We need to drive what we want from the consultant. We also need to address the affordable side and market rate side of housing. We have had more market rate development in the Mission than any other neighborhood. The Sunset and Pacific Heights neighborhoods do not want development. That market rate impact affects the whole neighborhood. This project can become a feeder for people who work in the city. Market rate developers have not been strategic about this. We want to get someone who is our partner and not just a developer.

Alexander Hirji: We should look for a someone that is local and knows what is going on. We should help the SFMTA find who those partners are for developers.

Rafe Rabalais: Yes, that is a good segway as we discuss looking forward to 2020.

#### **Item 4: Project Updates: Schedule & Timeline**

Rafe Rabalais: When we started this process in 2017, we were looking at development principles and creating something that is feasible. Moving forward, the role of this group will change. The next big step we have moved into is the CEQA process, and the second step we are moving toward is the developer solicitation. All of your comments are things that can factor into the solicitation, which will allow us to say what we want to exemplify. The challenge in any solicitation is tiering priorities. The tension for this solicitation is between being descriptive about important things that neighbors want and still getting interest from developers.

Scott Feeney: Have you tested the waters to validate that a developer would want to do something like this?

Rafe Rabalais: Initially, yes. That was part of the initial market sounding work that we had done, and our financial advisor will continue the market sounding. We would like to issue the solicitation in the summer of 2020. We are available to meet with you all one-on-one. We are looking to each of you all to inform that process. It took a lot of feedback to get where we are and now, and there are additional issues to discuss such as market units and Muni operator housing.

Rosie Dilger: These are things we are still figuring out internally. We are going line by line on things that can be put into the RFP and how we can engage with you on that.

Thor Kaslofsky: You should learn from the Fort Scott RFP. To get the best outcome, build in a little flexibility and negotiate only what you need.

#### **Item 5: Doodle Poll**

*Staff encouraged Working Group members to fill out the doodle poll so staff can gauge their availability and propose a different meeting time and day that works best for the majority of members.*



**Item 6: Working Group Meeting Topics for February/March**

*Rafe Rabalais discussed future agenda topics for the Working Group and possible speakers.*

**Item 7: Social Hour & Celebration**

*Meeting concluded with Working Group members and staff celebrating their accomplishments.*

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