

FILE NO: 191136

Petitions and Communications received from October 28, 2019, through November 4, 2019, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on November 12, 2019.

Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information will not be redacted.

From the Office of the Mayor, submitting a proclamation terminating the declaration of a local emergency in San Francisco. Copy: Each Supervisor. (1)

From the Office of the Mayor and the City Attorney, submitting a letter responding to Pacific Gas & Electric Company's letter dated September 7, 2019. Copy: Each Supervisor. (2)

From the Citizens General Obligation Bond Oversight Committee, submitting the Citizens General Obligation Bond Oversight Committee Annual Report FY2018-2019. Copy: Each Supervisor (3)

From the Office of the Controller, submitting an Economic Impact Report on Increasing the Jobs-Housing Linkage Fee. File No. 190548. Copy: Each Supervisor. (4)

From the Office of the Controller, submitting an Economic Impact Report regarding the 3333 California Street Development Agreement. File Nos. 190844 and 190845. Copy: Each Supervisor. (5)

From Aaron Goodman, regarding problems with the infrastructure in San Francisco. Copy: Each Supervisor. (6)

From Paul Nisbett, regarding affordable housing bond and current renters. Copy: Each Supervisor. (7)

From Sandra Schwartz, regarding raising development costs for commercial space providing jobs. Copy: Each Supervisor. (8)

From Jason Rupp, regarding serious issues at Aptos Middle School. Copy: Each Supervisor. (9)

From the San Francisco Chamber of Commerce, submitting a letter recommending amendments on the Storefront Vacancy Tax. File No. 191005. Copy: Each Supervisor. (10)

From concerned citizens, regarding the property located at 3333 California Street. File Nos. 190947, 190844, 190845. 5 letters. Copy: Each Supervisor. (11)

From concerned citizens, regarding Resolution No. 382-19 declaring the National Rifle Association a domestic terrorist organization. 2 letters. Copy: Each Supervisor. (12)

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#); [BOS-Legislative Aides](#); [BOS-Administrative Aides](#); [Calvillo, Angela \(BOS\)](#); [Somera, Alisa \(BOS\)](#); [BOS Legislation, \(BOS\)](#); [GIVNER, JON \(CAT\)](#); [Kittler, Sophia \(MYR\)](#)  
**Subject:** Proclamation by the Mayor Terminating Declaring the Existence of a Local Emergency  
**Date:** Tuesday, November 5, 2019 11:34:00 AM  
**Attachments:** [Termination of Local Emergency.pdf](#)  
[Mayor's Proclamation.pdf](#)

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Hello,

The Office of the Clerk of the Board is in receipt of the attached Proclamation by the Mayor Terminating the Declaration of a Local Emergency, received November 5, 2019.

Thank you,

Eileen McHugh

Executive Assistant

Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244

San Francisco, CA 94102-4689

Phone: (415) 554-7703 | Fax: (415) 554-5163

[eileen.e.mchugh@sfgov.org](mailto:eileen.e.mchugh@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

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**From:** Mchugh, Eileen (BOS)

**Sent:** Monday, October 28, 2019 11:19 AM

**To:** BOS-Supervisors <[bos-supervisors@sfgov.org](mailto:bos-supervisors@sfgov.org)>; BOS-Legislative Aides <[bos-legislative\\_aides@sfgov.org](mailto:bos-legislative_aides@sfgov.org)>; BOS-Administrative Aides <[bos-administrative-aides@sfgov.org](mailto:bos-administrative-aides@sfgov.org)>

**Cc:** Calvillo, Angela (BOS) <[angela.calvillo@sfgov.org](mailto:angela.calvillo@sfgov.org)>; Somera, Alisa (BOS) <[alisa.somera@sfgov.org](mailto:alisa.somera@sfgov.org)>; BOS Legislation, (BOS) <[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)>; Givner, Jon (CAT) <[Jon.Givner@sfcityatty.org](mailto:Jon.Givner@sfcityatty.org)>; Kittler, Sophia (MYR) <[sophia.kittler@sfgov.org](mailto:sophia.kittler@sfgov.org)>

**Subject:** Proclamation by the Mayor Declaring the Existence of a Local Emergency

Hello,

The Office of the Clerk of the Board is in receipt of the attached Proclamation by the Mayor Declaring the Existence of a Local Emergency, received October 28, 2019.

Thank you,

Eileen McHugh

Executive Assistant

Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244

San Francisco, CA 94102-4689

Phone: (415) 554-7703 | Fax: (415) 554-5163

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**PROCLAMATION TERMINATING  
DECLARATION OF LOCAL EMERGENCY**

**WHEREAS**, On October 27, 2019, I declared a Local State of Emergency to exist within the City and County of San Francisco in connection with the Kincade Fire in Sonoma County and the request from State authorities that the City shelter evacuees displaced by that fire, which declaration was ratified by the Board of Supervisors on October 29, 2019;


**WHEREAS**, The situation resulting from said conditions is now deemed to be within the control of the normal protective services, personnel, equipment and facilities of and within the City and County;

**NOW, THEREFORE, IT IS HEREBY PROCLAIMED AND ORDERED**, That the declaration of a Local State of Emergency is terminated.

DATED: 11/4/19



London N. Breed  
Mayor of San Francisco

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Mayor's Office



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2019 OCT 28 AM 9:16

OK



**NOW, THEREFORE,**

I, London N. Breed, Mayor of the City and County of San Francisco, proclaim the existence, effective immediately on October 27, 2019, of an emergency within the City and County threatening the lives, property or welfare of the City and County and its citizens;

**And I further proclaim and order that:**

By the terms of this emergency declaration the government of the City and County of San Francisco is organized under the provisions of the Incident Command System (ICS), which system forms an essential part of the City's Emergency Operations Plan. The head of each City department and agency shall observe his or her proper relationship in the command structure outlined by the system and shall respond to the orders and requests of the Lead Department designated to exercise supervision over his or her department during the course of this emergency;

Because of the extreme peril to its residents and visitors, the Governor of the State of California is hereby requested to include the area of the City and County of San Francisco in any emergency declaration by the State, and is further requested to ensure that the City and County is included in any emergency declaration that may be issued by the President of the United States.

**And I further proclaim and order that:**

This declaration of a local emergency shall continue to exist until it is terminated by the Mayor or the Board of Supervisors. All departments of the City and County of San Francisco are strictly ordered to cooperate with the requests for material and personnel resources that may emanate from the Incident Command Staff of the City and County which is located in the Emergency Command Center of the City and County of San Francisco.

DATED:

October 27, 2019



Mayor of San Francisco

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#); [BOS-Legislative Aides](#)  
**Subject:** FW: SF Letter Responding to PG&E's Letter dated September 7  
**Date:** Tuesday, November 5, 2019 10:02:00 AM  
**Attachments:** [2019-11-04 City Response to PG&E Letter.pdf](#)

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**From:** Mueller, Theresa (CAT) <Theresa.Mueller@sfcityatty.org>  
**Sent:** Monday, November 4, 2019 1:56 PM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>  
**Cc:** GIVNER, JON (CAT) <Jon.Givner@sfcityatty.org>; Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>  
**Subject:** SF Letter Responding to PG&E's Letter dated September 7

Theresa L. Mueller  
Deputy City Attorney  
Office of City Attorney Dennis J. Herrera  
Room 234, City Hall  
San Francisco, CA 94102  
(415) 554-4640  
[www.sfcityattorney.org](http://www.sfcityattorney.org)

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OFFICE OF THE MAYOR  
SAN FRANCISCO

LONDON N. BREED  
MAYOR



OFFICE OF THE CITY ATTORNEY  
SAN FRANCISCO

DENNIS J. HERRERA  
CITY ATTORNEY

November 4, 2019

William Johnson  
Chief Executive Officer and President  
PG&E Corporation  
77 Beale Street, P.O. Box 770000  
San Francisco, CA 94177

Re: Response to PG&E's Letter Regarding San Francisco's Indication of Interest in the Acquisition of Electric Distribution and Transmission Assets

Dear Mr. Johnson:

We enjoyed meeting with you at City Hall on September 26, 2019. We write in response to your letter dated October 7, 2019, which we received on October 11, 2019. We address below several aspects of your letter and, again, request that PG&E engage with us substantively on these issues. We continue to believe the City's purchase of PG&E's assets would provide significant benefits to PG&E and its customers outside of San Francisco. We also address the October 1, 2019 proposal from PG&E for resolving disputes that unnecessarily delay and increase the cost of electric service to key City facilities.

**1. PG&E's Response to the City's Offer**

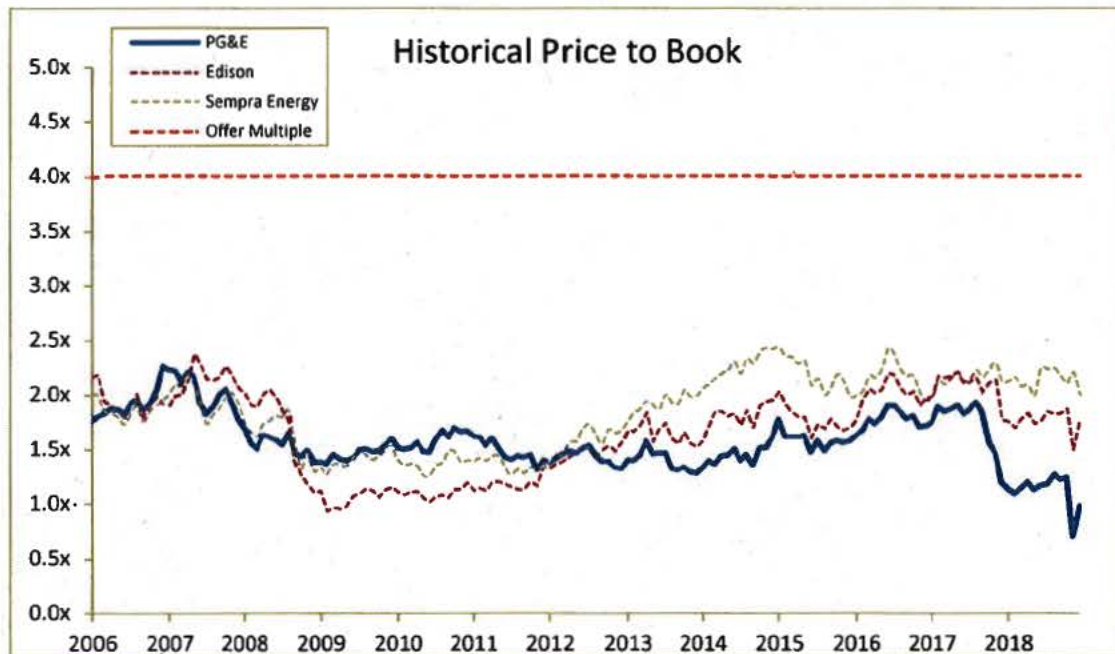
As we expressed in the meeting, City officials are united in their commitment to obtain PG&E's facilities so that the City can provide distribution service to all customers in San Francisco, as the Raker Act intended in 1913. We believe that completing the transaction through a negotiated agreement with PG&E during the bankruptcy will be more beneficial to PG&E and its stakeholders, including remaining ratepayers, than an acquisition through other means.

As you know, we worked with independent experts to analyze the book value and market value of PG&E's assets along with other relevant issues. We would welcome a discussion with PG&E of the three financial issues you identify on page two of the letter: fair-market value of the assets, cost of the City's proposed transaction for ratepayers outside of San Francisco, and separation cost.

**Fair market value:** As pointed out in our letter to you, the \$2.5 billion offer price is approximately 2.5 times our \$1 billion estimate of the book value of the assets we propose to purchase. This translates to a market to book value for PG&E's common

stock of about 4 times.<sup>1</sup> Over the past 13 years, including long periods when PG&E has been financially healthy, the market value of PG&E's common stock has never been close to 4 times its book value, running more typically at around 1.6 times (and rarely exceeding 2 times).

The chart below shows PG&E common stock, price to book ratio, 2006-2018, and as compared to the common stock of the holding companies for SCE and SDG&E<sup>2</sup>:



We also estimated the rate regulated earnings contribution of the assets we propose to acquire, and calculated our proposed purchase price. The price implies a price-to-earnings multiple in excess of 35 times. This is a meaningful premium to (i) PG&E's average historical trading multiple, (ii) PG&E's peers' average historical trading multiples, and (iii) the average multiples associated with precedent transactions in the regulated utility industry. We would welcome the opportunity to share our associated underlying assumptions as part of a broader engagement with your team.

<sup>1</sup> Assumes a rough 50/50 debt/equity ratio and PG&E's debt trades at par.

<sup>2</sup> Data sourced from Bloomberg.



Moreover, PG&E's receipt of \$2.5 billion in cash from the City would allow for PG&E bondholders and shareholders to be paid in full for their outstanding investment in the assets we propose to purchase (\$1.0 billion), leaving an additional \$1.5 billion in cash immediately available for other valuable uses, such as bolstering PG&E's financial strength, funding additional outstanding wildfire claims, and/or future rate reductions for PG&E's remaining ratepayers. These benefits are large given that the targeted assets are a relatively small portion of PG&E's assets and business interests. The sale of the targeted assets to the City would reduce the size of PG&E, but only modestly. The \$1 billion amount is only about 4% of PG&E's total electric rate base of about \$25 billion and only 2.5% of its total rate base, electric and gas assets combined (about \$40 billion<sup>3</sup>).

**Ratepayer Impacts.** Your letter states that our proposal would have a large impact on customers outside of San Francisco; this is not explained and is inconsistent with our analysis. As stated above, the portion of PG&E's business represented by the assets the City proposes to purchase is small relative to PG&E's assets in total. The City already provides nearly 80% of the electricity used in San Francisco, and we will continue to pay PG&E for transmission voltage deliveries. So, the revenue loss to PG&E is primarily limited to the revenues earned on its distribution system within San Francisco. Any impact, positive or negative, on PG&E's remaining customers is similarly small.

Further, the impacts to PG&E's overall costs and revenues may be positive. Together with the reduction in size come reductions in PG&E's service obligations, operating costs, and future capital investment needs. A reasonable estimate of impacts on PG&E's remaining customers requires estimates of the cost savings that would offset those lost revenues, specifically reductions in future operating expenses, capital investment requirements, reduced interest and principal payments to current bondholders, and

<sup>3</sup> See, e.g., [http://s1.q4cdn.com/880135780/files/doc\\_financials/2018/q4/Presentation-and-Complete-Earnings-Exhibits.pdf](http://s1.q4cdn.com/880135780/files/doc_financials/2018/q4/Presentation-and-Complete-Earnings-Exhibits.pdf), slide 10.



reduced profits paid to current shareholders. PG&E's assets in San Francisco are some of the oldest in PG&E's system and will require replacement and upgrading in order to provide reliable service.

A precise estimate requires asset-specific information about PG&E's future operating expenses and capital investment requirements for the assets that are sold. This is information that PG&E has and should be willing to share with us to facilitate a transaction that benefits all stakeholders. San Francisco welcomes a dialogue and exchange of information with PG&E regarding PG&E's San Francisco-specific costs.

**Separation Costs.** Your statement that the City's offer underestimates separation costs is puzzling because the City's offer did not specify a separation cost or plan, noting that this should be an issue for discussion. Most of San Francisco's perimeter is coastline with no distribution grid separation needed. PG&E's transmission interconnections to San Francisco are clear, and are limited to where the lines from the Martin substation in Daly City cross into San Francisco. The City's work to date indicates that several separation alternatives are available and feasible, with the cost, time and effort required largely dependent upon PG&E's willingness to work with the City to speed the process while ensuring that both parties' needs for operational control, reliability and safety are met.

While the conventional wisdom regarding regulated electric utilities may be that "bigger is better," that metric does not apply in PG&E's case. Some have argued that, in fact, PG&E's service territory is too large and its service obligations too broad to be managed reliably, safely and cost-effectively.<sup>4</sup> This modest reduction in size and service obligations presents an opportunity for PG&E to focus on its system hardening needs across its service territory, by removing its obligations with respect to San Francisco's urban, aging, largely undergrounded and complex electric distribution infrastructure.

We understand your desire to continue serving all of your customers and your reluctance to sell these assets. And we agree that PG&E's customers rely on PG&E every day for essential services, but the assumption that continuing service from PG&E is best for all customers is not well-founded. Municipal utilities, including the San Francisco Public Utilities Commission, have provided safe, reliable electric service tailored to their customers at rates below PG&E's rates for decades.

Finally, we appreciate your point that PG&E has been headquartered in San Francisco for 115 years and is invested in the community. Under the City's proposal, PG&E would continue to provide gas service to San Francisco customers and transmission service to the City, and would earn substantial revenues from those services. PG&E can continue to be headquartered here and be part of our community, while making a fresh start on what has long been a difficult relationship with the City.

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<sup>4</sup> See, e.g. <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M252/K547/252547055.PDF> (questions asked by the California Public Utilities Commission in I. 15-08-019, pp. 11-12); <https://www.sfgate.com/bayarea/article/Governor-Newsom-PG-E-California-breakup-14538847.php#> ("Newsom said at a conference in San Francisco Tuesday that California residents would benefit from PG&E breaking into smaller pieces."); [https://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/About\\_Us/Organization/Commissioners/Michael\\_J\\_Picker/PresidentPickerCommentsonPGESafetyCultureandEnforcementTheory.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Commissioners/Michael_J_Picker/PresidentPickerCommentsonPGESafetyCultureandEnforcementTheory.pdf) ("The question may not be whether PG&E is too big to fail, but instead, 'is the company too big to succeed?'").

2. PG&E's October 1, 2019 Proposal for Interconnecting City Loads

In our meeting, you acknowledged that PG&E may not have been entirely reasonable in imposing requirements for connecting City loads and indicated that PG&E would do better in the future. The confidential settlement proposal we received from your team on October 1, was not better than the proposals we've seen over the last several years. In some significant ways, it was worse. The City's team will respond to PG&E with a new proposal that addresses the key issues of dispute in a simpler way that is consistent with federal law. We hope you will direct your team to work with us to quickly resolve these issues.

We look forward to further discussions with you on these matters. Please contact Sean Elsbernd (415-554-6603), Chief of Staff to Mayor Breed, or the following contacts at Jefferies: Scott Beicke (212-336-7479), Americas Co-Head of Power, Utilities and Infrastructure, or Simon Wirecki (310-575-5251), Western Regional Head for Municipal Finance.

