



# SAN FRANCISCO PLANNING DEPARTMENT

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## Executive Summary Conditional Use Authorization

HEARING DATE: 10/04/2018

*Record No.:* 2017-012974CUA  
*Project Address:* 1690 FOLSOM STREET  
*Zoning:* WMUG (Western SoMa Mixed Use-General District) Zoning District  
55/65-X Height and Bulk District  
Western SoMa Special Use District  
*Block/Lot:* 3515/040  
*Applicant:* John Dewes  
Target Corporation  
1000 Nicollet Mall, TPN-12i  
Minneapolis, MN 55403  
*Staff Contact:* Esmeralda Jardines – (415) 575-9144  
[esmeralda.jardines@sfgov.org](mailto:esmeralda.jardines@sfgov.org)  
*Recommendation:* **Approval with Conditions**

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### PROJECT DESCRIPTION

The Project includes establishing three new formula retail uses (DBA: Target, CVS, and Starbucks) within an existing double-height, two-story retail sales and service building measuring approximately 40,247 square feet. The Project includes a signage program, interior tenant improvements as well as exterior landscaping, greening and an ornamental fence. No other exterior building alterations or parking is proposed.

### REQUIRED COMMISSION ACTION

In order for the Project to proceed, the Commission must grant a Conditional Use Authorization to establish three formula retail uses (DBA: Target, CVS Pharmacy, and Starbucks) at 1690 Folsom Street within the WMUG Zoning District and the Western SoMa Special Use District pursuant to Planning Code Sections 303, 303.1, and 844.46.

### ISSUES AND OTHER CONSIDERATIONS

- **Public Comment.** The Department has received correspondence from a few people inquiring about the proposed project. The Department has also received letters of support. No opposition has been expressed for the project.
- **Economic Impact Study.** For formula retail uses that exceed 20,000 square feet, the Project was required to provide an Economic Impact Study analyzing: Employment Analysis, Fiscal Impacts,

and Leakage Retail Analysis. An EIS prepared by Hatch dated September 2018 is included as an exhibit.

- **Formula Retail Use.**
  - The proposed establishments (DBA: Target, CVS Pharmacy, and Starbucks) are considered Formula Retail uses.
  - Within the WMUG Zoning District subject to the Formula Retail controls, there are 108 ground-floor storefronts. Of those 108 storefronts, 3 storefronts contain land uses that are subject to Formula Retail controls. 3 of the 108 storefronts are Formula Retail uses, leading to an existing concentration of Formula Retail uses within the WMUG Zoning District subject to the Formula Retail controls of approximately 3%. As measured in linear feet, the concentration of Formula Retail uses within the District is approximately 2%. The difference in the percentages (# of storefronts subject to Formula Retail controls versus linear feet of frontage subject to Formula Retail controls) is likely attributable to the large amount of street frontage possessed by a small number of the Formula Retail businesses (e.g. American Refrigeration Supplies).
  - Within the vicinity (defined as ¼ mile) of the subject property, there are 364 ground-floor storefronts. Of those 364 storefronts, 53 storefronts contain land uses that are subject to Formula Retail controls. 53 of the 364 are Formula Retail uses, leading to an existing concentration of Formula Retail uses within ¼ mile of the subject property of approximately 15%. As measured in linear feet, the concentration of Formula Retail uses within ¼ mile of the subject property is approximately 27%.
  - With the addition of three new Formula Retail uses, the concentration of Formula Retail uses within the District would increase by approximately 3% from 3% to 6% (as measured by number of storefronts subject to the Formula Retail controls) or by 8% from 2 % to 10 % (as measured by linear feet). The concentration of Formula Retail uses within the vicinity of the subject property would remain at 15 % (as measured by number of storefronts subject to Formula Retail controls) but would increase by 1 % from 27 % to 28 % (as measured by linear feet).
- **Signage.** A code-compliant signage program has been reviewed by the Planning Department, and the proposed signage program was found to be consistent with the Planning Commission's Performance-Based Design Guidelines (*Commission Guide for Formula Retail*).
- **Citywide Retail Uses and Daily Needs-Serving Retail Uses.** The existing mix of daily needs-serving uses (defined as: Limited Restaurants; Other Retail, Sales and Services; Personal Services; Limited Financial Services; and Specific Trade Shops) versus citywide retail uses (defined as all other uses) represents predominantly citywide-serving uses within the district with 87.96% versus 4.63% for daily needs-serving retail uses. Within the vicinity of the subject property, the existing mix also leans towards citywide-serving retail uses at 87.64% and daily needs-serving retail uses at 6.32%.

