

Potrero Yard Neighborhood Working Group Meeting #33 Minutes

Tuesday, June 6, 2023, 5:30 p.m. to 7:30 p.m.

Hybrid: In-Person & Virtual Meeting via **Microsoft Teams**

<https://tinyurl.com/PYNWGmtg33>

Note – The meeting minutes capture the overall tone of the group's discussion and is not meant to be an exact transcription. [Project Team List](#)

Members Present:

Peter Belden
Alexandra Harker
Alexander Hirji
Jorge Elias, Jr.
Roberto Hernandez
Alejandro Abogado¹
J.R. Eppler

Members Not Present:

Claudia DeLarios Morán
Jolene Yee
Kamilah Taylor
Scott Feeney

Magda Freitas

PNC Staff:

Jennifer Trotter
Myrna Ortiz
Karoleen Feng
Clementine Howard
Monica Almendral
Stuart Marks

Seth Furman
Sam Hull
Rehan Khan
Tony Gill (IBI)
Lindsay Deschenes (IBI)
Natalie Jenkins (D&A)
Abby Cho (D&A)
Michelle Feng (D&A)

SFMTA Staff:

John Angelico
Kerstin Magery
Tim Kempf (DPW)
Jonathan Rewers

Other Attendees:

Mary Chou (SFAC)
Marie Sorensen²
(415) 321-9903³
Susanna (No Last Name)⁴

Purpose of the Meeting

Potrero Neighborhood Collective (PNC) to hear an overview of the San Francisco Arts Commission's approach to public art, provide details on housing finance, present an update on the Project design, and discuss opportunities to expand the Working Group.

Item 1. Welcome

John Angelico: (Slides 1 - 4) Welcomed and thanked the NWG members. Presented the agenda and meeting objectives including a presentation from the San Francisco Public Arts Commission.

Item 2. Member & SFMTA Announcements

¹ Proxy for Jolene Yee

² Member of the public (in person)

³ Member of the public (by call-in feature)

John Angelico: (Slide 5) Starting on June 10th, SFMTA will have service changes for the 1 California, 28 19th St, 38 Geary, and 44 O'Shaughnessy Muni Bus Lines. This will be a change in services to reduce crowding.

No Working Group members had any announcements.

Jennifer Trotter: (Slide 5) Chris Jauregui is currently on paternity leave. Chris will remain involved in the Project with planned support from Stuart Marks and Sam Hull.

Jennifer Trotter: (Slide 6) Schedule updates - PNC submitted the 50% schematic designs on May 3 and is now working on the 100% design and obtaining entitlements from the City. Recent engagements included a virtual community meeting on May 17th with 48 attendees and an "Inreach" event at the Yard with Operators. The 100% schematic designs are set to be submitted on August 10, 2023. This will include a draft version to be completed summer 2023 and a final version to be completed fall 2023.

Item 3. Public Art Project Plan - Draft (SF Arts Commission)

John Angelico: (Slide 7) Introduced Mary Chou, a representative from the San Francisco Arts Commission, who presented the public art plan.

Mary Chou: (Slide 8 -10) The recent survey hosted by the SF Arts Commission received 115 responses and represented what the community wanted to see in their public art. Top interests included the representation of local history, diversity, and the environment.

The Project is in the Project Planning phase which involves presenting the three sites that have an opportunity for art installation. Future phases include RFQ and Qualification Panel, Artist Review Panel One, Proposal Development and Review Phase, Final Artist Review Panel, and Approval of Artist/Concept. The feedback from the Working Group, the survey, and community meetings will be considered and incorporated throughout the art installation process.

- Comment: It would be helpful to have the pie slices [in the chart] sorted by size. Also, how many responses were in the survey? (Peter Belden via Chat)
 - A: Noted, thank you. There were about 115 responses. (Mary Chou)

Mary Chou: (Slides 11-14) select responses from the community art survey were shared to the question "What would you like artwork to convey to future generations?".

The two goals of the public art project were then presented:

1. Celebrate the people, values, history and diverse culture of the Potrero Hill and Mission neighborhoods.
2. Highlight SFMTA's mission to promote environmental stewardship and provide reliable, safe, and affordable transportation for all.