Very truly yours,



London N. Breed  
Mayor



Dennis J. Herrera  
City Attorney

cc. All members Board of Supervisors  
All SFPUC Commissioners  
Harlan L. Kelly Jr., SFPUC General Manager  
Ben Rosenfield, City Controller  
Scott Beicke, Jefferies Americas Co-Head of Power, Utilities and Infrastructure  
Simon Wirecki, Jefferies Western Regional Head for Municipal Finance  
Andrew Vesey, PG&E Chief Executive Officer and President  
Jason Wells, PG&E Corporation Chief Financial Officer  
Janet Loduca, PG&E Corporation Senior Vice President and General Counsel

This letter represents a general statement of the City's interest in the Proposed Transaction and does not create any legally binding obligations on the City or any of its officials, representatives, agencies, political subdivisions, affiliates or their respective advisors. Unless and until the parties have, among other things, completed comprehensive due diligence, negotiated definitive transaction documentation for the Proposed Transaction, obtained necessary internal approvals, executed definitive transaction documentation for the Proposed Transaction and obtained a bankruptcy court order authorizing the Proposed Transaction, neither the City nor the Debtors shall be under any legal obligation of any kind whatsoever as to the Proposed Transaction by virtue of this letter. The City does not commit to any definite course of action as to the Proposed Transaction prior to completing any required California Environmental Quality Act compliance.



**From:** [Reports, Controller \(CON\)](#)  
**To:** [Calvillo, Angela \(BOS\)](#); [Mchugh, Eileen \(BOS\)](#); [BOS-Supervisors](#); [BOS-Legislative Aides](#); [Elsbernd, Sean \(MYR\)](#); [Elsbernd, Sean \(MYR\)](#); [Bruss, Andrea \(MYR\)](#); [Philhour, Marjan \(MYR\)](#); [Power, Andres \(MYR\)](#); [Kirkpatrick, Kelly \(MYR\)](#); [Ma, Sally \(MYR\)](#); [Cretan, Jeff \(MYR\)](#); [Lynch, Andy \(MYR\)](#); [Kittler, Sophia \(MYR\)](#); [Anatolia Lubos; pkilkenny@sftc.org](#); [Rose, Harvey \(BUD\)](#); [Campbell, Severin \(BUD\)](#); [Newman, Debra \(BUD\)](#); [Docs, SF \(LIB\)](#); [CON-EVERYONE](#); [MYR-ALL Department Heads](#); [CON-Finance Officers](#)  
**Subject:** Report Issued: Citizens' General Obligation Bond Oversight Committee FY18-19 Annual Report  
**Date:** Monday, November 4, 2019 11:23:03 AM

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To view the fiscal year 2018-19 Annual Report of the Citizens' General Obligation Bond Oversight Committee, please visit our website at:  
<http://openbook.sfgov.org/webreports/details3.aspx?id=2766>

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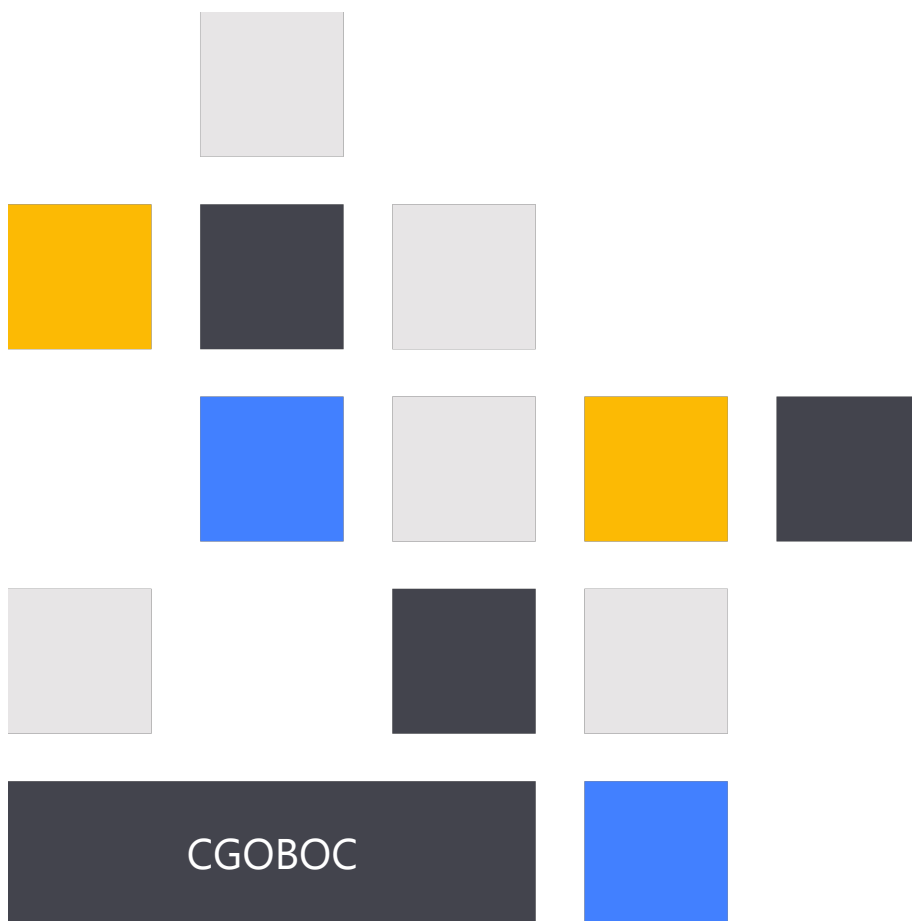
For more information, please visit the Citizens' General Obligation Bond Oversight Committee website at <https://cgoboc.sfgov.org>.

For questions about the report, please contact Mary Hom at [mary.hom@sfgov.org](mailto:mary.hom@sfgov.org).

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# CITIZENS GENERAL OBLIGATION BOND OVERSIGHT COMMITTEE ANNUAL REPORT FY2018-19



October 21, 2019

City & County Of San Francisco

## About the Citizens General Obligation Bond Oversight Committee

On March 5, 2002 the San Francisco voters adopted Proposition F, the Citizen Oversight of Bond Expenditures Initiative. The Ordinance established a committee of nine members for the purpose of informing the public concerning the expenditure of general bond proceeds through active review and the publishing of regular reports.

### Citizens General Obligation Bond Oversight Committee (CJOBOC) Goals:

- Bond expenditures are reported to the public clearly, consistently and with simple milestones showing what the bond program has built and achieved.
- Scope, schedule and budget for bond programs are established and delivered, in accordance with what the voters approved on the ballot.
- Future bond projects and related programs benefit from the experiences and lessons of previous bonds.
- The City Services Auditor department is meeting the goals set out in the Charter in a professional, efficient and thorough manner.
- The Whistleblower program is meeting the goals set out in the Charter and carrying out their duties in a professional, efficient and thorough manner.

#### CJOBOC Committee:

Kristin Chu, *Chair*  
Lauren Post, *Vice Chair*  
Brian Larkin, *Member*  
Siobhan McHugh, *Member*

Brenda Kwee McNulty, *Member*  
Peter Mills, *Member*  
Jane Natoli, *Member*  
Bartolomy Pantoja, *Member*

#### Support:

Ben Rosenfield, *Controller*  
Mary Hom, *Committee Administrator*  
Peg Stevenson, *Performance Director*  
Mark dela Rosa, *Audit Director (Acting)*  
Anna Van Degna, *Public Finance Director*

For more information, please contact:

Office of the Controller  
City and County of San Francisco  
(415) 554-7500

Or visit:

[Citizen Bond Oversight Committee](#)

Honorable London N. Breed, Mayor



# **CITIZENS GENERAL OBLIGATION BOND OVERSIGHT COMMITTEE**

## **CITY AND COUNTY OF SAN FRANCISCO**

Kristin Chu  
Chair

Lauren Post  
Vice Chair

Honorable Members of the Board of Supervisors

City Hall, 1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Dear Mayor Breed and Members of the Board of Supervisors:

On behalf of my fellow members, I am pleased to present you with the fiscal year 2018-19 Annual Report of the Citizens' General Obligation Bond Oversight Committee (CGOBOC).

CGOBOC was established in 2002 when the voters of San Francisco passed Proposition F to review and oversee the delivery of general obligation bond programs. A year later, the passage of Proposition C (Charter Appendix F) authorized CGOBOC to review and provide input on the work of the City Services Auditor Division (CSA) of the Office of the Controller, including the Whistleblower Program.

In the period since CGOBOC's establishment, the voters of San Francisco have approved over \$4.5 billion of General Obligation (GO) bond projects, including new bonds in every major area of City infrastructure—health, parks, public safety, housing, streets and transportation. CGOBOC members are excited about these programs and our work and committed to fulfilling the Committee's critical role.

The Committee's meetings have been televised on SFGOV TV since fiscal year 2017-18. The Committee voted to contract for this service to make its meetings more accessible to the residents of San Francisco. As a group, our volunteer committee members believe we are doing a good job of monitoring bond performance and insuring accountability for the voters. During this fiscal year, we worked with CSA staff to undertake new initiatives including an update to our website and other transparency efforts that we believe are important contributions to meeting our mandates under the Charter.

Our work is detailed in this report and we are attaching the CSA annual summary report which provides complete information on San Francisco's general obligation bond program's scopes, schedules and budgets. We invite you to contact us and we thank you for your continued support of our work.

Sincerely,

Kristin Chu

Chair, Citizens' General Obligation Bond Oversight Committee

# Committee Initiatives FY2018-19

## Public Perception Study

The CGOBOC has long been interested in understanding how the City develops bond programs, articulates the need for the investment to the voters, and maintains its commitment to delivering what the voters were promised on the ballot. We want to expand our understanding of the communications and perceptions between the City and the voters. Toward that end, in FY 2018-19 we asked the City Performance group to undertake a survey which would directly test public opinion on bond projects.

During our committee meetings we discussed and chose two bond programs, the 2008 Clean and Safe Parks bond, and the 2011 Road Improvement and Public Safety bond to be the subject of the survey. Within those bonds, we chose two projects – a park improvement at the Raymond Kimbell Playground, and a streetscape improvement at Bartlett Street in the Mission District. Taken together, these projects met criteria that we felt were important – a mix of geography, size, and usage, and they were each completed recently enough so that user perceptions of the project could be tested.

The surveys were conducted under contract between City Performance and Corey, Canapary and Galanis, a professional survey firm that is part of the City's qualified pool in this area and which has previously performed a wide variety of types of public opinion testing for the City. Between August 2018 and November 2018, over 825 users were surveyed at each site. Surveys were available in a variety of languages and done at different times of the day. Followup was done including in-depth qualitative discussions with 30+ users at each site who volunteered to give more detailed feedback. A complete discussion of the sampling method is in the published report.

Highlights of the findings from this work include:

- Users' perceptions of the improvements were overwhelmingly positive with 77% of Bartlett St. respondents and 96% of Kimbell Playground respondents rating the project as good or excellent. At Bartlett St., 69% of users were more likely to use the space because of the improvements, and at Kimbell Playground, this figure was 83%.
- At Bartlett St. 60% of users and Kimbell Playground 83% of users responded affirmatively when asked if they supported the use of bond funds for these improvements.
- The survey surfaced important factors affecting user perception of bond improvements that are not driven by the capital improvement itself. For example, in general, users perceived a need for more resources for the ongoing maintenance, cleaning and security functions at the sites, and this affected their perceptions of the quality and utility of the project.
- We highly encourage you to read the study report itself for all the details, demographic differences, other interesting findings, and the survey questions themselves.
- View the full report here:  
<https://cgoboc.sfgov.org/models/data/20May2019/Docs/Public%20Satisfaction%20Survey%20Presentation.pdf>

The CGOBOC plans to continue this perception work in FY2019-20 with an additional user survey.

## Website Design and Improvement

The CGOBOC website was substantially redesigned and improved in FY2018-19. Working with the CSA staff and a consultant, committee members reviewed and approved a new visual design, text descriptions of the bond programs, and methods for posting and archiving our meeting materials.

Our landing page will be maintained and updated with the most recent material for each meeting. Each bond program has a page describing its overall goals and providing the most recent bond reports. Archive pages will provide all program reports in order. Links will be maintained to the sites that the Department of Public Works, Recreation and Parks Department, and the Municipal Transportation Authority have set up to continuously update the public on the progress of bond construction projects.

We are conscious of our responsibility to make bond program reports and information from our deliberations easily accessible to the public and are pleased that the website now accomplishes that purpose. We welcome any feedback on our website and public reporting.

## Construction Contract Performance Auditing

The City Services Auditor has enlisted the services of Cumming Construction Management (Cumming) to conduct performance audits of the City's General Obligation (GO) bond programs to determine whether bond funds were spent in accordance with the stated purposes and permissible uses of such bonds, as approved by the voters. As of July 2019, Cumming had completed expenditures audits for the following GO programs:

- 2010 Earthquake Safety and Emergency Response (ESER) Bond (issued 7/12/16)
- 2011 Road Repaving and Street Safety (RR&SS) Bond (issued 7/25/16)
- 2008 San Francisco General Hospital (SFGH) Improvement Bond (issued 3/16/17)
- 2012 Clean and Safe Neighborhood Parks Bond (issued 4/2/18)
- 2008 Clean and Safe Neighborhood Parks Bond (issued 6/4/18)
- 2014 Earthquake Safety and Emergency Response Bond (issued 9/27/18)
- 2014 Transportation and Road Improvement (issued 2/27/19)
- 2015 Affordable Housing General Obligation Bond Funds (issued 7/30/19)

Based on the results of these completed audits, the expenditures reviewed were spent in accordance with the ballot measures with sufficient documentation. Active bond programs are scheduled to be audited on cycles fitted to their delivery schedule and CGOBOC will hear each audit as it is issued.

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# Liaison Reports

The CGOBOC works through a liaison process in which members agree to be assigned to a bond program and to take responsibility for developing a more detailed understanding of the work, review bond program reports, and meet with the bond program managers and/or make site visits to projects under construction. In FY2018-19 we had liaisons for some but not all programs throughout the year. Their written reports are provided here. In FY2019-20, we also plan to have each liaison report orally to the committee once during the year.

## Emergency Safety & Emergency Response (ESER) Bond Program 2010 & 2014

### *Report by Lauren Post*

As a citizen liaison for the 2010 and 2014 ESER bonds, I have met with the appropriate city project management staff to review the status and progress toward completion of all 2010 and 2014 ESER voter-approved and bond-funded projects, including review of each project's scope, schedule, and budget. I have also attended CGOBOC meetings to receive ESER bond program presentations from city staff, asked questions of and given comments to project managers, and reviewed detailed ESER bond quarterly reports.

Projects authorized by the 2010 ESER bonds have been fully funded from bond sales and earned interest, with the authorized bond amount of \$412.3 million sufficient to see the program through to completion. The city's Public Safety Building in Mission Bay was completed in 2016. Seismic safety upgrades to and modernization of neighborhood fire stations located throughout San Francisco have been completed or are scheduled for completion in 2019-20. Upgrades to and modernization of the Emergency Firefighting Water System in several areas of the city are projected for completion in 2020-21.

The \$400 million of 2014 ESER bonds approved by voters have been issued and appropriated for the authorized projects. The Office of the Chief Medical Examiner in India Basin was completed in 2018. Structural upgrades to and modernization of district police stations and facilities are expected to be completed by late 2019. Seismic safety upgrades to and modernization of neighborhood fire stations are scheduled for completion in 2020-21, as are upgrades to and modernization of the Emergency Firefighting Water System. The new facility for the city's Traffic Company and Forensic Services Division in Bayview is scheduled for completion in 2021-22.

Due to San Francisco's very active construction market and constrained bidding environment, higher-than-anticipated project costs have resulted in a small funding shortfall in the Division building project. The budget gap is expected to be overcome by deferring upgrades to two fire and two police facilities, as recommended by the Citywide Capital Plan. It is expected that these four projects will be funded through future voter-authorized ESER bond issuances.

Quarterly reports and detailed information on the ESER bond-funded program can be found at <http://www.sfearthquakesafety.org>.

## **Recreation and Park Bonds 2000, 2008, 2012**

### ***Report by Kristin Chu (Alex Tonisson was 2018-19 liaison)***

Bond liaison Alex Tonisson left the committee in late 2019. As Chair, and since this is my third term on the CGOBOC, I have participated in park bond reviews many times, seeking to evaluate if the bond program is on time, on budget and meeting the expectations of the voters. The 2018 audits of park bond programs did not cause concern with financial practices in the bond program and the projects seem to be completed within the expected budget. The Rec & Parks team has consistently presented thorough reports, demonstrating a deep commitment to engage park and neighborhood communities in decision making for bond projects. I believe this has led to high satisfaction with parks in San Francisco. The community engagement has, however, made it hard to create and maintain definitive schedules for projects, making it difficult to evaluate if the projects are delivered 'on time'. Because of the high satisfaction with the parks in general, I don't have specific concerns about schedules.

## **2014 Transportation and Road Improvement Bond**

### ***Report by Brian Larkin***

The primary liaison for this bond is Brian J. Larkin, who has been assigned to the MTA bond program since CGOBOC began monitoring it. Brenda Kwee McNulty was the other liaison until 2017, when the number of liaisons was cut to one. Since then, she has continued to attend the MTA bond liaison meetings as a de facto alternate. Since last year's report, they have met with MTA staff on September 20<sup>th</sup> and November 11<sup>th</sup> of 2018, and March 11<sup>th</sup> and August 7<sup>th</sup> of this year.

Brian is a semi-retired engineer whose background includes more than a dozen years with BART (both as a BART employee and an outside consultant) and more than a decade as a sole proprietor that provides dispute resolution and project management oversight services for capital construction projects. Based on that experience, he has focused on monitoring MTA's success in avoiding construction disputes, especially delay-related claims. Delays can be caused by either party to the construction contract, but when caused by the Owner (MTA in this case) they result in added Owner-costs and the project being delivered late.

Brenda Kwee McNulty has been employed in the corporate treasury and financial services industries for the past four decades. She is retired and serves her community in volunteer positions for the City as a Commissioner and for non-profit organizations. Brenda has focused on monitoring the pace of spending of bond proceeds and has asked questions as to whether it is commensurate with the progress of the various phases of projects as budgeted. Based on staff's responses and quarterly reports Brenda is satisfied that, on an overall basis, projects are progressing as planned and any resulting delays are managed to the best of ability of staff.