## BASIS FOR RECOMMENDATION

The Department finds that the Project is, on balance, consistent with the Objectives and Policies of the General Plan. The Project establishes three formula retail businesses within an existing building that has

historically contained formula retailers. Thus, it would contribute to the vitality of the overall neighborhood by providing a daily needs-serving retail use. The Project would increase the concentration of Formula Retail uses (as measured by number of storefronts subject to Formula Retail controls) by approximately 3% within the WMUG Zoning District, and by approximately 8% within ¼ mile of the subject property; the increase is considered nominal. The Department also finds the project to be necessary, desirable, and compatible with the surrounding neighborhood, and not be detrimental to persons or adjacent properties in the vicinity.

**ATTACHMENTS:**

Draft Motion Conditional Use Authorization

Exhibit A – Conditions of Approval

Exhibit B – Land Use Data

Exhibit C – Parcel Map

Exhibit D – Sanborn Map

Exhibit E – Zoning Map

Exhibit F – Height & Bulk Map

Exhibit G – Aerial Photographs of 1690 Folsom Street

Exhibit H – Site Photographs of 1690 Folsom Street from Folsom Street

Exhibit I – Site Photographs of 1690 Folsom Street from 13<sup>th</sup> Street

Exhibit J – Project Sponsor Submittal: Drawings for 1690 Folsom Street dated September 21, 2018

Exhibit K – Project Sponsor Submittal: Economic Impact Study for 1690 Folsom Street prepared by Hatch dated September 2018

Exhibit L – Public Comment

Exhibit M – Categorical Exemption: Class 1

Exhibit N – Formula Retail Quarter Mile Map



# SAN FRANCISCO PLANNING DEPARTMENT

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## Planning Commission Draft Motion

HEARING DATE: OCTOBER 4, 2018

*Record No.:* **2017-012974CUA**  
*Project Address:* **1690 FOLSOM STREET**  
*Zoning:* WMUG (Western SoMa Mixed Use General) Zoning District  
55/65-X Height and Bulk District  
Western SoMa Special Use District  
*Block/Lot:* 3515/040  
*Project Sponsor:* John Dewes  
Target  
1000 Nicollet Mall, TPN-12i  
Minneapolis, MN 55403  
*Property Owner:* 1690 Folsom Street, LLC c/o Harrigan, Weidenmuller Inc.  
300 Montgomery Street, Suite 800  
San Francisco, CA 94104  
*Staff Contact:* Esmeralda Jardines – (415) 575-9144  
[esmeralda.jardines@sfgov.org](mailto:esmeralda.jardines@sfgov.org)

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**ADOPTING FINDINGS RELATING TO A CONDITIONAL USE AUTHORIZATION PURSUANT TO PLANNING CODE SECTIONS 303, 303.1, AND 844.46 TO ESTABLISH THREE FORMULA RETAIL USES (DBA: TARGET, CVS, AND STARBUCKS) WITHIN AN EXISTING DOUBLE-HEIGHT TWO-STORY RETAIL SALES AND SERVICE BUILDING (MEASURING APPROXIMATELY 40,247 GSF LOCATED AT 1690 FOLSOM STREET, LOT 040 IN ASSESSOR'S BLOCK 3515, WITHIN THE WMUG (WESTERN SOMA MIXED USE GENERAL) ZONING DISTRICT, THE WESTERN SOMA SPECIAL UST DISTRICT AND A 55/65-X HEIGHT AND BULK DISTRICTS, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.**

### PREAMBLE

On October 10, 2017, John Dewes of Target (hereinafter "Project Sponsor") filed Application No. 2017-012974CUA (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Conditional Use Authorization to construct a establish three formula retail uses (DBA: Target, CVS, and Starbucks) within an existing retail sales and service building measuring 40,247 square feet (hereinafter "Project") at 1690 Folsom Street, Block 3515 Lot 040 (hereinafter "Project Site").

The Planning Department Commission Secretary is the custodian of records; the File for Record No. 2017-012974CUA is located at 1650 Mission Street, Suite 400, San Francisco, California.