The areas within the Project where there are opportunities to showcase said artwork (see image on Slide 13) were also discussed. Certain stipulations for the art were presented as the art needs to fit certain criteria to withstand the physical and environmental challenges of the location of the Project. It was also explained how the community would be involved in the art, as it is crucial that the Potrero Yards community feels a connection to the public art project.

Mary Chou: (Slide 15) Presented examples of public art that have been integrated into other Projects throughout San Francisco.

Mary Chou: (Slide 16) Showed examples of the different mediums for other San Francisco public art pieces, such as glasswork, metalwork, and lighting.

Mary Chou: (Slides 17-27) Showed different artists who were hired for other San Francisco art public art pieces including Julio Morales, Jason Jagel, Ned Kahn, and Zahner.

Mary Chou: (Slide 28 - 29) Explained the artists recruitment, eligibility, and selection. Timeline provided that highlights the steps to select artist.

- Comment: I'd just add a plea to change course and not penalize artists without a local connection. I don't think having that local connection leads to higher quality art. This city/county is so strengthened by input from around the world. I think we similarly have lots to gain by considering artists from all over the country and world without putting a thumb on the scale. (Peter Belden via Chat)
- Q: How many artists are going to be using? There are several art projects going on in the building. Is this one project or are you employing multiple ideas? (Marie Sorensen)
 - A: We have done preliminary budgeting and hope to focus on three different artists. In the proposal process, we will get three proposals for each site opportunity. For recruitment, we will go far and wide. (Mary Chou)
- Q: The highlighted areas are mainly exterior, will there be interior art? (Jorge Elias, Jr.)
 - A: Because the yard is mainly exterior, to maximize visibility, we are focusing on the exterior. We do not have plans for the interior of the bus yard. (Mary Chou)
- Comment: We visited Florida Street and they had nice internal art. As an operator of Potrero for 25 years, and having seen Islais Creek which is new, we see it is very bland with white and concrete. I think the Commission should consider doing interior art to increase the pleasantness. This will change one's demeanor going into work. The interior design mission is good for workers. (Jorge Elias, Jr.)
 - A: Thank you for saying that. Glass opportunities are good; you can see both inside and outside. If you're on the bus ramp you can see the art. It will address part of your request for art to see on the interior. (Mary Chou)
- Comment: It would be nice to see something even as simple as a bouquet of flowers. Something like that would go a long way for operators and help build morale. As an operator for 25 years, we want to change the experience for operators. It becomes an image embedded in your brain. Art has a way to change your day and change your demeanor for the next day. (Jorge Elias, Jr.)
 - A: That is a great comment, thank you, Jorge. (John Angelico)
- Comment: The PUC HQ piece is beautiful. Really captures natural beauty. (Peter Belden via Chat)
- Q: Why exclude artists from other countries? There is a lot to gain from artists from other countries. I'd like to point out my comment written in the chat regarding local versus national artists. (Peter Belden)

- A: We cannot limit artists to local exclusively. However, we have heard from the community a strong desire to work with people who have a connection to the neighborhood. We put this as scoring criteria. Other criteria include artistic merit and appropriateness of work to the Project site. Based on feedback, we see this as important criteria. (Mary Chou)
- Comment: I think we should prioritize keeping as many trees as possible on 17th Street. (Alex Harker via Chat)

Item 4. Housing Finance

John Angelico: (Slide 30) Introduced the housing finance section.

Sam Hull: (Slide 31) Introduced himself as the Vice President of Plenary and is focused on developing a financial plan for the bus yard and workforce housing.

Provided an overview of the housing market, highlighting recent changes in the economy. The current market conditions have caused both elevated short and long-term borrowing costs and inflation that affect the cost of the Project. Although rates are currently high, there is hope that rates will reduce as inflation has already started to subside.

Karoleen Feng and Sam Hull: (Slide 32) Short-term loans are for construction while long-term loans are for creating housing (similar to mortgage). Project would also be financed through bonds, which have a lower borrowing rate because they are issued by the Federal government.

- Q: What is the estimated borrowing amount at 7%? (Jorge Elias, Jr.)
 - A: Overall the Project across the entire affordable housing components is about \$300 million. About 10% - 30% will be borrowed at 7% interest. (Karoleen Feng)
 - A: The total capital cost of the workforce housing component is close to \$200 million and 100% will be borrowed through long-term bonds. (Sam Hull)

Karoleen Feng and Sam Hull: (Slide 32 continued) Recent inflation has led to a significant increase in construction costs. Inflation is causing challenges including material supply disruption, job loss, and political unrest. Inflation combined with interest rates has caused challenges to housing projects. San Francisco has always been one of the most expensive cities to build in the U.S. Inflation is starting to go down which will help make the future less costly than the spike from the past few years.