In recent meetings, MTA staff has reported that there are no current contractor delay claims, but an appendix to the July 2019 Status Report for the bond noted several projects which may have delay-related exposure. These are:

- 5 Fulton: East of 6th Avenue - the note says that the project manager needs more time to complete close-out paper work.
- 22 Fillmore extension to Mission Bay - additional funding needed to complete the project construction.
- Contract 64 - ROW issue at Mariposa/Pennsylvania resulted in pause of construction.
- King Street Substation Upgrade - project is suspended until an issue with PG&E is resolved.
- L Taraval Transit Improvements – Segment B may be advertised without Public Works ADA sign-off.
- UCSF Platform Extension and Crossover Track - The completion of the trackway and punch list items has affected completion of the project.
- Van Ness BRT – The Contractor has not submitted a realistic completion schedule.

A problem that MTA staff have encountered is the need to get the Board of Supervisors to approve the temporary relocation of funds from one category of spending to another via a supplemental appropriation. Note that the transfer of funds between and among categories is not permanent; it is a temporary measure to assist projects that are ready to proceed with borrowing money from categories where scheduled projects are temporarily delayed. These supplemental appropriation requests are a staff-time intensive process to no obvious positive effect. Given the good-faith concern with the sometimes-slow delivery of bond-funded projects, this is an area where the BOS could simplify the process without a loss of effective oversight.

An audit report for this bond was issued in January and found no abuse of bond funds. Specifically, the audit found that "all audited expenditures were spent in accordance with the ballot measure and that funds were not used for any administrative salaries or other general governmental operating expenses other than those specifically authorized in the ballot measure for such bonds."

Looking ahead, MTA staff will ask the Board of Supervisors for approval for a third bond issuance as a supplemental appropriation request in October. For this third bond issuance, there will be fewer contracts advertised to decrease the chance of overwhelming the contracting community. Schedules have been adjusted to ensure that contractors are available to bid on the work. Bids for current contracts are coming in near the engineer's estimates.

## **2015 Affordable Housing Bond**

*Report by Jane Natoli*

The \$310 million 2015 Affordable Housing Bond required a 66-2/3 vote and passed with 74-1/2% of the vote. A larger number of San Franciscans cast ballots for it than for all but one other measure in that election, including outpolling ballots for the election of the mayor.

Voters endorsed a strategic target list of populations intended to benefit from increased housing production or revitalization promised through a partnership with the private for-profit and nonprofit industry, a departure from the standard bond spending through direct city department implementation.

CGOBOC was identified in the bond measure as responsible for monitoring progress regarding spending as on time, on budget and on scope.

The primary targets are:

- Construct, develop and rehabilitate affordable rental housing
- Acquire existing rental housing as affordable housing
- Repair and reconstruct dilapidated public housing
- Create a middle income rental housing program
- Create a middle-income home ownership program
- Renew the teacher next door program
- Acquire, preserve, develop affordable housing in the mission area plan

The bond's purpose is to create a framework and structure to address the challenge of affordable rental and homeowner housing in a city that is stressed in fulfilling that challenge. The challenge is more acute when housing development and production are driven by market forces with little regard for the needs of those unable to economically compete. Affordable housing accomplishes its purpose when steps are taken on the range of options that lay the groundwork for further resources.

The strong public support for the bond and its implementation in a publicly-financed, privately developed approach made transparency and accountability essential components. Voter authorization also prompts action to keep the bond on time in a market where the Mayor's Office of Housing estimates construction costs increase at ten percent annually, adding pressure on budgets.

Transparency is served through the Mayor's Office of Housing and Community Development that issues detailed reports to the public, most recently on March 16, 2018 (Housing Bond Accountability Report March 2018.pdf)

The reports with progress updates are available at: <https://sfmohcd.org/2015-affordable-housing-general-obligation-bond>.

As the liaison on the bond, I met regularly and corresponded with staff in the Mayor's Office of Housing and Community Development (MOHCD) to review scoping of the bond-funded projects. I made site visits to review progress underway as well as site visits to locations under discussion but ultimately not included in the bond program. I have submitted questions to program staff and for the public record. Regular reports also were made to CGOBOC at meetings I attended.

Through May 2018 a total of \$218,588,356 of the \$310 million bond has been issued. Public Housing efforts include Potrero, which will receive \$20 million in bond funding with \$18 million disbursed, and Sunnydale for \$21 million earmarked. The goal is to accelerate replacement housing by five years.

Other target funding areas include the Down Payment Assistance Loans, which are fully subscribed for the first issuance, the Teacher Next Door forgivable loans which are now available, and three sites for Low-Income Housing that include acquisition funding for 4840 Mission and construction funding for 1296 Shotwell, 88 Broadway, 500 Turk and 1990 Folsom. New middle-income homes will be funded at 88 Broadway and 43<sup>rd</sup> & Irving (an educator housing site). The Small Sites Program has funded all but one project with site renovations underway.

It should be noted that services as well as housing units are to be accommodated through bond funding. These include on-site programs such as childcare where needed and appropriate.

While the bond is significantly meeting the goals of being on target, on scope and on time, other factors have come into play to an extent:

In other funding for housing, site selection is often a condition before an award is made. In a city with a shortage of housing sites, competition from market-rate developers, and an intention to provide housing dispersed across the city, this can be a high bar. In addition, even after a site appears to be suitable, further examination may conclude that site conditions make it unfavorable. In the current year, a project at 250 Laguna Honda will not go forward for related reasons.

The housing production environment also is impacted by a shortage of construction workers, which both can increase costs and slow progress. We also learned that the coordination with Pacific Gas and Electric to ensure that utilities are in place may account for as much as a six- to eight-month delay in some housing coming online. We are urging appropriate city officials to make clear the urgency of coordinating and completing work as the city faces a housing crisis.

Those are two of several factors that impact the ability to deliver on the bond's promises.

The 2015 Affordable Housing Bond is meeting its goal of addressing needs through a strategic plan, including developing new targets, replenishing resources for some existing goals, and reaching further to underserved targeted communities and neighborhoods.

## **2016 Affordable Housing Bond Preservation & Seismic Safety Program (PASS)**

### ***Report by Jane Natoli***

In November 2016, San Francisco voters passed an authorization to allow the City and County of San Francisco to repurpose \$260.7 million from a previous general obligation bond to address some of the challenges of the housing crisis in our city. The repurposed funds originated from the Seismic Safety Loan Program (SSLP), which was passed by the voters in 1992 Proposition A in the wake of the 1989 Loma Prieta earthquake. However those funds were underutilized and were repurposed by this vote. Priorities included protecting and preserving affordability of existing housing stock, stabilizing housing for those facing risk of displacement, and providing funding for much-needed renovations to make existing housing stock much more resilient to earthquakes.

One of the tools used to provide this stabilization is the Preservation and Seismic Safety (PASS) Program, which aims to provide low-cost financing with the goal of preserving up to 1,400 apartments. PASS is specifically geared towards protecting and preserving existing affordable housing and providing

needed seismic retrofits for small apartment buildings between five and 25 units, other larger multifamily and mixed use buildings, and single-room occupancy (SRO) hotels.

Through June 2019 a total of \$72.42 million of the \$260.7 million bond has been issued. The initial disbursement is aimed at funding 30 loans for 406 units throughout the city, including locations such as 4830 Mission Street and 270 Turk, as well as a number of other small sites and SROs.

The 2016 Affordable Housing Bond appears to be on track towards meeting its goal of protecting, preserving, and making safer existing housing stock and stabilizing affordability, however, CGOBOC will continue to monitor the regular updates as MOHCD has only issued three of the first 30 loans so far.

## **2018 Seawall Safety Bond**

CGOBOC is prepared to actively monitor this bond program when it gets underway.

## **City Services Auditor**

### ***Report by Kristin Chu***

The Controller functions as the City Services Auditor (CSA), as authorized by Charter Appendix F, which includes various responsibilities and powers. The Controller's CSA Division consists of the Audits Unit and City Performance Unit.

CSA is funded through a commitment of two-tenths of one percent of the City's annual budget. In fiscal year 2018-19 approximately \$19 million was budgeted for CSA's functions under this Charter requirement, plus an additional \$2.0 million from bond sales linked to multiyear capital programs. CSA has approximately 68 full-time equivalent staff, including auditors, performance analysts, project managers, and operations staff.

The City Services Auditor department operates at a high level and is serving its purpose of providing insight and analysis on the city's performance as well as comparisons with peer cities.

Based on my work as CSA liaison, I believe the CSA is fulfilling its Charter mandate and plays a vital leadership role in driving success within city government.

## **Whistleblower Program**

### ***Report by Brenda Kwee McNulty***

The Whistleblower Program ("WP") operates within the Office of the Controller.

It receives, logs, analyzes and investigates complaints under its jurisdiction that relate to the delivery of all City services, misuse of City funds, and improper behavior by and activities of both City officials and

employees, according to Charter Appendix F1.107, Citizens' Complaints, Whistleblowers, added on 11/04/2003.

The operations of the WP are carried out by a dedicated team of investigators, many of whom are certified. As the liaison, I have been briefed on WP staff's work to investigate complaints, as well as on its activities conducting training sessions on the WP, which have included the designated liaison staff of every city department. Increased knowledge of how to report a whistleblower complaint, protected by anonymity, results in more qualified complaints. The WP has also continued its outreach by hosting several external webinars this past year on topics related to whistleblower programs and investigative techniques. These webinars are open to public participation and I myself have learned a great deal from attending them.

I have made one recommendation to CGOBOC which was approved at the last CGOBOC meeting. Prop C in 2003 created the WP, which is now 16 years ago. The Program appears to be functioning as intended but since that time, there has never been a thorough review of the program procedure itself, which is critical to the program's success. I recommend that CGOBOC commission an external consultant to conduct an independent and thorough review of the operational manual of procedures that all investigators are trained to adhere to. To the best of my knowledge, based on my meetings with WP staff and my reviews of quarterly reports, I believe the WP continues to operate in an effective and efficient manner and is in compliance with its charter mandate.

This is my second and last term serving on CGOBOC. I would like to thank the WP staff and management for their unfailing support of my oversight work during my last 4 years as liaison to this program.

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# Annual General Obligation Bond Program Report

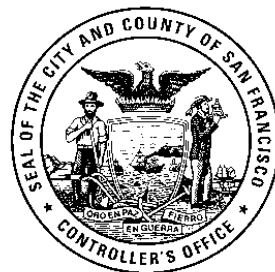
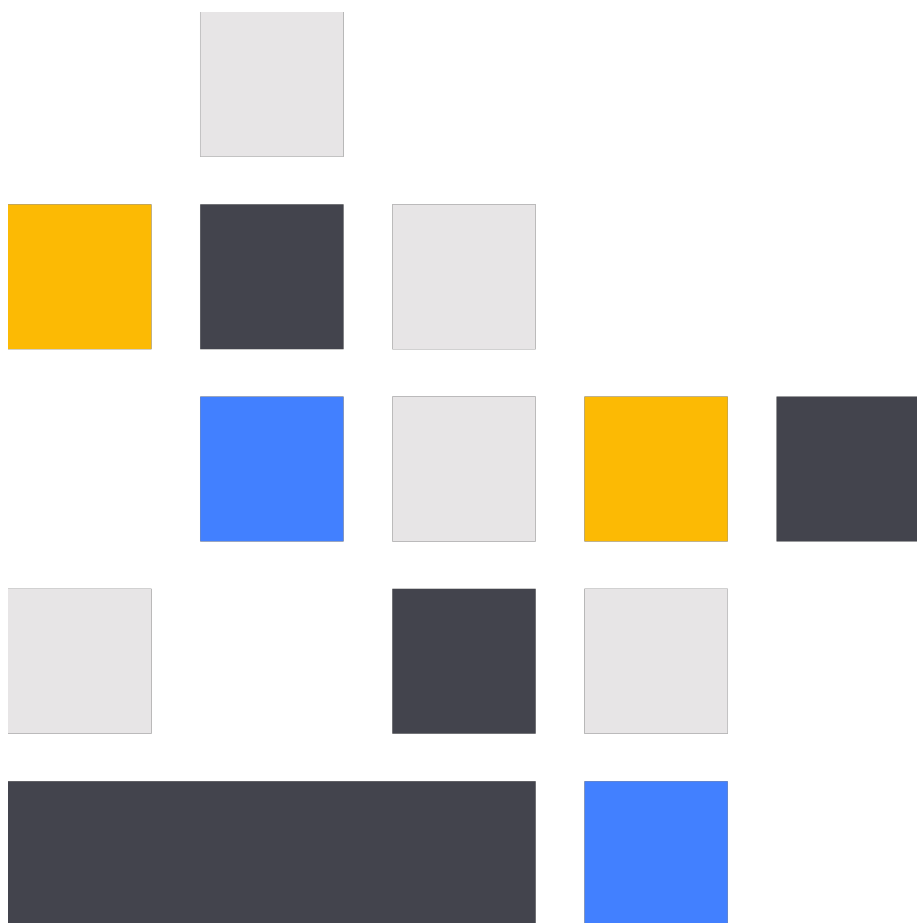
JANUARY 2017 TO JUNE 2018

[Annual General Obligation Bond Program Report \(January 2017 – June 2018\)](#)

# City Services Auditor Annual Work Plan

Fiscal Year 2019-20

The work plan highlights the division's accomplishments during fiscal year 2018-19 and describes audits, projects, and programs planned for fiscal year 2019-20.



**July 2, 2019**

City & County of San Francisco  
Office of the Controller  
City Services Auditor

## About the Office of the Controller

The Office of the Controller works to ensure the City's financial integrity and to promote efficient, effective, and accountable government. The Controller's Office strives to be a model for good government and to make the City a better place to live and work.

## About the City Services Auditor

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that voters approved in 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

Throughout the fiscal year, CSA publishes its audit reports, performance reports, and technical assistance project summaries on the [Controller's website](#). The public is invited to subscribe to CSA's reports, search the database of reports, and use publicly available financial and performance data on the CSA website.

The Citizen's General Obligation Bond Oversight Committee has and will provide input on the CSA annual work plan, which is subject to refinement and change throughout the year.

### Audits Division:

Tonia Lediju, PhD, Chief Audit Executive

### City Performance Division:

Peg Stevenson, Director

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Or visit:

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 [@sfcontroller](https://twitter.com/sfcontroller)

# Our Organization

## MISSION

The City Services Auditor (CSA), part of the Office of Controller, seeks to improve public service delivery and promote efficient, effective, and accountable government.

## WORK

CSA performs many important services for city government. CSA's Audits Division provides an independent, risk-based assessment of the City's \$12 billion budget for its host of major public service offerings, infrastructure, suppliers, contractors and community-based organizations. Audits staff has expertise in capital project and contractor auditing, data analytics, investigations, evaluating network and system security, and auditing compliance with financial and operational requirements and leading practices. CSA's City Performance Division provides financial and operational analysis, process mapping, program evaluation, and other work to help city agencies improve public services. City Performance procures expert professional services where needed and manages technical and consultant contracts efficiently on behalf of other city departments.

## GOALS

### Audits Division

- Conduct performance audits of city departments, contractors, and functions to improve efficiency and effectiveness of service delivery and business processes.
- Investigate complaints of fraud, waste, or abuse of city resources received through the whistleblower hotline and website.
- Provide actionable audit recommendations to city leaders to promote and enhance accountability and improve the overall performance and efficiency of city government.

### City Performance Division

- Support city departments in making transparent, data-driven decisions in policy development and operational management.
- Guide city departments in aligning programming with resources for greater efficiency and impact.
- Provide city departments with the tools they need to innovate, test, and learn.

## RESOURCES

CSA is funded through a commitment of two-tenths of one percent of the City's annual budget. In fiscal year 2019-20 approximately \$20 million is budgeted for CSA's functions under this Charter requirement, plus an additional \$3 million from bond sales linked to multiyear capital programs. CSA has approximately 70 full-time equivalent staff, including auditors, performance analysts, project managers, and operations staff.



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# Our 2018-19 Accomplishments

## AUDITS DIVISION

In fiscal year 2018-19 the Audits Division continued to provide high quality, impactful services to its audit stakeholders. The division maintained a high client satisfaction rate, while continuing to be recognized as a leader in the auditing field, with staff presenting at numerous local, regional, and national conferences and trainings on topics including performance and construction auditing, finance, whistleblower investigations, and information technology and cybersecurity.

The Audits Division continued to provide critical information to city leaders and promote best practices and accountability through best-in-class audit services by:

- ✓ **Recommending Measures to Strengthen Key Business Processes and Internal Control Environments Through Risk-Based Audit Programs:** Completed audits and assessments involving multiple departments on cash transactions, including cash collections on cable cars, nonprofit organizations that contract with the City, program eligibility, inventory, and procurement card transactions. The division also continued implementing continuous audit programs to help identify high-risk areas and test controls in the City's new financial system.
- ✓ **Proactively Assessing Information Technology (IT) Systems and Computing Environments to Improve Cybersecurity and IT Governance:** Conducted high-impact information security initiatives that went beyond traditional IT general controls auditing—including penetration tests and vulnerability assessments of critical systems—and proactively assessed the City's cybersecurity efforts to ensure the City invests in appropriate safeguards from wide-ranging attacks. Evaluated the City's efforts to ensure the confidentiality, integrity, and availability of sensitive data and adherence to the Committee on Information Technology (COIT) policies and standards. The division continues to partner with the Department of Technology, the City's chief information security officer, and departments' information security professionals to ensure that high-risk issues identified through our work are remediated appropriately and in a timely manner.
- ✓ **Enhancing Transparency of Construction Projects and Capital Programs Citywide:** Completed audits of the 2014 Earthquake Safety and Emergency Response and 2014 Transportation and Road Improvement bond programs, issued recommendations for implementing leading practices in citywide facilities maintenance practices, and provided workshops to city staff responsible for various aspects of capital projects on lessons learned from audits of bond programs, construction safety, contracting for construction services, change management, and project management.
- ✓ **Recommending Measures to Improve Effectiveness, Efficiency, and Economy of Departmental Operations:** Made recommendations to more efficiently use city vehicles and minimize the environmental impact of the City's fleet management, to shorten response times and provide better information through 311, to strengthen the ethical climate and improve the timeliness of

inspections by the Department of Public Health (PUBLIC HEALTH) Environmental Health Branch, and to improve administrative and staffing operations while reducing overtime and risk of officer fatigue at the San Francisco Sheriff's Department.