On October 4, 2018 the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Authorization Application No. 2017-012974CUA.

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 1 categorical exemption.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

**MOVED**, that the Commission hereby authorizes the Conditional Use Authorization as requested in Application No. 2017-012974CUA, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

## FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Project Description.** The Project includes establishing three new formula retail uses (DBA: Target, CVS, and Starbucks) within an existing double-height, two-story retail sales and service building measuring approximately 40,247 square feet. The Project includes a signage program, interior tenant improvements as well as exterior landscaping, greening and an ornamental fence. No other exterior building alterations or parking is proposed.
3. **Site Description and Present Use.** The Project is located on the northwest intersection of Folsom and 13<sup>th</sup> Street. The site has a lot area of approximately 58,000 square feet, which has approximately 250-ft of frontage along Folsom Street and 271-ft of frontage along 13<sup>th</sup> Street. The Project Site contains one existing building: a double-height, two-story retail sales and service building, previously occupied by Sports Authority and most recently occupied by Goodwill. The site also contains an enclosed surface parking lot for the retail use.
4. **Surrounding Properties and Neighborhood.** The Project site is located within the WMUG Zoning District in the Western SoMa Area Plan. The immediate context is mixed in character with residential, industrial, and commercial uses. The immediate neighborhood includes two-to-four-story residential development to the east, an automotive retail sales site (DBA BMW) to the west, a series of one-to-two-story industrial and residential properties to the north along Folsom Street, and Interstate 101 to the south across 13<sup>th</sup> Street. The project site is located within the Western SoMa Special Use District. Other zoning districts in the vicinity of the project site include: P (Public), NCT-3 (Moderate Scale Neighborhood Commercial Transit), RED (Residential Enclave), RED-MX (Residential Enclave-Mixed), and PDR-1-G (Production, Distribution, and Repair-General).

5. **Public Outreach and Comments.** The Department has received correspondence from a few people inquiring about the proposed project. The Department has also received letters of support. No opposition has been expressed for the project.
6. **Planning Code Compliance.** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:
  - A. **Use and Use Size.** Planning Code Section 844.45 states that a retail sales and service use is principally permitted within the WMUG, as defined by Planning Code Section 890.104. The Code also states a principally permitted use size of 10,000 per lot, not permitted above.

*The existing retail sales and service use size is 40,247 square feet. The new proposed formula retail uses are not a change of use; thus, the Project complies with the principally permitted use and has a legally, non-conforming use size that can remain.*

- B. **Street Frontage in Eastern Neighborhood Mixed Use Districts.** Section 145.1 of the Planning Code requires that within Eastern Neighborhood Mixed Use Districts shall provide active uses within the first 25 feet of building depth on the ground floor and 15 feet on floors above from any facade facing a street at least 30 feet in width. In addition, the floors of street-fronting interior spaces housing non-residential active uses and lobbies shall be as close as possible to the level of the adjacent sidewalk at the principal entrance to these spaces. Frontages with active uses that must be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level and allow visibility to the inside of the building. The use of dark or mirrored glass shall not count towards the required transparent area. Any decorative railings or grillwork, other than wire mesh, which is placed in front of or behind ground floor windows, shall be at least 75 percent open to perpendicular view. Rolling or sliding security gates shall consist of open grillwork rather than solid material, so as to provide visual interest to pedestrians when the gates are closed, and to permit light to pass through mostly unobstructed. Gates, when both open and folded or rolled as well as the gate mechanism, shall be recessed within, or laid flush with, the building facade.

*The subject commercial space has approximately 250-feet of frontage on Folsom Street and approximately 271-feet of frontage along 13<sup>th</sup> Street. The proposed windows are clear and unobstructed. There are no changes proposed to the commercial frontage.*

- C. **Off-Street Parking.** Planning Section 151.1 of the Planning Code permits one off-street parking space per 500 square feet of occupied floor area up to 20,000 square feet, plus one car for each 250 square feet of occupied floor area in excess of 20,000 square feet of retail sales and service use.

*The Project will retain the existing 40,247 square feet of retail sales and service use; thus, the Project is permitted to retain its proposed 52 off-street parking spaces. The Project will retain its vehicular access the existing curb cut along Folsom Street.*

- D. **Off-Street Loading.** Planning Section 152.1 of the Planning Code requires two off-street freight loading spaces for retail sales and service uses with an occupied floor area of 30,001-50,000.