Karoleen Feng: (Slide 33-34) Provided context to the Affordable Housing Financing. The bus yard is a priority and at the same time, there is a commitment to build housing on the site. PNC has conducted analysis to support housing being built at the desired rate, even considering market impacts to costs. Presented Casa Adelante at 1296 Shotwell (senior housing) as an example of affordable housing financing.

Karoleen Feng (Slide 35-36) Presented Casa Adelante at 681 Florida, which is similar to the proposed Project as it includes affordable housing, senior housing, and amenities.

Karoleen Feng: (Slide 36) The Sources and Uses for Casa Adelante total \$54 million dollars. Sources included MOHCD, federal loans, bonds, and contributions from general partners funded. The cost to build was \$70 million and the rest were soft costs, which were covered

through tax-exempt bonds and MOHCD's help. This site has a permanent mortgage, 2% bond, and 45% federal loan.

For the Potrero Yard Project, costs could be as much as 30-50% higher than those for Casa Adelante, which was completed nine years ago. Based on typical affordable housing financial stacks, state financing is expected to be approximately 20% and this will help reduce the need for other sources and MOHCD is expected to provide 30 - 40% of funding. Multifamily housing programs require a variety of funding sources.

- Q: I want to acknowledge that senior housing (1296 Shotwell) was bought and paid for by the developer who did the Mission Theater site as a community benefit. In building this Project, neither the City nor the state had to pay for this land (which was about \$3 - 4 million). (Roberto Hernandez)
 - A: I think they paid about \$4 million. The City did not pay for that land either. The developer paid \$10 million for the block. (Karoleen Feng)
- Q: Now that the government has required every city and county to have a housing goal, how is the government financing going to affect the Project length? It sounds like funding will be more competitive than ever before. Looking at the goals of the governor and the money that is being funded on the state level, it does not match the funding on the city or county level. How do we remain competitive? (Roberto Hernandez)
 - A: That is the challenge that we are facing: having to push for funding on both the local and state levels. San Francisco is putting out ambitious housing goals, (82,000 affordable housing units) while the state has not prioritized funding cities like San Francisco. Cities with high-resource neighborhoods are more likely to get state financing than San Francisco. This is a problem that we recognize and understand that the affordable housing development team faces in building this Project. (Karoleen Feng)
- Q: On the bond money, how competitive is it? (Roberto Hernandez)
 - A: The bond money is very competitive. During the course of the pandemic at the state level and nationally there was a settlement on the debt ceiling compromise in 2020. We are now reaching the debt ceiling which makes the debt ceiling competitive. This is the bond money for affordable housing; it may not affect workforce housing. (Sam Hull)

Jennifer Trotter: Sam, can you discuss obtaining bond financing for workforce housing?

Sam Hull: The type of bond financing for workforce housing is different from affordable housing. When workforce housing goes to obtain bond funds, there is an unlimited supply of tax-exempt bonds that do not compete with other projects in the state or in the Bay Area.

- Q: With the Prop A Muni bond failing by 1.5%, which was supposed to provide funding for the Muni portion of this project, when the next proposition goes through for 2026, how does that play into the Project? (Alexander Hirji)
 - A: The City charter makes the SFMTA a semi-autonomous organization with independent financial ability. The charter mandates that SFMTA make as much money as it can off of its properties to reinvest in transportation services. If there is no positive revenue for the MTA, they cannot reinvest in development. For

Potrero Yard, transportation dollars cannot go into the build. The component of the bus yard requires an initial payment and availability payments that will help the Plenary team pay debts. The Project was not specifically named in the previous Bond A because it did not pass environmental requirements at the time of the vote. The future 2026 bond is intended to be used to fund facilities and bus yards. (Jonathan Rewers)