- ✓ **Ensuring Accountability Through Investigations of Fraud, Waste, and Abuse of City Resources:**  
The Audits Division's Whistleblower Program is a multidisciplinary team that collectively possesses the experience and expertise to address the diverse range of allegations. The Whistleblower team investigated and closed 251 reports, resulting in over 100 corrective and preventative actions.

The value of audit work is not only in the findings and conclusions reported, but also in the corrective actions implemented by departments to address the audit recommendations. City departments implemented 98 percent of the Audits Division's recommendations within two years of when they were issued. In addition to its audit services, the division also successfully assisted city leaders and stakeholders by pre-auditing mutual aid reimbursement requests as part of the Camp Fire response and hosted two webinars on issues related to fraud hotline operations and investigations.

## CITY PERFORMANCE DIVISION

For the fourth year in a row, the International City/County Management Association's Center for Performance Analytics awarded the City Performance Division the **Certificate of Excellence**, which recognizes local governments for demonstrating excellence in analysis, public transparency, training, and support to staff and decision makers. In fiscal year 2018-19 City Performance:

- ✓ Issued the 2019 biennial [City Survey](#) assessing residents' use of and satisfaction with city services they experience every day: streets, parks, Muni, and libraries. The survey asks about residents' perceptions on topics such as safety, street conditions, and homelessness. New interactive dashboards on the City Survey website allow users to explore and understand the data.
- ✓ The Performance Program continued to update the San Francisco [Performance Scorecards](#) website, including the [citywide benchmarking dashboards](#). The program published biannual performance reporting for all departments in the [fiscal year 2017-18 annual performance measure report](#) and the fiscal years 2019-20 and 2020-21 [Mayor's budget book](#).
- ✓ [Reported on the impact](#) of the City's **Healthy Streets Operations Center**, which coordinates the City's multi-agency response to homeless encampments, people in distress, drug use and sales on the streets, and related street conditions. We supported city teams to develop new tracking methods and analyzed weekly data to show results from the City's efforts to make street responses and interventions more consistent, thoughtful, and service-based.
- ✓ Added new courses and continued to grow the [Data Academy](#) to provide training in analytical software, information design, process analysis, and other tools for city staff. Over 25 city employees taught 78 workshops during the fiscal year, providing training to 1,415 attendees.
- ✓ The [City Performance Lean Program](#) coached staff from 16 departments to complete 27 improvement projects in two Lean Leaders cohorts. Staff worked with human resources divisions at the Public Library and the Public Utilities Commission to reduce time-to-hire, trained over 150 city employees in Lean 101, and launched a new Lean for Executives training.
- ✓ Launched a [Parks Scores Dashboard](#) with interactive visualization of quarterly park maintenance scores, including highest- and lowest-scoring parks, how scores have changed over time, and details about individual parks.
- ✓ Provided critical project management, process improvement, and analytical support to the effort to open a new **One-Stop Permit Center** in summer 2020 at the City's new office building at 49 South Van Ness Avenue. The center will bring together approximately 16 departments and streamline permitting services for a more efficient and customer-friendly experience.
- ✓ Completed oversight of a three-year health consultant contract that provided **Public Health** with strategic analyses and recommendations to succeed in the managed care environment. This included assessing Public Health's capabilities for contract expansion, the financial impact of commercial contracting, the division of financial responsibilities and capitation revenue splits with the San Francisco Health Plan, the requirements of a state license to more broadly participate in insurance plans, and an optimization of in-network transgender surgeries.

# Our Plans for 2019-20



## PUBLIC HEALTH & HUMAN SERVICES

San Francisco has a strong commitment to public health and human services and strives for the best, most effective delivery of health care and safety net programs. The City must continually work to match its public health services to changing demographics, conditions, funding, and mandates. CSA assists Public Health, the Department of Homelessness and Supportive Housing, Human Services Agency, and others by providing analytical services, contracting assistance, audits, and support for departmental process and system improvements in high-priority areas. In fiscal year 2019-20 CSA will:

- Work with Public Health to improve measurement of behavioral health services provided by city clinics, nonprofit community providers and others. The City needs common names, units of service definitions, a population health analysis and related metrics to better understand and drive toward improving service offerings and outcomes in behavioral health (mental health and substance abuse).
- Audit Public Health's City Option Program.
- Audit shelter operations to evaluate compliance with contract terms and assess operational effectiveness.
- Audit nonprofit organizations' compliance and performance under city contracts.
- Coordinate a process with Public Health emergency medical services, the Fire Department, and private ambulance providers to focus on two critical metrics in cardiac care, understand the system and how we can improve tracking and patient outcomes.
- Continue analytical support for the Healthy Streets Operations Center—a joint command approach to responding to calls on homelessness and related street conditions. Our work is key to the City's goals of improving effectiveness of interventions and client outcomes.
- With the Department of Homelessness and Supportive Housing, work to transition its service contracts toward a system of performance-based, active contract management. New approaches in this area have helped cities increase efficiency, understand the costs of services, and give flexibility to high-performing organizations.
- Analyze and map child abuse prevention services in San Francisco to assist the Human Services Agency in meeting state mandates in this area.



## TRANSPORTATION & STREETS

To improve responsiveness and efficiency, CSA provides transportation-related auditing and consulting services. In fiscal year 2019-20 CSA will:

- Provide support to a working group convened by the Mayor and members of the Board of Supervisors to review Muni's service reliability, organizational issues, and performance metrics and provide guidance as the search for a new Municipal Transportation Agency (MTA) director proceeds.
- Implement revised standards to measure street and sidewalk maintenance and cleanliness so the City can better respond to public concern and service needs. Expand reporting to provide more real-time results to Public Works and other City departments.
- Complete a performance audit of MTA's Capital Programs and Construction Division.
- Audit aspects of MTA's operations, including contracting, cash handling on cable cars, and eligibility programs.



## INFRASTRUCTURE, CAPITAL & FACILITIES

To promote fiscal sustainability, government efficiency, and interdepartmental collaboration, CSA provides audit, oversight, and technical assistance services related to the City's capital improvement programs and bond expenditures. In fiscal year 2019-20 CSA will:

- Continue work to support the City's planned new permit center now under construction at 49 South Van Ness. Those seeking plan approvals and permits from the City will have customer service help, simple and fast ways to get advice on their project, straightforward transactions, and transparency on wait and processing times. We are working with a dozen departments to design and improve how permits are done in San Francisco.
- Work with the departments that build capital projects on planned analyses of the labor, bidding environment, and other features of the construction market that affect the City's costs, time to build, and ability to deliver the ten-year Capital Plan.
- Audit various general obligation bond programs' expenditures, project management practices, and construction contract close-out procedures.
- Audit the Recreation and Park Department's Strategic Plan.
- Complete audits of the City's below market rate program and development impact fee collection and distribution practices.



## PROCUREMENT & CONTRACT OVERSIGHT

To improve government efficiency and responsiveness and promote affordability, CSA performs work on the City's contracting and procurement efforts. In fiscal year 2019-20 CSA will:

- Support the City's nonprofit providers by convening a quarterly forum on city policy, funding, standards, and programming that affects the sector. Work will also include implementing the City's first round of funding provided to contractors under the Minimum Compensation Ordinance.

- Assist with the Controller's Office effort to bring more of the City's bids for services and supplies—and its contracting processes overall—into the central system used for all financial transactions and reporting.
- Work with the Office of Contract Administration, Ethics Commission, and other stakeholders on standardizing ways to test for and prevent possible conflicts of interest in public contracting.
- Audit third-party contract compliance and risks.
- Continue implementing the purchase card (P-card) and procure-to-pay citywide audit programs.
- Audit the IT procurement process and contracting practices of the Public Library.



## PUBLIC SAFETY

To ensure government efficiency and effective collaboration with public safety agencies, CSA has done a variety of work. In fiscal year 2019-20 CSA will:

- Refine and use analyses to set targets and assist Police Department managers using data dashboards to plan staffing and deployment with the overall goal of improving response timeliness and consistency. These data analyses were first done in fiscal year 2018-19 to understand the City's emergency response times and how they are affected by 911 operations, dispatch, Police operations, and the City's environment.
- Continue work with the Police Department to monitor civilianization efforts and to implement reforms detailed in the Department of Justice report of 2016, along with the department's own strategic goals to improve community policing, crisis intervention training, and use of force, among other organizational priorities.
- Provide analysis and support for the City's Vision Zero goals of reducing and eliminating pedestrian deaths and injuries.
- Work with the Sheriff's Office to develop a master staffing plan.
- Provide audit-related services to the Police Department and Department of Police Accountability.
- Audit the Fire Department's Inspections Bureau.
- Audit the Police Department's equipment inventory controls and practices.



## INFORMATION TECHNOLOGY & CYBERSECURITY

CSA continues to assist departments in minimizing security breaches and risks to city systems and applications and helps to develop solutions to the City's information technology needs. To further improve the City's information technology structure, in fiscal year 2019-20 CSA will:

- Continue to conduct thorough network vulnerability and penetration tests to determine the effectiveness of departments' security measures.

- Continuously collaborate with the Department of Technology and City's chief information security officer to address important cybersecurity issues, share insights on and mitigate emerging threats and vulnerabilities, and ensure compliance with cybersecurity frameworks and regulations.
- Audit and review work to ensure that departments align with the Committee on Information Technology's governance, risk, and compliance policies.
- Continue to provide post-implementation audit services related to the City's key enterprise systems and critical infrastructure.
- Work with other agencies to identify additional software and tools to grow toward an overall integrated data environment for San Francisco's public services. The City has steadily increased the number and usability of datasets that are available to the public through the Data SF portal and related tools.
- Support the City's Committee on Information Technology with a training program for managers who are responsible for technology projects. The training will address how to better plan, scope, contract for, and generally manage time and resources in the systems and technology field.



## PERFORMANCE PROGRAM

To enhance government responsiveness, the City Performance Division's Performance Program continues to improve the City's performance reporting programs and products.

In fiscal year 2019-20 CSA will:

- Work with the Mayor's Office and certain departments to develop and monitor Accountability and Equitable Outcome plans for select budget initiatives. Our work will help policymakers track progress in implementing new and/or expanded services toward established goals, performance measures, timelines, and expected outcomes.
- Facilitate performance data collection and reporting for all departments' performance measures and revise measures for certain departments to align with strategic goals. Develop tools and trainings to enhance city staff's knowledge of performance measurement and management best practices.
- Publish results to expected targets on the [Performance Scorecards website](#) and in the Annual Performance Measurement Report and Mayor's budget book.
- Develop additional reporting from the [2019 City Survey](#) results, including district-level results.
- Update the [benchmarking dashboards](#) on the Performance Scorecards website to compare San Francisco to peers in eight policy areas. Develop new benchmarking results for selected metrics, including financial benchmarks.





## WHISTLEBLOWER PROGRAM

To promote government efficiency, responsiveness, and interdepartmental collaboration, CSA operates the Charter-mandated Whistleblower Program. In fiscal year 2019-20 CSA will continue to provide:

- A best-in-class Whistleblower Program that effectively resolves complaints to support government efficiencies.
- Hotline webinars that promote innovative operational leading practices.
- Resources and training materials that educate city employees and the public about fraud prevention and other matters related to the Whistleblower Program.

## MAJOR PLANNED PROJECTS & AUDITS

The following list of major audits and projects planned for fiscal year 2019-20 have at least 500 staff hours allocated for each effort. CSA's complete work plan includes many other smaller initiatives. Additional detail is available upon request.

Department	Project or Audit Title
<b>Airport</b>	Fuel Procurement Dashboard
<b>Airport</b>	Inventory Audit
<b>Bonds</b>	Annual General Obligation Bond Program Report
<b>Bonds</b>	Construction Project Close-Out
<b>Bonds</b>	Improve City Construction Contractor Bid Pool
<b>Cannabis</b>	Cannabis Impact Year 1 Report
<b>Citywide</b>	2019 City Survey – District Reports and Focus Reports
<b>Citywide</b>	Audit Follow-up & GAO Program
<b>Citywide</b>	Citywide Benchmarking
<b>Citywide</b>	Citywide Eligibility Audit (Reappraisal)
<b>Citywide</b>	Citywide Emergency Cost Recovery Program
<b>Citywide</b>	Citywide Enterprise Risk Management Program
<b>Citywide</b>	Citywide Nonprofit Monitoring and Capacity Building Program
<b>Citywide</b>	Citywide Procure to Pay Continuous Monitoring
<b>Citywide</b>	Data Academy
<b>Citywide</b>	Data Sharing
<b>Citywide</b>	Development Impact Fees Collection and Distribution Audit
<b>Citywide</b>	Equity Indicators
<b>Citywide</b>	Financial System Project Assistance
<b>Citywide</b>	Healthy Street Operations Center Performance Management
<b>Citywide</b>	Housing Data
<b>Citywide</b>	Interagency Metrics – DPH, HSH, HSA
<b>Citywide</b>	IT and Cybersecurity Audit Program
<b>Citywide</b>	IT and Cybersecurity Research Requests
<b>Citywide</b>	Lean Team
<b>Citywide</b>	Nonprofit Contracting Forum and Policy Implementation
<b>Citywide</b>	Procurement Card Usage Continuous Monitoring
<b>Citywide</b>	People & Pay Data Quality Review
<b>Citywide</b>	Performance Program
<b>Citywide</b>	Permit Center Implementation
<b>Citywide</b>	Whistleblower Program
<b>Citywide</b>	Workforce Analysis - Management and Employment Mandates
<b>Ethics</b>	Data-Matching Design
<b>Fire</b>	Audit of Fire Department's Inspections Bureau
<b>Health Services</b>	Health Services System Lean Partnership
<b>Homelessness &amp; Supportive Housing</b>	Analysis of Costs of Contracted Services and Planning for Performance-Based Contracts

Department	Project or Audit Title
<b>Homelessness &amp; Supportive Housing</b>	Evaluation of Family Coordinated Entry Access Points
<b>Homelessness &amp; Supportive Housing</b>	Shelter Operations Audit
<b>Housing Authority</b>	San Francisco Housing Authority Assistance
<b>Human Services</b>	Child Abuse Prevention - Phase 2 / FFPSA Implementation Support
<b>Municipal Transportation</b>	Cable Car Cash Assessment
<b>Municipal Transportation</b>	Citywide Eligibility Audit (MTA Free Fare)
<b>Municipal Transportation</b>	Vision Zero Support
<b>Municipal Transportation</b>	Capital Program and Construction Division Audit
<b>Municipal Transportation</b>	Operational Audit
<b>Municipal Transportation</b>	MUNI Reliability Working Group
<b>Police</b>	Compliance Audit
<b>Police Accountability</b>	Department of Police Accountability Audit Assistance
<b>Public Health</b>	Population View of Prevalence and Need of Behavioral Health Services in the Community
<b>Public Health</b>	Managed Care Strategy and Contracting
<b>Public Utilities</b>	External Affairs Divisional Audit
<b>Public Works</b>	Opportunities for Expanding Contractor Bid Pool
<b>Public Works</b>	Street and Sidewalk Standards Planning & Reporting
<b>Recreation &amp; Park</b>	Park Standards Planning & Reporting
<b>Recreation &amp; Park</b>	Performance Audit of Rec and Park's Strategic Plan



**OFFICE OF THE CONTROLLER**

CITY AND COUNTY OF SAN FRANCISCO

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

2019 OCT 21 PM 1:27  
HY

## MEMORANDUM

**TO:** The Honorable Board of Supervisors  
Angela Calvillo, Clerk of the Board of Supervisors

**FROM:** Ted Egan, Chief Economist *TE*

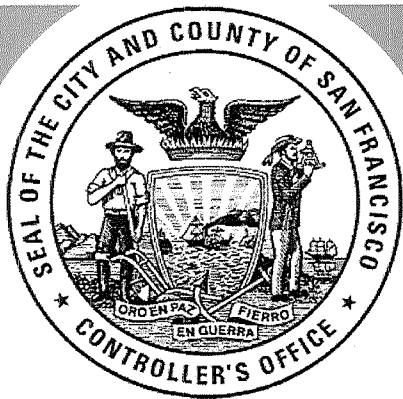
**DATE:** October 21, 2019

**SUBJECT:** Office of Economic Analysis Impact Report for File Number 190548

Dear Madam Clerk and Members of the Board:

The Office of Economic Analysis is pleased to present you with its economic impact report on file number 190548, "Increasing the Jobs-Housing Linkage Fee: Economic Impact Report." If you have any questions about this report, please contact me at (415) 554-5268.

# Increasing the Jobs-Housing Linkage Fee: Economic Impact Report



**CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller  
Office of Economic Analysis

Item #190548

10.21.2019

- The proposed legislation would raise the City's Jobs-Housing Linkage Fee (JHLF) for newly-constructed office and laboratory space.
- The City assesses the JHLF on new non-residential development; the fee revenue is dedicated to affordable housing programs.
- A nexus study supporting the fee, which first prepared in 1997, was updated in May, 2019. The maximum fee supported by the nexus rose as a result of the updated study, and the proposed legislation has been introduced as a consequence.
- The current version of the proposed legislation would raise the fee for new offices from \$28.57 to \$69.60 per gross square foot. For new laboratory space, the fee would rise from \$19.04 to \$46.43.
- The legislation has the potential to raise substantial new revenues for affordable housing, while also increasing development costs in a way that could threaten future employment growth. Consequently, the Office of Economic Analysis (OEA) has prepared this economic impact report.

- Two existing studies have examined the potential impact of the proposed legislation: a nexus study prepared by Keyser Marston Associates,<sup>1</sup> and a feasibility study prepared by Economic and Planning Systems Inc. (EPS).<sup>2</sup>
- The JHLF is a development impact fee which, under California law, must be rationally-related to a negative consequence of new development. A nexus study is required in order to demonstrate that the fee charged to a project does not exceed the magnitude of the problem caused by the development.
- While most impact fees seek to fund expansions to public infrastructure, in order to maintain an existing level-of-service of that infrastructure, the JHLF nexus study is based on a perceived problem in the housing market that is believed to be created by employment growth in the city.
- The study estimated the number of low- and moderate-income worker households working in new commercial space of various types. A per-square-foot charge, for each type of non-commercial development, is obtained after multiplying the household numbers by the City's average cost of producing a permanently-affordable housing unit.