*The Project retains its existing 40,247 square feet of retail sales and service. The Project will retain its existing off-street loading area with one off-street freight loading space along 13<sup>th</sup> Street. The aforementioned is a legally, non-conforming condition that can remain.*

- E. **Signage.** Planning Code Section 607.2 of the Planning Code outlines the requirements for signage within the WMUG Zoning District.

*The Project includes two (2) sign copies for Target along each street frontage, Folsom and 13<sup>th</sup> Street. The Project also provides one (1) sign copy for CVS Pharmacy and Starbucks, both of which are provided along Folsom Street. The Project is permitted to provide a sign for each business onsite. The signs are nonilluminated and were reviewed by the Planning Department for consistency with the Planning Commission's Performance-Based Design Guidelines (Commission Guide for Formula Retail).*

7. **Conditional Use Findings.** Planning Code Section 303 establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use Authorization. On balance, the project complies with said criteria in that:

- A. The proposed new uses and building, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.

*The size of the proposed use is in keeping with other storefronts on the block face. The existing retail sales and service building will retain its use by establishing three new formula retail uses: Target, CVS Pharmacy, and Starbucks. All aforementioned can provide additional daily needs services, which both the WMUG and Vicinity (1/4 mile from the site) are substantially lacking in. This will complement the mix of goods and services currently available in the district and contribute to the economic vitality of the neighborhood by removing a vacant storefront.*

- B. The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity. There are no features of the project that could be detrimental to the health, safety or convenience of those residing or working the area, in that:

- (1) Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

*The size, shape, and arrangement of the building will not be altered as part of the Project. The proposed work will not affect the building envelope.*

- (2) The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading;

*The Planning Code does not require off-street parking; however, the Project is permitted to retain its proposed 52 off-street parking spaces. The Project will also retain its off-street loading area along 13<sup>th</sup> Street. The proposed use is designed to meet the needs of the neighborhood and should not generate significant amounts of vehicular trips from the immediate neighborhood or citywide.*

- (3) The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;

*The Project will not produce noxious or offensive emissions related to noise, glare, dust and odor.*

- (4) Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;

*The Project will improve the site's landscaping, greening, and screening as part of exterior improvements to screen the vehicle use area on the surface parking lot. New signage is required to comply with the requirements of the Planning Code and Formula Retail signage guidelines.*

- C. That the use as proposed will comply with the applicable provisions of the Planning Code and will not adversely affect the General Plan.

*The Project complies with all relevant requirements and standards of the Planning Code and is consistent with objectives and policies of the General Plan.*

- D. That the use as proposed would provide development that is in conformity with the purpose of the applicable Neighborhood Commercial District.

*The Project is consistent with the stated purpose of the WMUG Zoning District in that the intended use is a retail use on the ground floor and will provide a compatible convenience service for the surrounding neighborhoods. The WMUG is designed to maintain and facilitate the growth and expansion of general commercial, neighborhood-serving retail and personal service activities while protecting existing housing and encouraging the development of housing at a scale and density compatible with the existing neighborhood.*

8. **Formula Retail Use in the WMUG Zoning District.** Planning Code Section 303.1 provides additional criteria for the Planning Commission when considering any conditional use related to Formula Retail uses:

A. **Existing Concentration of Formula Retail uses within the WMUG Zoning District and the Vicinity.**

*Within the WMUG Zoning District subject to the Formula Retail controls, there are 108 ground-floor storefronts. Of those 108 storefronts, 3 storefronts contain land uses that are subject to Formula Retail controls. 3 of the 108 storefronts are Formula Retail uses, leading to an existing concentration of Formula Retail uses within the WMUG Zoning District subject to the Formula Retail controls of approximately 3%. As measured in linear feet, the concentration of Formula Retail uses within the District is approximately 2%. The difference in the percentages (# of storefronts subject to Formula Retail controls versus linear feet of frontage subject to Formula Retail controls) is likely attributable to the large amount of street frontage possessed by a small number of the Formula Retail businesses (e.g. American Refrigeration Supplies). See Table No. 1 below.*