- Q: I was not sure where that bond was actually going in the context of the down payment. At least compared to MOHCD there was a \$30 million down payment on housing and it seemed low. (Alexander Hirji)
 - A: MOHCD has bonds that go wherever the voters decide they should go. (Karoleen Feng)
- Q: Are the now higher interest rates relevant only to workforce housing? I ask because it sounded like the affordable housing loans used to finance Casa Adelante did not need to be paid back. (Peter Belden via Chat)
 - A: Workforce housing will be financed by bonds which are affected by inflation, whereas affordable housing will be less affected. (Sam Hull)
 - A: For Casa Adelante, the \$1.3 million required for permanent financing came out of the \$54 million total. This amount is very small - only 2%. That interest rate still does matter. We would have to go to other financing sources to fill the gap created by not being able to borrow as much. The interest rate is significantly smaller for affordable housing than workforce housing. (Karoleen Feng).
- Q: Is the difficulty in borrowing an increased construction cost pointing toward a significant delay in this Project? (Peter Belden via Chat)
 - A: This Project is still on schedule and the City's scope of the project as presented in the RFP is being advanced forward. We are now covering the headwinds we are facing to implement the scope. We will provide updates to the MTA board and the board of supervisors in the next two months. We are being very transparent about the issues we are facing including market rates and inflation rates. We cannot give answers to how all problems are going to be answered but will intend to answer them to advance on the scope. There are going to be challenges related to financing but the Working Group will be a part of overcoming and solving these challenges. (Jonathan Rewers)
- Q: What is the amount of funding that the Mayor's office has committed? (Roberto Hernandez)
 - A: \$35 million. (Jonathan Rewers)
- Q: In what year? (Roberto Hernandez)
 - A: Whenever we start building. (Jonathan Rewers)
- Q: They've said that there is money set aside? (Roberto Hernandez)
 - A: Yes. (Jonathan Rewers)
- Q: It's in the bank? (Roberto Hernandez)

- A: Yes. (Jonathan Rewers)
- Q: \$35 million? (Roberto Hernandez)
 - A: Yes. (Jonathan Rewers)
- Q: What is the total Project cost? (Roberto Hernandez)
 - A: Could be as much as \$250 million on affordable housing. (Jonathan Rewers)
- Q: And the workforce? (Roberto Hernandez)
 - A: There is no city money set aside for workforce housing. (Sam Hull)

Item 5. 50% Schematic Design Final

John Angelico: (Slide 37) Slide skipped

Jennifer Trotter: (Slide 38-39) Shared the ways PNC engaged the community. This included holding public meetings in person and virtually and hosting listening sessions. PNC also conducted a community survey in March 2023. Input received from the public during this outreach has helped inform the Project along with SFMTA and MOHCD's input.

Presented the results of the survey which focused on open decision points.

John Angelico: (Slide 40-42) Presented the images that have been shown to the public and public preferences for each: concrete (see Slide 40), lighting, glass and metal screening (see Slide 41), and trees (see Slide 42) from the 50% Design Meeting.

John Angelico: (Slide 43) Presented the demographic information for the survey respondents and the key takeaways. The respondents were mostly higher income, predominantly between the ages of 25-45, mostly white (51%), and mostly male. See Slide 43 for more details.

Myrna Ortiz: (Slide 44) Announced a transportation survey that MEDA is conducting with current affordable housing residents from Casa Adelante in the Mission District. The results of this survey will be presented at a future community meeting. As of June 6th, 100 responses have been collected. The survey will close on June 19th and responses will be shared.

Tony Gill: (Slides 45-46) Presented the evolution of the Project's changes and how the survey results are determining decisions related to lighting, landscaping, and street activation. Introduced additional Project features such as an enhanced employee wellness space, affordable housing units, streetscape infrastructure, public outdoor spaces, and resident spaces.

Tony Gill and Karoleen Feng: (Slide 46) Provided details on landscaping on podium. Presented information on steps taken to ensure community and environmental wellness including capturing views, checking natural light levels, and doing wind studies.

Tony Gill and Karoleen Feng: (Slide 47) The future of 17th Street includes the potential for a community space, public restroom, and kiosk. Bike lane improvements are proposed on 17th Street, including protected lanes. The goal is to urbanize the street and provide a connection to the park.

Tony Gill: (Slide 48) Presented rendering of Bryant and Mariposa streets, that includes enhanced masking based on community feedback. On Bryant St, housing comes down to the street level. Bus turning radiuses on Bryant and Mariposa have been studied for feasibility.