# The Nexus Study (Continued)

4

- Thus, the nexus study aims to estimate the fee that would be necessary to fully mitigate the impact of different types of commercial development on affordable housing, at a "level-of-service" at which each new low/moderate income worker household would occupy a permanently-affordable housing unit within San Francisco.
- The nexus study is not an economic impact report. It does not address any other ways in which non-residential development affects the city's economy, such as its effect on the employment or income of city residents.



# The Feasibility Study

- The nexus study is also not concerned with the question of whether an increase to the JHLF will reduce the fiscal feasibility of new development, or the broader economic implications of that risk.
- To address this issue, the Office of Economic and Workforce Development published a feasibility study that assessed the impact of a \$10 per square-foot increase in the JHLF, which was the level of increase proposed in the initial version of this legislation.
- After preparing sample pro-forma models for six different office projects in areas where new development is planned, the feasibility study found that office development is currently infeasible, even without the proposed fee increase.
- It concluded, however, that “once market conditions improve sufficiently to support the feasibility of office development, the analysis suggests that some modest level of fee increase may be viable.”<sup>3</sup>
- The “market conditions” referred to involve a 25% decrease in the land costs a developer would face, and a 13% increase in the rents tenants would be willing to pay. The study does not discuss whether or when such a change in market conditions might occur.

# The Office Development Model

- It is unclear, from the feasibility study, when and if market conditions can change to make the current \$40/sf proposed fee increase for office development viable.
- Because the issue of how the fee increases will affect future development and employment growth is of central importance to its economic impact, a different analytical approach is necessary for this report.
- The OEA worked with the Blue Sky Consulting Group to develop a model that would estimate how sensitive office development in the city is to changes in development costs, such as a fee increase.
- The model, which incorporates information on most parcels in the city<sup>4</sup>, and office permitting activity since 2001, is similar to ones built by the OEA and Blue Sky to study the impact of fee increases on housing production in the city<sup>5</sup>. Full details on the model are provided in the Appendix.
- Using the model, we can estimate how office development, and employment, across the city may change as a result of the fee increase. It can also estimate how JHLF revenue may change.

- The proposed development is expected to affect the local economy in two major ways:
  1. The proposed fee increase will raise the development cost of office and laboratory space and as a result some projects may become financially infeasible. As a result of that, the city would have less development, less space for workers, and less overall employment on an ongoing basis. To the extent development is curtailed because of the higher fee, one-time construction spending on office and laboratory space would decline as well.
  2. The fee increase should increase funding for affordable housing in the city. Depending on how this funding is used, it could increase construction and rehabilitation spending, and/or increase consumer spending, to the extent the revenue is used to make existing housing more affordable for low- and moderate-income households, and freeing up their income to be spent elsewhere in the local economy.
- The net economic impact will depend upon the relative size of these two impact factors.

# Estimating the Impact on Office Development

- The model described earlier was used to estimate the sensitivity of office development to changes in the JHLF. Because there is much less laboratory space in the city, the proposed legislation's impact on laboratories is not considered in this report.
- The model found a statistically-significant negative relationship between building construction costs<sup>6</sup>, and the likelihood of a building permit for new office construction being issued for a given parcel in a given year.
- Based on estimates of San Francisco office development costs published by Turner & Townsend of \$625/sf, and the EPS feasibility study average of \$717/sf, we calculated the proposed fee increase as equivalent to a 6% increase in non-land development costs<sup>7</sup>.
- The model projects that a 6% increase in development costs would lead to a 0.2% decline in overall office space in the city, equivalent to a reduction of 125,000 – 140,000 square feet per year, on average.
- Because office development is highly sensitive to the business cycle, the impact could be higher or lower in any particular year.

# Office Employment and Construction Impacts

- To obtain an estimate of office employment lost due to office construction that is made infeasible by the fee increase, this study uses the employment density figure that is used in the updated nexus study, which is 238 square feet of office space per employee.
- An average annual loss of 125,000 to 140,000 square feet of office space would lead to a loss of 520 to 585 office jobs, at that employment density.
- To estimate the impact of the loss of feasibility on office construction, we used the same construction spending range of \$625 to \$717 per gross square foot, from the Turner & Townsend and EPS sources. The annual decline in office construction spending is estimated at \$61 million - \$87 million per year.

# Impact on JHLF Revenue

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- Despite the decline in office development, the increase in the fee is projected to lead to a \$8 million - \$9 million increase in fee revenue, as shown in the table below. The model's projects, as a baseline, an average of 430,000 sf of new office per year, under condition. With the higher fee, that would fall to 290,000 – 305,000.

Inputs	Baseline	Under Proposed Legislation	Difference
Annual New Office Development (sf)	430,000	290,000-305,000	125,000 – 140,000
Applicable JHLF	\$28.57	\$69.60	\$41.23
JHLF Revenue (\$M)	\$12.3	\$20.2 - \$21.2	\$8 - \$9

- The legislation directs that 10% of the fee's revenues are to be devoted to the acquisition and rehabilitation, and another 30% to the development of permanent supportive housing. This analysis assumes the remaining 60% is used for the construction of permanently-affordable housing.

# REMI Model Simulation: High and Low Scenarios

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- The OEA uses the REMI model to estimate the net economic impact of legislation, based on the economic impact factors already discussed.
- In a low-impact scenario, based on a loss of 125,000 sf of office development and most spending on construction, the estimate is based on:
  - a loss of 520 office jobs, associated with the low-end estimate of lost office space, split proportionally between office-using industries<sup>9</sup>.
  - a loss of \$61 million in office construction spending.
  - a gain of \$9 million in fee revenue, assumed to be spent on construction.
- In a high-impact scenario, based on a loss of 140,000 sf of office development and more spending on housing subsidy, the inputs are:
  - a loss of 585 office jobs, associated with the high-end office loss estimate, split among office-using industries as above.
  - a loss of \$82 million in office construction spending.
  - a gain of \$8 million in fee revenue, assumed to be spent on construction.

# Economic Impact Assessment

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- We project the proposed legislation will result in a net job loss of between 1,275 and 1,500 jobs, representing between 0.1% and 0.2% of all jobs in the city, on average over the next 20 years.
- The impact on the city's GDP is likewise projected to be negative, to the tune of \$280-\$330 million, in today's dollars.
- About 60% of the job losses will be concentrated in the office-using industries that are directly impacted by the fee. Another 25% of the losses are projected to occur in construction, with the remainder spread across other industries. No sector is projected to add jobs as a result of the proposed legislation.
- Housing prices are projected to decline, by 0.1% - 0.2%, but this is due to a proportional loss of personal income and population, not because housing would become broadly more affordable.
- The additional participants in the the expanded affordable housing programs would clearly benefit, and other low- and moderate-income residents may also benefit if the growth in affordable housing lessens competition at the low end of the private housing market.



# Appendix: Office Development Model Methodology

The OEA's consultants, Blue Sky Consulting Group, analyzed the data set described on pages 14-15 to determine which factors are most useful for estimating the probability that a San Francisco parcel will be developed into additional office space in a given year. To do this, they used a common statistical technique called logistic regression analysis. A logistic regression is a special type of regression used to understand the relationship between a dependent binary (yes or no) variable, and one or more independent or explanatory variables. Here, the dependent variable is set equal to a one if the parcel added office space in a specific year, and otherwise set equal to zero.

To identify those explanatory variables that are most useful for understanding when and where office space is added, they developed a base model that included those variables most likely to be closely associated with such development based on economic theory. Those variables include office rents, construction costs, zoning restrictions, current land use, the size of the potential development given height and density restrictions, and the relative increase for the potential development given the existing development on the site. With this as the base model, they tested the impact of adding other explanatory variables such as various stock market indexes, interest rates, total employment and the unemployment rate for San Francisco, etc. These tests were evaluated based on their overall impact to the model as well as their individual predictive power. Many of these added economic variables were highly correlated with office rents and construction costs while others did not have a statistically significant relationship with office development. These variables were therefore excluded from the final model. Throughout these tests, however, it was clear that office rents and construction costs were consistently useful predictors of office development, and the nature of this relationship was quite stable regardless of the inclusion or exclusion of these additional explanatory variables.

After completing these tests, the final models consisted of the following explanatory variables. Their impact on the likelihood of office development happening (positive or negative) is shown in parentheses.

1. a dummy variable for whether or not the parcel had 1 or more housing units (negative),
2. the average asking rent for San Francisco from REIS (positive),
3. the SF building cost index from Engineering News Record (negative)
4. the potential building envelope, given height and bulk controls (positive)
5. the ratio of the potential building envelope to the existing square footage (positive), and
6. ten dummy variables for the type of zoning for the parcel. (positive and negative)

# Appendix: Office Development Model Data Sources

The data included in the analysis consisted of the following:

1. Permit Data—Blue Sky reviewed the City's permit data to identify projects that added office space. The data set includes all new construction for office space as well as alterations that were identified as creating new office space via expansion or conversion. All permits for new construction of office space were included. To determine which alteration permits to include, we reviewed the description for all projects that either had the term "convert" or "erect" in the description or for which the costs were \$250K or higher. Based on a review of the permit's description, we excluded any permits that were for tenant improvements of existing office space or other work that did not result in new office space being produced. Finally, we limited the office developments used in the analysis to only include permits issued between 2001 and 2018, the years for which parcel data are available. This resulted in 136 office development projects, or 85 new construction projects and 51 alteration/conversion projects.
2. Parcel-Specific Data—Data for every parcel in San Francisco were collected for each year from 2001 through 2018. This information includes attributes which did not change over time such as the parcel's land area and neighborhood, as well as characteristics that may have changed, such as the parcel's zoning requirements or maximum allowable building height. The basis for our list of parcels was the current "City Lots" database available from the San Francisco Planning Department. We then integrated annual files for 2001 through 2018 for zoning, height and bulk districts, planning districts, special use districts, and land use. In addition, because parcel identifiers may change over time as parcels are combined or divided, the Planning Department also provided a file that recorded parcel number changes over time. Finally, parcels that did not have any zoning designation were reviewed and those that were determined to be located in water were removed.
3. Demographic Data—Demographic data were also integrated for regions within the City. Specifically, data for education level and per capita income were collected by census tract from the Decennial Census for 2000 and 2010 and supplemented with annual data from the American Community Survey for 2009-2018. Where annual data were not available, values were interpolated. GIS software was then used to map parcels to census tracts so that every parcel could be assigned the appropriate annual estimates of education level and per capita income.

## Appendix: Data Sources (continued)

4. Annual Economic Data—Various measures of construction costs and office rents were also collected and integrated to account for changes that would have a direct impact on the San Francisco market for office space over time, as well as changes in general economic conditions that may influence the amount of development. These economic indicators included data specific to the City, such as total employment and the unemployment rate in San Francisco, as well as data for the greater San Francisco area, including the total employment and unemployment rate and the number and value of residential building permits issued for the San Francisco Metropolitan Statistical Area (MSA). Also integrated were numerous measures of general economic activity and consumer sentiment, including various stock market indices such as the Dow Jones Total Stock Market Index (DJ-TSM), S&P 500, and the NASDAQ; data on venture-backed companies in Northern California from the Sand Hill Index of Venture Capital; interest rates; and measures of consumer sentiment as reported by both the Conference Board and the University of Michigan. Finally, data for various price and cost indices specific to San Francisco were integrated, including an annual index of asking and effective office rents from Real Estate Solutions by Moody's Analytics (REIS) and a Building Cost Index and a Construction Cost Index prepared specifically for San Francisco by the Engineering News Record (ENR).

These data sources were combined to form a single data set, with one record for each of the City's current "base lot" parcels for each year from 2001 to 2018.

# End Notes

- [1] Keyser Marston Associates, "Jobs Housing Nexus Analysis: San Francisco California", Prepared for the City and County of San Francisco, May 2019.
- [2] Economic & Planning Systems, "Final Memorandum: Jobs-Housing Linkage Fee Update Development Feasibility Assessment", Prepared for the City and County of San Francisco, June 2019.
- [3] Economic & Planning Systems, page 3.
- [4] Excluding public parcels, and parcels subject to a development agreement.
- [5] San Francisco Controller's Office: "Increasing Inclusionary Housing Requirements: Economic Impact Report", February, 2016; "Inclusionary Housing Working Group: Preliminary Report", September 2016.
- [6] As measured by the Building Cost Index published for San Francisco by Engineering News Record.
- [7] Turner & Townsend, "International Construction Market Survey 2019".
- [8] Conversions to office from other uses has contributed to the growth in the city's office space in the past, but these conversions are not considered in this model.
- [9] Office-using industries include Information, Financial Services, Real Estate, Business & Professional Services, and Administrative and Support Services.

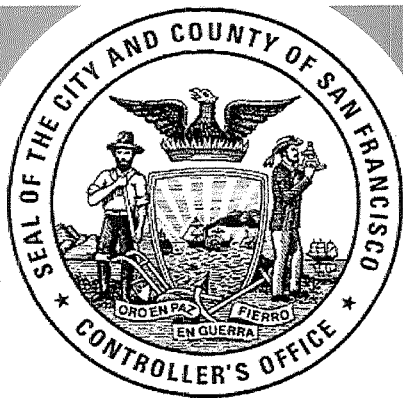
# Staff Contacts

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[ted.egan@sfgov.org](mailto:ted.egan@sfgov.org)

The assistance of the Blue Sky Consulting Group is gratefully acknowledged. All errors and omissions are solely the responsibility of the Office of Economic Analysis.

# Increasing the Jobs-Housing Linkage Fee: Economic Impact Report



**CITY & COUNTY OF SAN FRANCISCO**

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- Because office development is highly sensitive to the business cycle, the impact could be higher or lower in any particular year.

# Office Employment and Construction Impacts

- To obtain an estimate of office employment lost due to office construction that is made infeasible by the fee increase, this study uses the employment density figure that is used in the updated nexus study, which is 238 square feet of office space per employee.
- An average annual loss of 125,000 to 140,000 square feet of office space would lead to a loss of 520 to 585 office jobs, at that employment density.
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# Impact on JHLF Revenue

10

- Despite the decline in office development, the increase in the fee is projected to lead to a \$8 million - \$9 million increase in fee revenue, as shown in the table below. The model's projects, as a baseline, an average of 430,000 sf of new office per year, under condition. With the higher fee, that would fall to 290,000 – 305,000.

Inputs	Baseline	Under Proposed Legislation	Difference
Annual New Office Development (sf)	430,000	290,000-305,000	125,000 – 140,000
Applicable JHLF	\$28.57	\$69.60	\$41.23
JHLF Revenue (\$M)	\$12.3	\$20.2 - \$21.2	\$8 - \$9

- The legislation directs that 10% of the fee's revenues are to be devoted to the acquisition and rehabilitation, and another 30% to the development of permanent supportive housing. This analysis assumes the remaining 60% is used for the construction of permanently-affordable housing.

# REMI Model Simulation: High and Low Scenarios

11

- The OEA uses the REMI model to estimate the net economic impact of legislation, based on the economic impact factors already discussed.
- In a low-impact scenario, based on a loss of 125,000 sf of office development and most spending on construction, the estimate is based on:
  - a loss of 520 office jobs, associated with the low-end estimate of lost office space, split proportionally between office-using industries<sup>9</sup>.
  - a loss of \$61 million in office construction spending.
  - a gain of \$9 million in fee revenue, assumed to be spent on construction.
- In a high-impact scenario, based on a loss of 140,000 sf of office development and more spending on housing subsidy, the inputs are:
  - a loss of 585 office jobs, associated with the high-end office loss estimate, split among office-using industries as above.
  - a loss of \$82 million in office construction spending.
  - a gain of \$8 million in fee revenue, assumed to be spent on construction.

# Economic Impact Assessment

- We project the proposed legislation will result in a net job loss of between 1,275 and 1,500 jobs, representing between 0.1% and 0.2% of all jobs in the city, on average over the next 20 years.
- The impact on the city's GDP is likewise projected to be negative, to the tune of \$280-\$330 million, in today's dollars.
- About 60% of the job losses will be concentrated in the office-using industries that are directly impacted by the fee. Another 25% of the losses are projected to occur in construction, with the remainder spread across other industries. No sector is projected to add jobs as a result of the proposed legislation.
- Housing prices are projected to decline, by 0.1% - 0.2%, but this is due to a proportional loss of personal income and population, not because housing would become broadly more affordable.
- The additional participants in the the expanded affordable housing programs would clearly benefit, and other low- and moderate-income residents may also benefit if the growth in affordable housing lessens competition at the low end of the private housing market.

# Appendix: Office Development Model Methodology

The OEA's consultants, Blue Sky Consulting Group, analyzed the data set described on pages 14-15 to determine which factors are most useful for estimating the probability that a San Francisco parcel will be developed into additional office space in a given year. To do this, they used a common statistical technique called logistic regression analysis. A logistic regression is a special type of regression used to understand the relationship between a dependent binary (yes or no) variable, and one or more independent or explanatory variables. Here, the dependent variable is set equal to a one if the parcel added office space in a specific year, and otherwise set equal to zero.

To identify those explanatory variables that are most useful for understanding when and where office space is added, they developed a base model that included those variables most likely to be closely associated with such development based on economic theory. Those variables include office rents, construction costs, zoning restrictions, current land use, the size of the potential development given height and density restrictions, and the relative increase for the potential development given the existing development on the site. With this as the base model, they tested the impact of adding other explanatory variables such as various stock market indexes, interest rates, total employment and the unemployment rate for San Francisco, etc. These tests were evaluated based on their overall impact to the model as well as their individual predictive power. Many of these added economic variables were highly correlated with office rents and construction costs while others did not have a statistically significant relationship with office development. These variables were therefore excluded from the final model. Throughout these tests, however, it was clear that office rents and construction costs were consistently useful predictors of office development, and the nature of this relationship was quite stable regardless of the inclusion or exclusion of these additional explanatory variables.

After completing these tests, the final models consisted of the following explanatory variables. Their impact on the likelihood of office development happening (positive or negative) is shown in parentheses.