*Within the vicinity (defined as ¼ mile) of the subject property, there are 364 ground-floor storefronts. Of those 364 storefronts, 53 storefronts contain land uses that are subject to Formula Retail controls. 53 of the 364 are Formula Retail uses, leading to an existing concentration of Formula Retail uses within ¼ mile of the subject property of approximately 15%. As measured in linear feet, the concentration of Formula Retail uses within ¼ mile of the subject property is approximately 27%. See Table No. 2 below.*

*With the addition of three new Formula Retail uses, the concentration of Formula Retail uses within the District would increase by approximately 3% from 3% to 6% (as measured by number of storefronts subject to the Formula Retail controls) or by 8% from 2 % to 10 % (as measured by linear feet). The concentration of Formula Retail uses within the vicinity of the subject property would remain at 15 % (as measured by number of storefronts subject to Formula Retail controls) but would increase by 1 % from 27 % to 28 % (as measured by linear feet).*

**Table 1: Formula Retail concentration in WMUG and Vicinity (1/4 mile) measured by # of storefronts**

Land Use Category	Zoning District Total (#) within WMUG District	Zoning District (%)	1/4 Mile Vicinity Frontage Total (#)	Vicinity (%)
Animal Hospital*	0	0.00%	3	0.82%
Financial Services*	0	0.00%	0	0.00%
Institutional	7	6.48%	14	3.85%
Limited - Restaurant*	4	3.70%	15	4.12%

Land Use Category	Zoning District Total (#) within WMUG District	Zoning District (%)	1/4 Mile Vicinity Frontage Total (#)	Vicinity (%)
Liquor Store*	0	0.00%	0	0.00%
Medical Service*	0	0.00%	2	0.55%
Movie Theater*	0	0.00%	0	0.00%
Personal Service*	6	5.56%	21	5.77%
Professional Service*	27	25.00%	101	27.75%
Restaurant*	10	9.26%	43	11.81%
Retail*	46	42.59%	143	39.29%
Vacant	8	7.41%	22	6.04%
<b>TOTAL</b>	<b>108</b>	<b>100.0%</b>	<b>364</b>	<b>100.00%</b>
Vacancy Rate	8	7.41%	22	6.04%
<b>City-wide Serving Retail Uses</b>	<b>95</b>	<b>87.96%</b>	<b>319</b>	<b>87.64%</b>
<b>Daily Serving Retail Uses</b>	<b>5</b>	<b>4.63%</b>	<b>23</b>	<b>6.32%</b>
Total Land Uses Subject to Formula Retail Controls	3	2.77%	53	14.5%
<i>(Existing) Formula Retail Uses</i>	3	2.77%	53	14.5%
<i>(New) Formula Retail Uses</i>	6	5.55%	56	15.38%
<b>Difference</b>	<b>3</b>	<b>2.77%</b>	<b>3</b>	<b>0.88%</b>

\*Land Use subject to Formula Retail Controls

Table 2: Formula Retail concentration in WMUG and Vicinity (1/4 mile) measured by linear feet of frontage

Land Use Category	Zoning District Total (feet) within WMUG District	Zoning District (%)	1/4 Mile Vicinity Frontage Total (feet)	Vicinity (%)
Animal Hospital*	0	0.0%	331	1.2%
Financial Services*	0	0.0%	0	0.0%
Institutional	391	6.1%	885	3.3%
Limited - Restaurant*	126	1.9%	602	2.2%

Land Use Category	Zoning District Total (feet) within WMUG District	Zoning District (%)	1/4 Mile Vicinity Frontage Total (feet)	Vicinity (%)
Liquor Store*	0	0.0%	0	0.0%
Medical Service*	0	0.0%	289	1.1%
Movie Theater*	0	0.0%	0	0.0%
Personal Service*	349	5.4%	1209	4.5%
Professional Service*	1727	27%	6885	26%
Restaurant*	614	9.6%	1856	6.9%
Retail*	2829	44%	13583	51%
Vacant	375	5.8%	1161	4.3%
<b>TOTAL</b>	<b>6411</b>	<b>100.0%</b>	<b>26801</b>	<b>100.0%</b>
Vacancy Rate	375	5.8%	1161	4.3%
<b>City-wide Serving Retail Uses</b>	<b>5671</b>	<b>1.94%</b>	<b>24343</b>	<b>91%</b>
<b>Daily Serving Retail Uses</b>	<b>740</b>	<b>0%</b>	<b>2458</b>	<b>9%</b>
Total Land Uses Subject to Formula Retail Controls	125	1.94%	7111	26.5%
<i>(Existing) Formula Retail Uses</i>	125	1.94%	7111	26.5%
<i>(New) Formula Retail Uses</i>	652	10.1%	7638	28.49%
<b>Difference</b>	<b>527</b>	<b>8.2%</b>	<b>527</b>	<b>1.96%</b>