Tony Gill: (Slides 49-51) Presented rendering of Mariposa and Hampshire streets which includes the bus yard facility level, bus entrance on Mariposa Street, and second main employee entrance. There will be absorption bays for seismic restraints.

Presented nighttime rendering of 17th and Hampshire streets to provide insight on how the bus yard would be lit while also controlling light pollution and maintaining public visibility for safety.

- Q: Are the bike lanes protected by physical barriers? (Alex Harker via Chat)
 - A: It's a raised bike lane with protection along it. (Tony Gill)
- Q: Where we left off in talking about the bike lane, there were 2-foot cement buffers on both sides and I'd mentioned the importance of protected intersections. Where do we stand on the protected intersections, specifically the concrete corner islands? (Peter Belden via Chat)
 - A: We have conducted studies and pulled in the intersections so when the buses turn, the buses will be pulled away from the bike lane to enhance protection. There have been studies conducted to share this safety precaution. (Tony Gill)
- Comment: If you can please keep gathering the maximum number of responses to transportation study, well over 150 if possible. There is danger in respondent bias and it being non-representative. Surveys done by promoters may also have confirmation bias. A transportation census would be so much more useful. A bit of non-representative data can be more dangerous than no data. (Peter Belden via Chat)
- Q: Is there a raffle for completion [of the survey]? (Jennifer Trotter)
 - A: Yes, there are two \$50 Target gift cards to be awarded at random for survey participants to encourage participation. (Myrna Ortiz)
- Q: I talked to you previously about the inside of the yard and I am concerned with the ability for operators to maneuver the buses. As a former operator, I am concerned that the arrows directing to the entrance and exit of the yard will be seen to guide buses from bay to bay. Will there be a mock simulation done to ensure their safety? (Jorge Elias, Jr.)
 - A: Stuart, Jorge asked if we will do a cone analysis to test out IBI Arcadis analysis to ensure buses can maneuver the turns and corners. (Jennifer Trotter)
 - A: Generally there will be quality assurance and checks throughout the design process including approvals and sign-offs from relevant City agencies. I would not want to answer specifically as to what this looks like without talking to the experts. We will take this away and get back to you. (Stuart Marks)
 - Response: Thanks (Jorge Elias, Jr.)

Item 6. Potrero Yard Neighborhood Working Group Vacancies Update

John Angelico: (Slides 52-53) Introduced Monica Almendral with new Working Group opportunities that will ensure the group is vibrant and expansive.

Monica Almendral: (Slides 54-56) Introduced herself from Young Community Developers. There are currently five vacancies in the Working Group. We are proposing:

- 1) expanding youth and family servicing seat (currently held by Alexander Hirji) into three different seats: a youth seat, a family seat, and an senior/elderly seat.
- 2) creating two seats for BIPOC Cultural Districts to promote cultural competency within the Project and align PNC with San Francisco's racial equity strategy.

These changes would expand the Working Group from 15 to 20 seats. New applicant interviews will occur through June, finalize the new members by July 17th, and have a full Working Group Meeting on Tuesday, August 8th. Working Group stated support on this approach.

Jennifer Trotter: (Slide 57) Next steps include PNC going before the legislative bodies to present the 50% design. PNC will continue to do listening sessions with community stakeholders. If any members have a recommendation for an organization that should be involved, please let us know and we will be happy to schedule a meeting.

Item 7. Public Comment (SFMTA)

John Angelico: (Slide 58-59) Opened up the presentation to group question and answer.

- Q: For cultural districts, I strongly urge the inclusion of the American Indian Cultural Center and Calle 24. (Roberto Hernandez)
 - A: Yes we will advertise these. If you know people associated with these organizations, please send them the application. (Monica Almendral)
- Comment: Please send the application and I will share it with those organizations. (Jorge Elias, Jr.)
 - A: The application will be shared to the outreach database and shared on the website. We could not do this work without the Working Group members. (John Angelico)
- Q: Who should we email to make a recommendation? (Peter Belden)
 - A: We will give you the information. It's on this slide. (Jennifer Trotter)
- Q: Yes, please. I have two groups in mind. Whom should I email about setting up two of those meetings? (Peter Belden)
 - A: General Project email: PotreroYard@plenaryamericas.com. (Jennifer Trotter)

There were no additional comments or questions made by members of the public.

John Angelico: Thank you to our presenters and everyone who joined in person and online today.