1. a dummy variable for whether or not the parcel had 1 or more housing units (negative),
2. the average asking rent for San Francisco from REIS (positive),
3. the SF building cost index from Engineering News Record (negative)
4. the potential building envelope, given height and bulk controls (positive)
5. the ratio of the potential building envelope to the existing square footage (positive), and
6. ten dummy variables for the type of zoning for the parcel. (positive and negative)

# Appendix: Office Development Model Data Sources

The data included in the analysis consisted of the following:

1. **Permit Data**—Blue Sky reviewed the City's permit data to identify projects that added office space. The data set includes all new construction for office space as well as alterations that were identified as creating new office space via expansion or conversion. All permits for new construction of office space were included. To determine which alteration permits to include, we reviewed the description for all projects that either had the term "convert" or "erect" in the description or for which the costs were \$250K or higher. Based on a review of the permit's description, we excluded any permits that were for tenant improvements of existing office space or other work that did not result in new office space being produced. Finally, we limited the office developments used in the analysis to only include permits issued between 2001 and 2018, the years for which parcel data are available. This resulted in 136 office development projects, or 85 new construction projects and 51 alteration/conversion projects.
2. **Parcel-Specific Data**—Data for every parcel in San Francisco were collected for each year from 2001 through 2018. This information includes attributes which did not change over time such as the parcel's land area and neighborhood, as well as characteristics that may have changed, such as the parcel's zoning requirements or maximum allowable building height. The basis for our list of parcels was the current "City Lots" database available from the San Francisco Planning Department. We then integrated annual files for 2001 through 2018 for zoning, height and bulk districts, planning districts, special use districts, and land use. In addition, because parcel identifiers may change over time as parcels are combined or divided, the Planning Department also provided a file that recorded parcel number changes over time. Finally, parcels that did not have any zoning designation were reviewed and those that were determined to be located in water were removed.
3. **Demographic Data**—Demographic data were also integrated for regions within the City. Specifically, data for education level and per capita income were collected by census tract from the Decennial Census for 2000 and 2010 and supplemented with annual data from the American Community Survey for 2009-2018. Where annual data were not available, values were interpolated. GIS software was then used to map parcels to census tracts so that every parcel could be assigned the appropriate annual estimates of education level and per capita income.

## Appendix: Data Sources (continued)

4. Annual Economic Data—Various measures of construction costs and office rents were also collected and integrated to account for changes that would have a direct impact on the San Francisco market for office space over time, as well as changes in general economic conditions that may influence the amount of development. These economic indicators included data specific to the City, such as total employment and the unemployment rate in San Francisco, as well as data for the greater San Francisco area, including the total employment and unemployment rate and the number and value of residential building permits issued for the San Francisco Metropolitan Statistical Area (MSA). Also integrated were numerous measures of general economic activity and consumer sentiment, including various stock market indices such as the Dow Jones Total Stock Market Index (DJ-TSM), S&P 500, and the NASDAQ; data on venture-backed companies in Northern California from the Sand Hill Index of Venture Capital; interest rates; and measures of consumer sentiment as reported by both the Conference Board and the University of Michigan. Finally, data for various price and cost indices specific to San Francisco were integrated, including an annual index of asking and effective office rents from Real Estate Solutions by Moody's Analytics (REIS) and a Building Cost Index and a Construction Cost Index prepared specifically for San Francisco by the Engineering News Record (ENR).

These data sources were combined to form a single data set, with one record for each of the City's current "base lot" parcels for each year from 2001 to 2018.

# End Notes

- [1] Keyser Marston Associates, "Jobs Housing Nexus Analysis: San Francisco California", Prepared for the City and County of San Francisco, May 2019.
- [2] Economic & Planning Systems, "Final Memorandum: Jobs-Housing Linkage Fee Update Development Feasibility Assessment", Prepared for the City and County of San Francisco, June 2019.
- [3] Economic & Planning Systems, page 3.
- [4] Excluding public parcels, and parcels subject to a development agreement.
- [5] San Francisco Controller's Office: "Increasing Inclusionary Housing Requirements: Economic Impact Report", February, 2016; "Inclusionary Housing Working Group: Preliminary Report", September 2016.
- [6] As measured by the Building Cost Index published for San Francisco by Engineering News Record.
- [7] Turner & Townsend, "International Construction Market Survey 2019".
- [8] Conversions to office from other uses has contributed to the growth in the city's office space in the past, but these conversions are not considered in this model.
- [9] Office-using industries include Information, Financial Services, Real Estate, Business & Professional Services, and Administrative and Support Services.

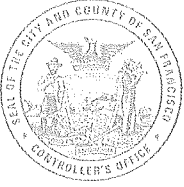


# Staff Contacts

17

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The assistance of the Blue Sky Consulting Group is gratefully acknowledged. All errors and omissions are solely the responsibility of the Office of Economic Analysis.




**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

## MEMORANDUM

**TO:** The Honorable Board of Supervisors  
Angela Calvillo, Clerk of the Board of Supervisors


**FROM:** Asim Khan, Senior Economist 

**DATE:** October 16, 2018

**SUBJECT:** Office of Economic Analysis Impact Report for File Numbers 190844 & 190845

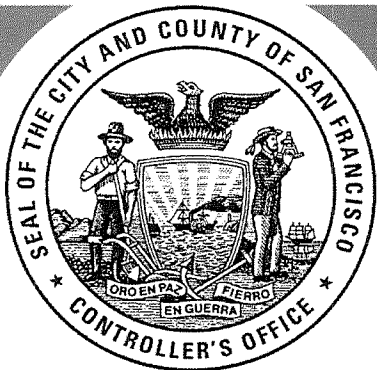
Dear Madam Clerk and Members of the Board:

The Office of Economic Analysis is pleased to present you with its economic impact report on file numbers 190844 and 190845, "3333 California Street Development Agreement: Economic Impact Report." If you have any questions about this report, please contact me at (415) 554-5369.

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2019 OCT 16 PM 1:32  
BY 

# 3333 California Street Development Agreement

## Economic Impact Report



**CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller

Office of Economic Analysis

Items # 190844 and 190845

10.16.2019

# Introduction

- On July 30, 2019, supervisor Stefani introduced ordinance (#190844) to create the 3333 California Street Special Use District (SUD) and also introduced ordinance (#190845) approving the Development Agreement (DA) between the City and the Laurel Heights Partners LLC for the development of about 10.25 acres site.
- The project site is currently used by the University of California, San Francisco (UCSF) Laurel Height Campus.
- The proposed SUD legislation would change allowable heights on a portion of the project parcel. The height changes will affect 6 acres of the total of 10.25 acres area.
- The proposed ordinance would also revoke a 1952 Planning Commission Resolution which prohibits retail uses and limits the overall residential density on the project site.
- The Office of Economic Analysis has prepared this report after determining that the proposed ordinances could have a material economic impact on the city's economy.

# Existing Uses at the Project Site

3

- The project site currently serves as the University of California, San Francisco (UCSF) Laurel Height Campus. Current uses on the site are office, research, laboratory, childcare and parking.
- The campus contains a four-story, 455,000 sq. ft. office building as well as a one-story, 14,000 sq. ft. annex building (serving building facilities and plant operation functions) at the corner of California and Laurel Street.
- The campus has a 11,500 sq. ft. daycare facility as well.
- The site also has three surface parking lots as well as a 93,000 sq. ft. three-level, partially below-grade parking garage.
- The existing building's office usage and its 55.5 feet height are both considered legal-nonconforming under the existing RM-1 zoning.
- The aerial map of the existing building is presented on the next slide.

## Existing Project Site : Aerial View



# Proposed SUD Height and Bulk Changes

5

Property Description	Block/Lot	Parcel Area (Acre)	Existing (Height and Bulk)	Proposed (Height and Bulk)
Northwestern portion from California Street south and Laurel Street east.	1032/003	2.13	40-X	45-X
Northeastern portion from California Street south and northeastern most corner along the California Street frontage.	1032/003	1.64	40-X	67-X
Area centrally located within south of California Street.	1032/003	0.69	40-X	80-X
Area centrally located on the eastern side of south of California Street.	1032/003	1.54	40-X	92-X
<b>Total</b>		<b>6.00</b>		



# Map of Proposed Height Changes

6



3333 CALIFORNIA DRIVE

July 16, 2019  
EXHIBIT



# Description and Overview of the Project

7

- The proposed project at 3333 California Street as outlined under the Development Agreement (DA) is a mixed-use project consisting of 744 housing units, including 588 market-rate units and 25% on-site affordable senior housing units (185 units + 1 manager unit).
- The project would also include 34,496 sq. ft. of retail space as well as 14,000 sq. ft. of child care center for approximately 175 seats, serving the community living in those residential units.
- Over 2 acres of publicly accessible open space as well as 857 off-street parking spaces will also be provided as part of the project.
- The proposed project will reuse portion of the existing office building, divided into two separate buildings adapted for residential use. Thirteen new will buildings would also be constructed throughout the site for residential as well as non-residential uses.
- Under the DA, the project is entitled for 15 years, after which the developer loses the right to build the project and would have to reapply to the city for the new entitlement.

# Site's Maximum Potential under the Existing Zoning

- The project site is considered underutilized and is predominantly occupied by surface parking lots, driveways, open space, and a large noncomplying and nonconforming office building.
- Although the office use is not permitted under the existing RM-1 zoning, the current office use is considered legal and can continue to exist as such on the site.
- In the absence of any SUD changes and the development agreement (DA), the site will most likely be built to its maximum capacity, while preserving the existing office space (which can be considered as its highest and the best use given current office market conditions in the city).
- Under this likely scenario, the site will maximize the residential potential on the remaining underutilized portion of the 10.25 acres.
- The OEA estimates that the site can potentially add 361 residential units in addition to the exiting office space, when underutilized land's potential is fully maximized.
- The next slide compares the difference in the development capacity at build-out between what is being proposed under the DA/SUD changes and what the OEA estimates as the site's maximum potential under the existing zoning.

# Difference in Development Capacity at Build-out

9

Usage	Proposed Project under the SUD and the DA	Current Site (Existing Zoning)	Difference
Office (Sq. Ft.)	0	338,000	-338,000
Retail	34,496	0	34,496
Total Non-residential Use (Sq. Ft.)	34,496	338,000	-303,504
<b>Residential Use</b>			
Residential Space (Sq. Ft.)	978,611	475,425	503,186
New Housing Units	744	361	383
<i>Affordable Units</i>	<i>186</i>	<i>65</i>	<i>121</i>

# Economic Impact Factors

10

- The proposed development is expected to affect the local economy in three major ways:
  1. The re-zoning will increase the number of housing units on the site. This will put downward pressure on prices and rents for residential real estate across the city, making city housing prices modestly more affordable.
  2. Under the proposed project there will be a loss of office space in the city, which will put an upward pressure on office rents.
  3. The demolition and construction activity following the rezoning and development agreement will generate additional construction activity.
- The OEA analyzed and modeled the difference in development potential of the site under the proposed rezoning and the DA and compared its full potential under the exiting zoning (as explained on slides 8 and 9).

# Impact of New Housing

11

- All else constant, an increase in the housing supply will reduce residential rents and home prices in the city.
- The OEA estimates that these additional 383 units have the potential to reduce housing prices by 0.15%, not taking into account any changes in employment or population as a result of the proposed development.
- When accounting for employment and population changes resulting from this development, we estimate a net reduction of housing prices of 0.05% (see slide 15).

# Impact of Affordable Housing Subsidy

12

- Low-income households generally experience a higher housing burden than higher-income households. An increase in the number of affordable units will decrease the housing burden for low-income households who can qualify for and occupy those units.
- Under the development agreement, the project would provide 25% of the on-site housing as affordable (compared to an existing 18% requirement to provide on-site affordable units or pay the city in-lieu affordable housing fee).
- This would create a potential to build an additional 121 units as shown on slide 9.
- The OEA further estimates that at build-out these additional affordable units would reduce low-income housing payments by \$0.84 million annually to the households who would occupy these units or \$6,906 per household.

# Impact on Office Space

13

- As proposed, the project will adaptively reuse portions of the existing office building and convert it for residential use.
- There would be a net decrease in the commercial office space on the project site but those office uses will likely move to other suitable office spaces in the city.
- But the loss of office space due to the proposed project would likely result in higher office rents because of competition for the limited office space in the city.
- The OEA estimates that the citywide office rent could rise by 0.5% (see Appendix). This would likely result in \$32.4 million higher rents annually in the office market across the city.

# REMI Model Inputs

14

- The OEA uses the REMI model to simulate the impact of the proposed re-zoning and the development agreement potential difference (as shown on slide 8) on the city's economy. The simulation inputs are presented below.

Inputs	Value
Housing Price Change	-0.15%
Affordable Housing Subsidy Value (\$ million)	\$0.8
Value of Residential Investment (\$ million)	\$553.5
Value of Non-Residential Investment (\$ million)	\$8.9
Change in Rent for Office Space (\$ million)	\$32.4



# Economic Impact Assessment

15

- The project is assumed to develop over a fifteen-year period, from 2020-2034. The average city-wide impacts at buildout are shown in the table below.

Citywide Impacts	REMI Simulation Results
Employment Change	187
Population Change	248
GDP Change (\$2018, million)	\$31.4
Housing Price Change	-0.05%

# Conclusions

16

- The proposed rezoning and the associated project under the development agreement will expand the city's economy.
- Employment, population, and GDP are all expected to rise as a result of the proposed project under the associated zoning, land use and development agreement changes.
- The OEA estimates that on average, over the forecast horizon, the differential potential of the project would add 187 jobs or \$31.4 million annually to the local GDP.
- The REMI simulation results further show that citywide housing prices are expected to decline by 0.05 percent as a result of additional project housing supply, after taking into account any associated population and employment changes.

## Calculation of Impact on the Office Rents

Total office space in the city (sq. ft.) = 107,174,222

Loss of office space under the development agreement (sq. ft.) = -338,000

Decrease in office space (%) =  $-338,000 / 107,174,222 = -0.32\%$

Elasticity of demand for office ( $E_d$ ) = -0.62

Elasticity of supply for office ( $E_s$ ) = 0.02

Impact on office rents = Decrease in office space / ( $E_s - E_d$ )

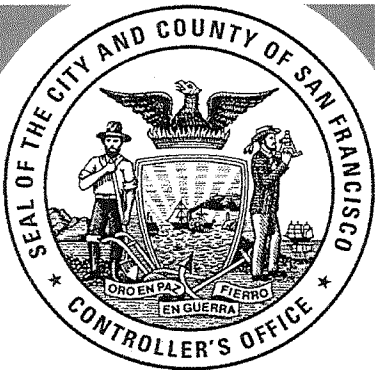
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## Staff Contacts

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## Economic Impact Report



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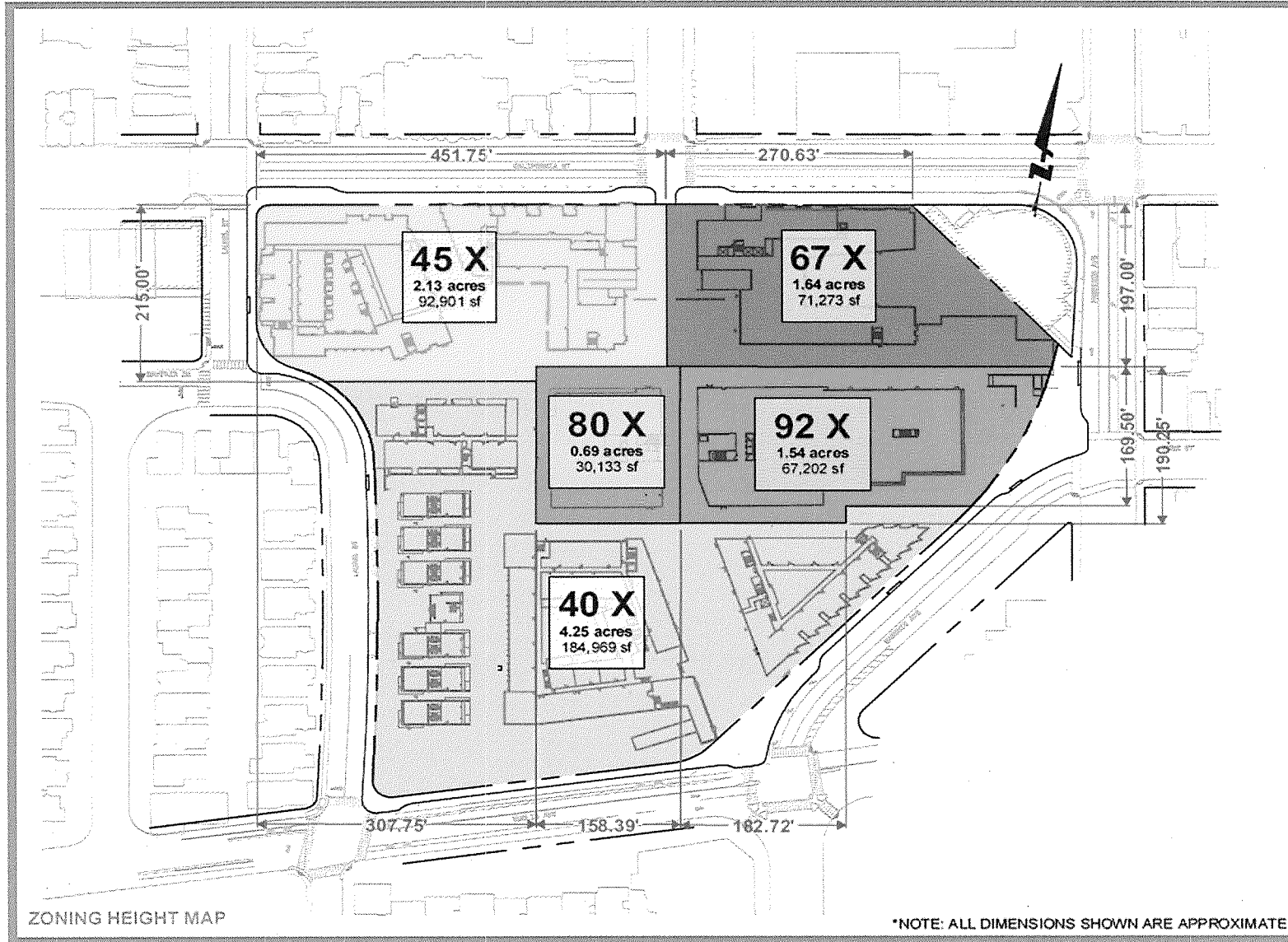
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## Staff Contacts

Asim Khan, Ph.D.  
Senior Economist  
[asim.khan@sfgov.org](mailto:asim.khan@sfgov.org)

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#)  
**Subject:** FW: Infrastructure is really tapped..... (SF)  
**Date:** Tuesday, November 5, 2019 10:22:00 AM  
**Attachments:** [image001.png](#)  
[image002.png](#)

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**From:** Aaron Goodman <amgodman@yahoo.com>  
**Sent:** Monday, November 4, 2019 8:47 AM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; CPC-Commissions Secretary <commissions.secretary@sfgov.org>  
**Subject:** Infrastructure is really tapped..... (SF)

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## SFBOS / SF Planning Commissioners

Important to read that line in the facebook interview below and let it sink in....  
 Without solid investment in new lines and systems for transit and major infrastructure, big companies will soon see greener pastures....