\*Land Use subject to Formula Retail Controls

- B. **The availability of other similar retail uses within the district and the vicinity.** *Within the WMUG Zoning District subject to Formula Retail controls, there is one (1) location that is classified as retail sales and service, American Refrigeration Systems. Within the vicinity of the subject property (includes locations outside of the WMUG) there are fifty-three (53) locations with similar formula retail sales and service uses.*
- C. **The compatibility of the proposed Formula Retail use with the architectural and aesthetic character of the district.** *The proposal would activate storefront at the corner of Folsom & 13<sup>th</sup> Street. The tenant space was previously occupied by Sports Authority and most recently by Goodwill.*

*The Project does not propose any exterior modifications other than the required landscaping and greening; therefore, the proposal would adaptively reuse an underutilized space that is compatible with the character of the district. New signage is required to comply with the requirements of the Planning Code and Formula Retail signage guidelines.*

- D. **The existing retail vacancy rates within the district and the vicinity.** *There are eight (8) vacant store fronts in the district (7.41% vacancy rate) and twenty-two (22) vacant store fronts within the vicinity (6.04% vacancy rate).*
- E. **The existing mix of citywide-serving retail uses and daily needs-serving retail uses within the district and the vicinity.** *The existing mix of daily needs-serving uses (defined as: Limited Restaurants; Other Retail, Sales and Services; Personal Services; Limited Financial Services; and Specific Trade Shops) versus citywide retail uses (defined as all other uses) represents predominantly citywide-serving uses within the district with 87.96% versus 4.63% for daily needs-serving retail uses.*

*Within the vicinity of the subject property, the existing mix also leans towards citywide-serving retail uses at 87.64% and daily needs-serving retail uses at 6.32%.*

- F. **Additional data and analysis set forth in the Performance-Based Design Guidelines adopted by the Planning Commission.** *The Project has satisfied the Performance-Based Design Guidelines delineated in the Commission Guide to Formula Retail. The proposed signage plan was reviewed and approved by the Department. The Project also proposes to provide transparency as required by the Formula Retail Transparency component of the Performance-Based Design Guidelines. As the tenant space is existing, there are no proposed changes to the façade and structure of the building.*
- G. **For Formula Retail uses of 20,000 gross square feet or more, except for General or Specialty Grocery stores as defined in Articles 2, 7 and 8 of this Code, the contents of an economic impact study prepared pursuant to Section 303(i) of this Code.** *Because the subject formula retail use is greater than 20,000 square feet, currently proposing to retain the existing 40,247 square feet, an economic impact study is required for the Project.*

*An Economic Impact Study was prepared by Hatch dated September 2018 and is attached as an exhibit to the this report. Per the requirements of Planning Code Section 303 (i)(5), the Economic Impact Study analyzed the Project's: Employment Analysis, Fiscal Impact Analysis, and Leakage Analysis, briefly summarized below but further explained in the report.*

**Employment Analysis:** *The EIS presents information on the projection of construction-phase and permanent employment by the proposed project. The Project does not require new construction but interior tenant improvements, which is expected to last for 24 weeks. Target expects 40 to 50 part-and full-time construction trades workers on-site daily. Upon stabilization of operations, total employment at the site will range between 56 and 81 jobs (Target employees as well as Starbucks and CVS*

employees). The EIS also further discusses whether the employer of the proposed Project will pay a living wage, inclusive of non-salary benefits expected to be provided, relative to San Francisco's cost of living. There is no official definition or estimate of living wages by a local, state, or federal government entity. The EIS uses living wage estimates by MIT, the University of Washington, and the Economic Policy Institute. Target's reported hourly wage range of \$15.00 to \$39.10 per hour is comparable to the estimated range of living wages for certain types of households but not for others, further discussed in the EIS. In addition to the hourly wages, Target provides employees with additional non-salary benefits, such as food and merchandise discounts, health, and wellness programs, financial resources (e.g. credit union), tuition reimbursement, and transportation benefits.