We need to as a city come to the table and solve for the bigger solutions, and make them the priorities.

We need to listen to those not on panels or high commissions, and who offer the city alternatives that make solid connections and solutions, and get those fixes pushed up the ladder quicker. They bring "outside-the-box" solutions to the table and some may save valuable time money and resources.

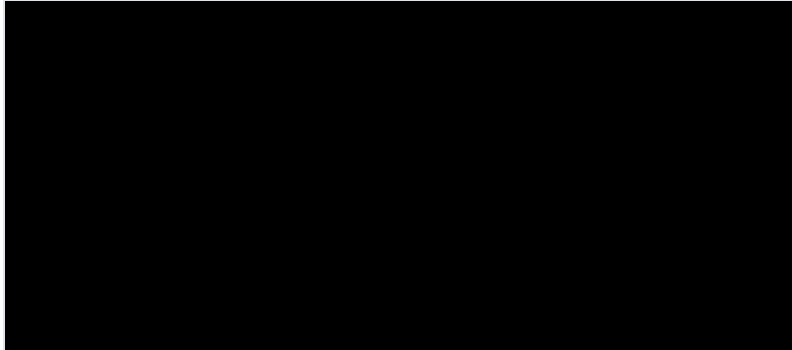
TRANSIT is and should be #1, Housing will follow, but amenities, and public infrastructure must be brought up to speed and be simultaneous to the housing or transit, or we lose in planning...

If Met-Life can and did build Parkmerced, we should be thinking the same type of solution to our extreme housing shortages, maybe Facebook, Google and Apple, should be buying up new buildings and turning them over to the SFCLT? Or possibly larger redevelopments of malls like stonestown, serramonte, and colma, to regionalize and solve for major transportation bi-county ills?

There are solutions, but do we have the wherewithal to solve for the larger problems?

A.Goodman D11

Meanwhile, Facebook CEO Mark Zuckerberg said at a recent live-streamed [company event](#) that housing shortages and traffic concerns were two reasons the company would focus most of its hiring in locations outside the Bay Area. **“The infrastructure here is really tapped,”** he said.



### Facebook CEO defends being a billionaire in live Q&A

Facebook CEO Mark Zuckerberg answered town hall questions during a live stream Thursday.



**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#)  
**Subject:** FW: Affordable Housing Bond Does the Exact Opposite for Current Renters.  
**Date:** Tuesday, November 5, 2019 11:01:00 AM

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**From:** Paul n <pnisbett@hotmail.com>  
**Sent:** Saturday, November 2, 2019 6:32 PM  
**To:** Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; joe <joe@sfexaminer.com>  
**Subject:** Affordable Housing Bond Does the Exact Opposite for Current Renters.

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Mayor Breed,

I will not be voting for your "Affordable " Housing Bond. My landlord happily passes on any bond costs to me and my fellow tenants. They do this through bond pass throughs that you and the Board of Supervisors clearly know about . You and your associates on Board of Supervisors never mention that in your hype about "Affordable" bond measures .

This comes across as a cynical decision to rob Peter to pay Paul . Greedy landlords like mine are laughing . Current tenants in SF are not.

Point in fact: Last week my rent went up \$50 a month to pay for previous bond measures my landlord passed through to everyone in the building. About a year from now ,they will be adding on a bill for the "Affordable" housing Bond. Yeah, it doesn't seem very affordable once you get the bill.

Unfortunately, most people are unaware of this until they get the increase from previous bond measures tagged onto their rent. You and the Board of Supervisors are banking on tenants ignorance. Shame on all of you.

I am going to encourage everybody I know who rents to not vote for this scam as well. I'm also reconsidering your qualifications to be mayor . Taxing renters to pay other people's rents fixes nothing.

-Paul Nisbett

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#)  
**Subject:** FW: Question  
**Date:** Tuesday, November 5, 2019 10:56:00 AM

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**From:** Sandra Schwartz <sandralblume@gmail.com>  
**Sent:** Saturday, November 2, 2019 10:43 AM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>  
**Subject:** Question

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Please help me to understand how raising development cost for commercial space "that will house jobs" will ACTUALLY provide those jobs. Tech companies who provide jobs didn't get to be the mega giants influencing every aspect of our lives by being "ducks". Is it not reasonable to think that those who manage huge technology companies will simply find other less tax-laden locations in which to do business?

If one raises the development costs, wouldn't one logical outcome be that development slows? IF development slows, would that make existing spaces MORE expensive? If the city has fewer companies contributing to the community in terms of commerce, many of the jobs will leave with these companies.

I fail to follow the logic of the board of supervisors.

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#)  
**Subject:** FW: Serious Issues at Aptos Middle School  
**Date:** Tuesday, November 5, 2019 10:49:00 AM

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**From:** Jason Rupp <rupp.jason@gmail.com>  
**Sent:** Friday, November 1, 2019 3:40 PM  
**To:** matthewsv@sfusd.edu  
**Cc:** Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>; TThurmond@cde.ca.gov; Yee, Norman (BOS) <norman.yee@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>  
**Subject:** Serious Issues at Aptos Middle School

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dr. Matthews,

After speaking with my child, several parents, and many children at Aptos Middle School it is apparent that the school is failing to provide a safe and engaging environment for students. I am told that there are daily fights, that oppressive language is commonplace, and that classrooms are commonly "out of control." The children I spoke with are desperate to learn and to be in an environment where their needs as students are supported. According to the kids with whom I spoke, behavior issues are seldom addressed, fostering an environment where negative, disruptive, and unsafe behavior is accepted as the "norm," and without consequences.

As a fellow graduate of SFUSD, I am a firm believer of having my 2 children stay in public school and I firmly believe in SFUSDs vision. SFUSDs vision, however, appears to be forgotten at Aptos. Like many parents who face the possibility of sending their kids to this school I am starting to doubt that Aptos fosters an environment that is healthy, safe, or productive to their education.

SFUSDs vision states:

**"Access and equity: Make social justice a reality by ensuring every student has access to high-quality teaching and learning."**

While I do respect the quality of the teachers at Aptos, the reality is that often times, the students take control of the classroom, meaning those who want to learn are denied access to

those teachers. There is no apparent “social justice” for the children that want to be there and want to learn, but can’t because the classroom is out of control. Where is the justice for the kids who want to learn? The kids who want to learn are struggling to do so, and the kids who don’t want to learn are doing whatever they want. The result is nobody is learning, and nobody wants to be there.

**“Student achievement: Create learning environments in all SFUSD schools that foster highly engaged and joyful learners and that support every student reaching his or her potential.”**

I spoke with one student who told me that one of his classes was so out of control, he walked out, unnoticed, and sat in the office until the next period - two days in a row. If a student has to remove himself, and send himself to the office in order to feel safe, and the school does nothing except to provide him a place to sit, how is that helping him reach his potential? Another student was so traumatized by a fight in the classroom that she had to seek counseling. What happens to the kids causing the disruptions? According to the students: nothing. There is no recourse for their actions, and the disruptive behavior continues daily. This is not a learning environment that fosters engaged and joyful learners.

**“Accountability: Keep district promises to students and families and enlist everyone in the community to join in doing so.”**

The district promises are not kept for students at Aptos, and nobody appears to be accountable. Who is responsible? Teachers, students, and families tell me that these problems are not new at Aptos, and that they have been getting worse for the past 2 years. How has this school slipped so far through the cracks? Why do SFUSDs values not seem to apply to this school?

Maybe I’m missing something. I noticed you have a doctorate in education. Perhaps exposing children who could be high-performing to apathetic attitudes toward constant disruptions, fear, and violence will make them better people in the long run. After all, a smooth sea never made an expert sailor. You’re the expert here. Is this an environment in which my children, or any child, should somehow benefit?

Is there a desire to make Aptos Middle School an environment where children who want to learn, want to go to school? Or is the apathetic attitude toward the learning environment part of your plan to make our children well-rounded?

I am really hoping you can help here. I’d hate to remove my kids from public school, especially when I think the problems there can be solved. Running away from problems is not the example to which I want to expose my children, or anyone’s children, but at some point, running is the safest option. It would be a tremendous lesson for those attending Aptos to see

leadership come in and make a difference. One of the most valuable lessons they can learn at Aptos is to show them what strong leadership can achieve.

Can you be that leader?

Respectfully,

Jason Rupp

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors; Major, Erica \(BOS\)](#)  
**Subject:** FW: Letter Recommending Amendments on Storefront Vacancy Tax, File #191005  
**Date:** Friday, November 1, 2019 12:28:00 PM  
**Attachments:** [VacancyTax\\_BudgetFinance\\_Oct31.pdf](#)

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**From:** Jay Cheng <jcheng@sfchamber.com>  
**Sent:** Thursday, October 31, 2019 4:31 PM  
**Subject:** Letter Recommending Amendments on Storefront Vacancy Tax, File #191005

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors,

Please see attached for a letter from the San Francisco Chamber of Commerce recommending amendments to the Storefront Vacancy Tax, File #191005. We believe these recommendations would help protect small businesses that are working in good faith to activate and fill storefront spaces. Thank you for your consideration.

Sincerely,  
Jay Cheng

408-691-0423  
Public Policy  
SF Chamber of Commerce

[Pronouns: he/him/his](#)



235 Montgomery St., Ste. 760, San Francisco, CA 94104  
tel: 415.352.4520 • fax: 415.392.0485  
sfchamber.com • twitter: @sf\_chamber

October 30, 2019

Supervisor Sandra Lee Fewer, Budget and Finance Committee Chair  
Supervisor Catherine Stefani  
Supervisor Rafael Mandelman  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, Ca 94102

**Re: File #191005, Excise Tax on Keeping Commercial Properties Vacant**

Dear Chairwoman Fewer and Supervisors Stefani and Mandelman,

The San Francisco Chamber of Commerce, representing thousands of local businesses, has reviewed Supervisor Peskin's Vacancy Tax measure proposed for the March 2020 ballot (File #191005). The measure, should it pass, will assess a tax on property owners and landlords who have ground floor commercial spaces that are vacant for more than 182 days in a year.

We appreciate that the Supervisor shares our concerns, and that of local businesses, property owners, residents and visitors, that our city's neighborhood retail spaces should be occupied and thriving. We also recognize that thought and effort has gone into crafting this legislation to make sure those who are trying, against fairly challenging odds, to fill their vacancies in a timely manner would not be penalized when their retail spaces remain vacant over time.

However, we are concerned that the measure as currently drafted does not give sufficient time or flexibility for landlords and property owners who are working in good faith to lease their commercial spaces to do so, given how long it takes to get through the city's permitting process. In addition, building out a space, ensuring it is seismically sound, and completing the full move-in process takes considerable time as well.

We all share the goal of reducing commercial vacancies and ensuring businesses, especially small, local businesses, can obtain permits and open their doors as quickly as possible. We have drafted proposed amendments to this measure we feel will add the necessary time and flexibility required to ensure that business owners who are trying in good faith to market, lease and build out retail spaces will be able to do so before they are assessed a Vacancy Tax. We urge you to discuss and approve the following amendments when this item comes before you at the Budget and Finance Committee.

The exemptions for a Construction Period and Disaster Period currently stands at one year. Based on input from our members, the time it takes to repair after a large disaster and to obtain all the required permits, we believe these **one-year extensions should be extended to three years**. If a property owner, landlord, lessees and sublessees subject to the Vacancy Tax, has already received their necessary permits, and then a disaster hits, they should also have one additional year to comply with the Vacancy Tax.

Given the lengthy process that businesses must go through to ensure they are properly permitted, several allowances need to be made. The Conditional Use exemption period stands at six months. This is not a feasible time period for the City to review or appeal conditional use permits. **This period should be extended to eighteen months**. In addition, many businesses face planning hurdles beyond Conditional Use



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sfchamber.com • twitter: @sf\_chamber

authorizations, such as Discretionary Review hearings and Board of Permit Appeal hearings. **To accomodate for these obstacles, the Conditional Use exemption period should be expanded to include Discretionary Review appeals and hearings.**

Several businesses require a lengthy neighborhood notification process before launching operations. Due to the lengthy process of "Neighborhood Notification", we are recommending a **6 month exemption period when a vacant retail space is waiting for a neighborhood notification** to be sent out regarding a new business.

The term "vacant" is defined by being unoccupied, uninhabited, or unused for more than 182 days – consecutive or nonconsecutive. **It is imperative that this be amended to 182 consecutive days** to ensure that the reason for the vacancy is not due to the results of circumstantial causes outside of business owner's control.

To further ensure that small businesses are not harmed by unforeseen consequences of this tax, **small property owners, small business owners and Legacy Businesses as defined by the Planning Code, as well as neighborhood commercial retail spaces zoned for obsolete or difficult to retain practices, should be exempt from the Vacancy Tax.**

Given that the tax could be passed down to a lessee, who might not have budgeted for this additional cost, the effective date should be amended to **January 1, 2022** in order to give retail owners time to finance for this potential new cost of doing business in San Francisco.

The business and economic environment in San Francisco is anything but stagnant. With constantly changing economic cycles and other outside factors influencing business, we suggest this tax be subject to a **sunset provision of five years.**

The San Francisco Chamber of Commerce believes that the vast majority of neighborhood commercial property owners and businesses work hard to fill their retail spaces and keep them activated. These amendments will give our City's "good actors" the time and flexibility they need to find tenants, obtain permits and build out commercial spaces within a reasonable time frame so that our neighborhood shopping areas can flourish.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rodney Fong", written over a faint circular stamp or watermark.

Rodney Fong  
President and CEO

cc: Clerk of the Board, to be distributed to all Supervisors; Mayor London Breed; Supervisor Peskin



**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#); [Major, Erica \(BOS\)](#)  
**Subject:** FW: Full Board of Supervisors Hearing on 3333 California St. Nov 12, 2019 Comments Kathy Peck Denny  
**Date:** Tuesday, November 5, 2019 10:52:00 AM

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**From:** HEAR <hear@hearnet.com>  
**Sent:** Friday, November 1, 2019 2:06 PM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>  
**Subject:** Full Board of Supervisors Hearing on 3333 California St. Nov 12, 2019 Comments Kathy Peck Denny

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Full Board of Supervisors Hearing on 3333 California St. Nov 12, 2019

Dear Board of Supervisors

One of the early gifts our city fathers gave us was to build Golden Gate Park. Our green space, the clean air we breathe, the shade, the calm, the peace instead of dark, concrete blocks and smog that are looming today. Recently, I was told by a young man that they are now selling oxygen in a bottle in San Francisco. San Francisco has been downgraded and rated as one of the worst cities in America for its pollution and congestion.

I recently read Planning Department Case Number 2015-014928ENV of The San Francisco Ethics Commission Disclosure Report of Major City Projects SFEC FORM 3500 (S.F. Campaign and Governmental Conduct Coe§ 3.500 et.seq.) 10/4/2019. A public document that developer Laurel Heights Partners LLC and its affiliates Prado Group Inc, SKS Partners LLC, PSKS LH Development LLC gave thousands of dollars to the various groups who attended the SF Planning Commission meeting in opposition to our neighborhood plan that included Yimby Action and others who were strategically opposed to our neighborhood variant plan and loudly complained we were blocking housing especially affordable housing. However this is not the case.

Our Community Full Preservation Residential Alternative does support "Affordable Housing", especially for "Seniors" "unlike" the Developers whose plans cuts down our beautiful Laurel Hill with its majestic sky views of the City and green space and old growth tree groves to build spot zoned Luxury Housing Twin Towers not affordable housing and worse with an opt out to sell the property back to the City that would be left to deal with that tragedy as discussed at the last SF Planning Commission meeting. Now to find out that its even worse the Developer has an option stated which allows to fail to transfer any land to the City and merely pay the City the value of the small piece of land burdened with the affordable housing requirement, which would be less that market rates. The developer could get around building affordable housing by paying a pittance to the City. We have been treated as if this is already a done deal and that our neighborhood concerns is the enemy and not a voice to be heard-- even though we are a strong voice of reason and care for our community and our new neighbors, affordable housing, housing for seniors, and the beauty and nature that is San Francisco that we all truly love. Please soften your hearts to hear our voices.

**Our Community Full Preservation Alternative Lookalike Variant 2 Plan**

1.Dose not include chopping down 200-plus magnificent trees inside and outside the property and

paving over the green space (Paradise). In this era of climate change, removing mature trees that take up carbon and filter the air, providing a large 32.5 canopy and historical green space only matched by the Presidio. 3333 California is the home to families of ravens, sparrows, black birds, warblers, doves, humming birds, woodpeckers, crows and owls. Trees offer a buffer against the noise of the very busy city corridors along the entire perimeter, having such a large green space should be preserved, not paved over as a parking lot.

2. Our Community Variant Plan provides 558 or (744 in Variant housing units) with senior and affordable housing and parking, day care center and cafeteria.

3. Builds housing approx. 5 years+, less time than the developers 15 yrs +

4. Our Community Variant Plan does not include adding an overwhelming amount of commercial and retail space with flexible retail spot zoned, allowing businesses to run from 6 am to 2 am that the Developer continues to insist upon and that will harm our neighborhood community business in Laurel Village.

5. Our plan does not generate approximately 15,000 tons of greenhouse gases while in construction with over 15+ years of construction that will ruin the businesses nearby, especially Laurel Village, and add considerable noise, air pollution and congestion.

Please help. We need your leadership and dedicated voices to be heard.

Sincerely  
Kathy Peck  
1405 Lyon St  
San Francisco, CA 94115  
cell: 415-517-7170  
email: [hear@hearnet.com](mailto:hear@hearnet.com)

Kathy Peck, ED  
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cell: 415-517-7170  
email: [hear@hearnet.com](mailto:hear@hearnet.com)

H.E.A.R. office is located at 1405 Lyon St at Post st. off of Geary Blvd.  
We're the white Victorian with black doors.