**Fiscal Impact:** The proposed Project could generate approximately \$166,000 in net General Fund revenue per year based on an estimated \$279,000 in annual General Fund revenues minus \$113,000 in estimated annual General Fund expenditures. The infrastructure impacts calculated by the City's nexus studies apply only to new construction, expansion of an existing structure, or a change of use of an existing building. The proposed Project will occupy an existing building and will thus not require an expansion or a change of use. Therefore, the proposed Project is not expected to lead to additional impacts to the City's public facilities and infrastructure, beyond the impacts estimated in the fiscal impact analysis in the EIS.

**Leakage Analysis:** The Leakage Analysis presented indicates that the proposed Project could help the City and Main Trade Area capture some of the spending by area residents on items that would otherwise be purchased outside the area. Citywide retail leakage (i.e. local retail demand exceeds local retail supply) of over \$ 2 billion dollars. Retail leakage of nearly \$270 million dollars within the Main Trade Area. The proposed Project's projected sales of \$28 million per year may help reduce leakage within the Main Trade Area and the city for these retail categories by capturing more of the local household retail expenditures.

Based on a qualitative assessment of retail in the neighborhood, Hatch concludes that the proposed Project will complement and expand retail options in the Western SoMa area (within a half mile of the proposed Project). It will provide an offering of products that serve residents' and workers' needs. Also, Target's merchandise selection, name recognition and advertising resources are likely to draw customers to the area.

- H. **Notwithstanding anything to the contrary contained in Planning Code Article 6 limiting the Planning Department's and Planning Commission's discretion to review signs, the Planning Department and Planning Commission may review and exercise discretion to require changes in the time, place, and manner of the proposed signage for the proposed Formula Retail use, applying the Performance-Based Design Guidelines.**

*The Project has undergone review for its proposed signage which was deemed compatible with the signage requirements delineated in the Performance-Based Design Guidelines.*

9. **Western SoMa Formual Retail Use Findings.** Planning Code Section 823 requires that in addition to existing findings required in Planning Code Seciton 303.1 for Formula Retail uses requiring Conditional Use Authorization in the Western SoMa Special Use Districts, the Planning Commission shall consider the following criteria:

- A. **Size.** The new formula retail use shall be similar in size to other nearby retail uses. For the purposes of this subsection, “nearby” shall mean all other retail uses on the subject and opposite block face.

*The proposed 40,247-square-foot formula retail Target store (including accessory Starbucks kiosk and CVS Pharmacy) would occupy an existing, vacant commercial building with no physical expansion. Accordingly, it would be similar in size to the prior formula retail uses. In addition, it would be smaller in size than the adjacent BMW of SF retail use, which encompasses the majority of the block. Note: BMW of SF is not subject to formula retail controls, since it is an automotive sales and service use.*

- B. **Clustering.** The new formula retail use shall have sufficient separation from other formula retail uses in the area and would thereby avoid clustering. For purposes of this subsection, “sufficient separation” shall mean no more than two formula retail uses on the proposed block face and two formula retail uses on the opposite block face.

*The Project has sufficient separation from other formula retail uses in the area. Specifically, clustering will be avoided because Target, Starbucks, and CVS Pharmacy will be the only formula retail on Block 3515. Although BMW of SF is on the same block face, automotive sales and rental uses are not subject to Formula Retail controls. There are no formula retail on Block 3522, which is the blockface opposite the subject site across Folsom Street.*

- C. **Design.** The new formula retail use should:

- (i) not be located in a stand-alone building, have a drive-thru window, or have multiple curb cuts;
- (ii) be integrated with non-formula uses within the same building or development;
- (iii) have its primary retail frontage, and provide pedestrian access, from a public sidewalk and not from a parking lot;
- (iv) provide publicly accessible open space whenever possible.

*The proposed site contains an existing double-height two-story building built in 1953, which was previously used by a formula retail use (dba Sports Authority). Thus, the existing standalong building is an existing legal non-conforming structure that does not need to meet the aforementioned criteria.*

- D. **Other.** The new formula retail use should participate in formalized local resident job hiring programs.

*Target, Starbucks, and CVS Pharmacy will create new jobs for local residents and will participate, as required, in formalized local resident job housing programs. Target has partnerships in place at the Mayor's Office of Economic and Workforce Devevelopment to assist in this process.*

10. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan.