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [Major, Erica \(BOS\)](#)  
**Subject:** FW: Full Board of Supervisors Hearing on 3333 California St. Nov 12, 2019 Dear Board of Supervisors, Letter Kathy Peck Denny  
**Date:** Tuesday, November 5, 2019 10:48:00 AM  
**Attachments:** [Comment to Full Board of Supervisors Hearing on 3333 California St. Nov 12, 2019 .pdf](#)

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**From:** HEAR <hear@hearnet.com>  
**Sent:** Friday, November 1, 2019 6:29 PM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Mar, Gordon (BOS) <gordon.mar@sfgov.org>; Walton, Shamann (BOS) <shamann.walton@sfgov.org>; Brown, Vallie (BOS) <vallie.brown@sfgov.org>  
**Cc:** Yee, Norman (BOS) <norman.yee@sfgov.org>; Mandelman, Rafael (BOS) <rafael.mandelman@sfgov.org>; Ronen, Hillary <hillary.ronen@sfgov.org>; Stefani, Catherine (BOS) <catherine.stefani@sfgov.org>; Haney, Matt (BOS) <matt.haney@sfgov.org>; Fewer, Sandra (BOS) <sandra.fewer@sfgov.org>  
**Subject:** Full Board of Supervisors Hearing on 3333 California St. Nov 12, 2019 Dear Board of Supervisors, Letter Kathy Peck Denny

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Kathy Peck, ED  
H.E.A.R.® nonprofit org est. 1988  
1405 Lyon St  
San Francisco, CA 94115  
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[www.hearnet.com](http://www.hearnet.com)  
cell: 415-517-7170  
email: [hear@hearnet.com](mailto:hear@hearnet.com)

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We're the white Victorian with black doors.

Board.of.Supervisors@sfgov.org, Aaron.Peskin@sfgov.org, Ahsha.Safai@sfgov.org, Catherine.Stefani@sfgov.org, Gordon.Mar@sfgov.org, Hillary.Ronen@sfgov.org, Matt.Haney@sfgov.org, Norman.Yee@sfgov.org, Rafael.Mandelman@sfgov.org, Sandra.Fewer@sfgov.org, Vallie.Brown@sfgov.org, Shamann.Walton@sfgov.org

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Sincerely  
Kathy Peck  
1405 Lyon St  
San Francisco, CA 94115  
cell: 415-517-7170  
email: [hear@hearnet.com](mailto:hear@hearnet.com)

**From:** [victoria.underwood](#)  
**To:** [Major, Erica \(BOS\)](#); [Peskin, Aaron \(BOS\)](#); [Safai, Ahsha \(BOS\)](#); [Haney, Matt \(BOS\)](#); [Board of Supervisors, \(BOS\)](#); [Mar, Gordon \(BOS\)](#); [Ronen, Hillary](#); [Yee, Norman \(BOS\)](#); [Mandelman, Rafael \(BOS\)](#); [Fewer, Sandra \(BOS\)](#); [Brown, Vallie \(BOS\)](#); [Stefani, Catherine \(BOS\)](#); [Walton, Shamann \(BOS\)](#); [laurelheights2016@gmail.com](#)  
**Subject:** 3333 California Street Redevelopment - Appeals Hearing Scheduled for Nov 5, 2019  
**Date:** Friday, November 1, 2019 1:16:41 PM  
**Attachments:** [3333 California - Appeals Hearing BOS 11-05-2019.docx](#)

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Attached are my comments. I thank you for your time and consideration in advance.

Victoria Underwood

October 31, 2019

Board of Supervisors  
City Hall  
1 Dr. Carlton B Goodlett Place, Room 244  
San Francisco, CA 94102

Re: Laurel Heights Partners, LLC Developer  
3333 California Street – Project Appeals  
Subjects Files Nos. 191035 and 191039 and 191043

Dear Supervisors:

There are many reasons why, we in the community, oppose the certification of the FEIR. It does not reflect what the real impact will be if the Developer's Plans are approved by the Board of Supervisors. It seemed from the very beginning, that the process has been rushed to override the concerns of the community and the neighborhoods that will be immediately affected by the Developer's Project. The FEIR is supposed to analyze and compare the Proposed Project against the existing site including, but not limited to, it's planned uses and any potential impact issues that will have a negative impact on the existing site, the people living near or visiting the site or living on the site itself during and after completion. *I do not believe the FEIR adequately does that and all calls for a pause have not be heeded.*

In the final analysis, whenever that comes, the long and far reaching impacts of the size of the development and any proposed uses will have real consequences on the site residents and the neighborhood it is supposed to serve. *It is for these reasons, we continue to voice our concerns that the process must be conducted in a fair, complete and balanced way.*

1. **Opposition to the Certification of a Final EIR and Variant for the Mixed-Use Project.**

We believe the Community Preservation Lookalike Variant is feasible and was not given a balanced, proper and adequate consideration. It provides for the number of required housing units consisting of 744 including senior housing units without impacting the historically significant center building; by not cutting it in half. It allows for the existing open green areas enjoyed and utilized by the public to remain on both Euclid and Laurel corner and the Presidio/Pine/Masonic intersection to remain undisturbed including the existing integrated landscaping and trees on the southwest and southeast sides of the existing site next to those open green spaces. Additionally, many more of the mature California Street trees would remain. We are desperately trying to save as many of the mature trees on this site as is humanly possible.

The existing site driveway on Presidio Avenue would become operative same as in the Developer's Plan. However, the right most lanes at the Presidio/Pine/Masonic and the Euclid/Masonic would remain allowing for the free flow of vehicles that allows traffic to peel off at Presidio and Euclid. The crosswalk at Pine and Presidio would not be needed as encroachment sidewalks and stairs at these intersections would not be implemented.

The existing Day Care would continue operating on this site. My question throughout this entire process has been, if the Developer's Project is approved, where are all these small children to go during the time this 15- year redevelopment process is underway until completion and how does the relocation help the immediate need for the day care.

The FEIR rejects that the Lookalike Variant plan as viable but serious consideration has not been given to it. This Project continues to change and evolve at each hearing. Only last week Supervisor Peskin asked for the underground parking be further reduced per unit on the affordable senior housing component. If this FEIR was a balanced review, a full comparison of the Project to the Lookalike Variant should have been made that would reflect all aspects including the proposed uses and proposed zoning changes.

2. **Opposition to the Certification of the Conditional Use Permit and planning development to allow structures to exceed 40'.**

The Lookalike Variant shows that not only can needed housing could be completed in less time, with fewer buildings but without adding heights to the center building. The idea of changing the zoning to allow heights of 90' in a neighborhood of 2-3 story single-family houses and Victorian's that have been altered into two and three unit condos without raising heights is beyond comprehension. There is no need for it in this residential neighborhood.

The increased size of the Developer's Project along with change of uses will turn this site into destination which will have significant obvious downsides and environment impacts, such as greenhouse gases, lack of sun, increased noise, traffic, etc., that can't simply be dismissed or be paid off by a fee. The real and serious consequences to the environment that will continue to impact air quality and health and quality of living in all the surrounding neighborhoods far into the future that the FEIR failed to address.

Also, new zoning was introduced by Supervisor Stefani after the FEIR was completed. The comment was made that the changes proposed for the new zoning and subdivision map process didn't need to be included in the FEIR. Not true.

Introducing a number of change in allowable uses and operating times should be evaluated for each use and its impacts. The change of uses proposed for this project cannot be dismissed. The introduction of Flexible Retail by design allows for a high-occupancy load by having more than one tenant in a retail space designed for one and, which as drafted, disallows neighborhood feedback.

I will agree the current business ownership of the bar or lounge across the street is better than we had. It's been argued by the ABC that they have a classier group of patrons than other bars. However, that doesn't change what goes on after these people leave the bar or entertainment venue where alcoholic beverages are served. I hear it all from people throwing up downstairs into the street, men pleading for sex with the women they have come with or met there, alcohol-induced couple's arguments. Screeching tires, blasting music, and arguments are not often but happen. Just a week ago, at 2:15 a.m. after leaving the bar three women came back to their car parked in front of our building whereupon they proceeded to open their car doors, crank up the music and dance on the sidewalk for about 20-30 minutes. Thankfully, this is the only bar



currently or business of this type between Divisadero and Clement. I assure you it is more than enough.

Entertainment and other nighttime uses that don't have adequate sound attenuation or draws young people and/or alcohol is a disaster for the residential units in the immediate area. There is no reason to allow these kinds of uses in a development that is primarily for housing families, working people, has a daycare center and houses senior citizens.

Also, we have asked what constitutes the "Philanthropic Administrative Services" or "Philanthropic Facilities" which remains unanswered. Any of the new proposed rezoning uses need to be explained to the community and any impact to parking, traffic, noise, etc., needs to be included in the EIR. *Proposing changes after the fact are not in good faith or acceptable.*

3. **Opposition to the decision by Public Works approving the Tentative Map for a Vertical Subdivision for 674 residential units and 64 Commercial, mixed-use, new condominium project.**

Why is the "Memorandum of Understanding" between the JCC and the Developer a secret? By doing so, this leads one to surmise that they have struck a deal that the community will not like. That secretive deal implies that the Developer is giving the JCC an advantage over others after the Developer made the sizable contribution to the JCC in the amount of \$183,600. If, on the other hand, it is the other way around it's still a lack of transparency. We believe this Memorandum needs to be made public.

There was no surprise hearing the JCC offered its support for the Development at the Land Use and Transportation Committee. Or, the Yimby Action or SPUR or any of the other non-profit groups the Developer has made donations to that stand up and pledge their support for the Development during these hearings.

I'm sure with all the groups who come before you, you can decipher between the sweeping calls for support from the Developer and those of us in the neighborhood who have a vested interest in the success of the Project for everyone.

Respectfully submitted,

Victoria Underwood  
510 Presidio Avenue (@California Street)  
San Francisco, CA 94115

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Cc:

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[laurelheights2016@gmail.com](mailto:laurelheights2016@gmail.com)

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [Major, Erica \(BOS\)](#)  
**Subject:** FW: 3333 California Street Project Appeals  
**Date:** Thursday, October 31, 2019 3:03:00 PM

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-----Original Message-----

From: Janet Frisbie <jan\_wenn@hotmail.com>  
Sent: Wednesday, October 30, 2019 6:04 PM  
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Stefani, Catherine (BOS) <catherine.stefani@sfgov.org>; Mar, Gordon (BOS) <gordon.mar@sfgov.org>; Ronen, Hillary <hillary.ronen@sfgov.org>; Haney, Matt (BOS) <matt.haney@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>; Mandelman, Rafael (BOS) <rafael.mandelman@sfgov.org>; Fewer, Sandra (BOS) <sandra.fewer@sfgov.org>; Brown, Vallie (BOS) <vallie.brown@sfgov.org>; Walton, Shamann (BOS) <shamann.walton@sfgov.org>  
Subject: 3333 California Street Project Appeals

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Once again the neighborhood comments and letters had virtually no effect on a hearing. But I write again to restate a few items that I feel can be improved by some modifications.

The neighborhoods surrounding 3333 California Street are totally in favor of residential housing including affordable housing for moderate income families. It's great that everyone is in favor of senior affordable housing, but in light of San Francisco's critical housing shortage, is it too much to ask for some affordable housing for moderate income families? How can you all endorse Prop A, but ignore it for this large development?

Allowing the developer to build for 15 years shows zero concern for the surrounding neighborhoods. My husband and I will be in our 90's then, having spent our last years choking on dust and fumes.

The Community Alternative Plans can be built in a fraction of the time while ensuring this historical building and grounds retain its original character.

Will the unnecessary destruction of Laurel Hill begin, or can a few modifications be made to accomplish a more balanced preservation and appreciation of this site?

Respectfully,

Janet Frisbie. 525 Laurel St.  
Sent from my iPad

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [Major, Erica \(BOS\)](#)  
**Subject:** FW: 3333 California Street  
**Date:** Thursday, October 31, 2019 3:03:00 PM  
**Attachments:** [3333 California Comments to Supervisors.pdf](#)

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**From:** Michele Stratton <mdstratton@att.net>  
**Sent:** Thursday, October 31, 2019 1:45 PM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>  
**Subject:** 3333 California Street

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Attached is my letter requesting revisions to this project to provide meaningful, visible and green open space and rejection of the developer's plan to cut down 15 mature street trees on California Street.

Michele Stratton  
415-931-3324

October 31, 2019

Members of the San Francisco Board of Supervisors

RE: 3333 California Street

I strongly urge you to make major changes to the developer's plan. Stop the developer's overreach and give the City more true green open space, a smaller building footprint, retention of trees, and better design.

- Don't Cut Down Street Trees. The developer plans to cut down 15 mature street trees along California Street for his own convenience. These are publicly owned trees! They are beautiful—they provide a green canopy for pedestrians and a green backdrop for the many bus passengers who ride by. How can the City agree to this destruction of public trees in this era of climate change? While the developer promises replacement trees, he will make sure that are small and slow growing so they don't interfere with his buildings that will crowd and overhang the public sidewalk.
- False Claims of Open Space. The developer deceptively describes all unbuilt areas as "open space." His claim of open space includes the mandatory walkways to and from his buildings, a lane that serves as an emergency access road, a narrow strip that is just the building's set back from the street, all spaces separating the buildings, and even public land that developer is taking over (pieces of public road and two pedestrian islands)!. Most of these areas are no more open space than city streets are. In fact, if the city street grid crisscrossed the property, it would provide almost the same amount of "open space." The developer's so called open spaces are the equivalent of the lawns and driveways along adjacent streets. Further, almost all of the developer's open space is hardscape—paved over, with plants in boxes. Let's have real, green, visible open space.
- Taking of Public Assets. The developer is taking public roadway for his private use. He is altering Presidio Avenue so trucks and cars can enter his private garage more easily. He is taking over and eliminating the slip drive and triangular pedestrian island at the corner of Presidio and Pine/Masonic Avenue (2,170 sf of public land) and taking the entire traffic lane and adjacent sidewalk from that corner to the intersection with Euclid. He is also taking over and eliminating another pedestrian island at the intersection of Masonic and Euclid.. This taking is not about public traffic flow or pedestrian safety. The elimination of the slip lanes will decrease traffic flow on Presidio Avenue and result in traffic conflicts and backups at both intersections. The City should be compensated for this taking, by exacting a smaller building footprint, requiring green setbacks from the street all around and real open space. Note also that the project's buildings will

encroach the public right of way by overhanging the sidewalks in many areas. If the developer is getting more building space and squeezing pedestrians next to and under concrete walls, the City should get something back.

- Poor Urban Design. The City missed an opportunity to obtain housing plus real open space on this site. Where is the good urban design? Around the world, cities are opting for density housing inside park-like parcels that extend greenery to the streets. Here, the proposed buildings come to the edge of the sidewalk and even overhang them. There is not even a planting strip for shrubs along most of the building street fronts. The so-called "open space" is largely behind walls and cut off from neighborhood view. It is filled with boxes and pavers. There was an opportunity here to create something beautiful, that enhanced rather than destroyed the area, and still met the City's housing objectives. The project only adds to SF's growing concrete jungle, albeit slick and shiny, but just as uninviting as all the characterless square boxes going up throughout the City.

Very truly yours,

A handwritten signature in blue ink that reads "Michele D. Stratton". The signature is fluid and cursive, with the first name "Michele" being the most prominent part.

Michele Stratton

**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#)  
**Subject:** FW: Resolution designating the NRA a domestic terrorist organization  
**Date:** Tuesday, November 5, 2019 10:46:00 AM

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**From:** Steve and Beth Gregory <bg-15@comcast.net>  
**Sent:** Sunday, November 3, 2019 1:39 PM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>  
**Cc:** scazzy@cox.net <scazzy@cox.net>; rhkline47@gmail.com; 'Anthony Cooper' <pipedoctor@hotmail.com>; 'Ron Jackson' <ronj0841@gmail.com>; laurabdenton@gmail.com; nraf@nrahq.org  
**Subject:** Resolution designating the NRA a domestic terrorist organization

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

San Francisco Board of Supervisors,

Although I am not a constituent (I live in Colorado), I am contacting you to express my opinion of your NRA resolution.

While I realize San Francisco is more on the left side of the political spectrum than rural Colorado, it is virtually impossible for me to believe that any city/county board is so far removed from reality that they unanimously pass such a resolution.

Let me give some insight into who the members of the NRA are. I think I am fairly representative of NRA membership so I will give you my story. First of all, I am certainly not a terrorist. I am a 72 year old grandfather. I have been married to my wife for 50 years. After graduating college in 1969, I served 4 years in the Marine Corps including a trip to Viet Nam. I own 3 shot guns that are used for hunting and 2 small caliber rifles that I rarely use. I DO NOT own an AK 47 nor an AR 15. As a matter of fact, the only automatic weapon I ever fired was my M 16 while in RVN. I have only been a member of the NRA for 4 or 5 years. While I have always supported the positions of the NRA, it was only after organizations such as yours started blaming members of the NRA for actions of criminals that I joined. So thank you for giving me the incentive to put my money where my brain and heart were.

While the above tells my story, I also want to point out that many NRA members are post 9/11 service members that have served and fought REAL TERRORISTS so that you and your loved ones can live in relative secure circumstances.

I know this e-mail will have no impact on you. However, I feel better. Thanks.

Regards,

Steve Gregory

PS I want to let you know that my family will never visit SF again nor will we fly through SF on any connecting trips to Hawaii or Asia



Virus-free. [www.avast.com](http://www.avast.com)



**From:** [Board of Supervisors, \(BOS\)](#)  
**To:** [BOS-Supervisors](#)  
**Subject:** FW: THANK YOU!  
**Date:** Thursday, October 31, 2019 3:06:00 PM

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**From:** Lua Wells <luawells@hotmail.com>  
**Sent:** Wednesday, October 30, 2019 5:49 PM  
**To:** Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>  
**Subject:** THANK YOU!

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

*I wanted to THANK YOU for calling the NRA exactly what it is: A domestic terrorist organization. I hope my state will take your lead. Their lawsuit against you will fall apart in light of the Senate findings and the facts. Thank you for your brave stance!*

*Lua Wells*