## COMMERCE AND INDUSTRY

### Objectives and Policies

#### OBJECTIVE 1:

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTALCITY LIVING AND WORKINIG ENVIRONMENT.

#### Policy 1.1:

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development that has substantial undesirable consequences that cannot be mitigated.

#### Policy 1.2:

Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

#### Policy 1.3:

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

#### OBJECTIVE 2:

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

#### Policy 2.1:

Seek to retain existing commercial and industrial activity and to attract new such activity to the City.

## WESTERN SOMA AREA PLAN

### Objectives and Policies

**OBJECTIVE 1.2:**

ENCOURAGE PRESERVATION OF EXISTING AND VIABLY APPROPRIATE NEW LAND USES IN LOCATIONS THAT PROVIDE THE GREATEST OPPORTUNITIES FOR SUCCESS AND MINIMIZE CONFLICT WITH RESIDENTIAL USES.

*The Project will provide desirable goods and services to the neighborhood. The Project would continue the retail sales and service use; therefore, retain existing commercial activity in the City. As the proposed use will function as a daily needs-serving retail use within the WMUG, the use will not result in undesirable consequences. The Project Site is located in a commercial corridor and is thus consistent with activities in the commercial and residential land use plan. The Project would maintain appropriate land uses for this location by occupying a commercial building that has historically contained formula retail uses with new formula retail uses. This represents the highest and best use for this existing building, and will therefore provide the greatest opportunities for success and minimize conflict with adjacent residential uses.*

11. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project complies with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

*The Project will preserve and enhance opportunity for resident employment by occupying an existing commercial building with a new Target store (including accessory Starbucks kiosk and CVS Pharmacy). The Project would not displace any neighborhood-serving retail uses, and would provide new employment opportunities for neighborhood residents. The prior formula retail use was not considered to be a neighborhood-serving retail use. The new proposed formula retail uses provide goods and services, which are highly desirable by nearby residents.*

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

*The Project will have no impact on existing housing, since no housing exists on the project site. The Project proposes to occupy an existing vacant retail building with no physical expansion, and maintain the current façade. Both the previous and proposed use are formula retail. As such, the Project will not later the existing neighborhood character.*

- C. That the City's supply of affordable housing be preserved and enhanced,

*The Project will have no effect on affordable housing, as it is a proposed formula retail store and retail pharmacy store in an existing building. No housing exists on the project site.*

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

*The Project will occupy an existing retail store with a Target store similar in size and character to the formula retailer Sports Authority, which previously occupied the site. The property is well-served by public transit, and the Project would utilize the existing parking lot, providing 52 spaces. In addition, the site is located in an area that is well-served by public transit, including the: 9, 12, 14, 14L, 26, 27, 47, 49, and 90 MUNI lines, and is one-half mile from the 16<sup>th</sup> & Mission BART Station. Target anticipates that many of its customers may walk, bike, or utilize public transportation to access the site. The Project is therefore not anticipated to impede MUNI transit service or overburden neighboring streets.*

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

*The Project does not involved commercial office development and will not displace industrial or service sector uses.*

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

*The Project conforms to the structural and seismic requirements of the San Francisco Building Code, and thus meets this requirement.*

- G. That landmarks and historic buildings be preserved.

*The Project would not impact any City Landmarks or historic buildings.*

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

*The Project does not propose any changes to the Property that would impact on parks, open space or their access to sunlight or vistas.*

12. **First Source Hiring.** The Project is subject to the requirements of the First Source Hiring Program as they apply to permits for residential development (Section 83.4(m) of the Administrative Code), and the Project Sponsor shall comply with the requirements of this Program as to all construction work and on-going employment requirement for the Project. Prior to the issuance of any building permit to construct or a First Addendum to the Site Permit, the Project Sponsor shall have a First Source Hiring Construction and Employment Program approved by the First Source Hiring Administrator, and evidenced in writing. In the event that both the Director of Planning

and the First Source Hiring Administrator agree, the approval of the Employment Program may be delayed as needed.

13. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
14. The Commission hereby finds that approval of the Conditional Use Authorization would promote the health, safety and welfare of the City.

## DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Conditional Use Authorization Application No. 2017-012974CUA** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated September 21, 2018, and stamped "EXHIBIT J", which is incorporated herein by reference as though fully set forth.

**APPEAL AND EFFECTIVE DATE OF MOTION:** Any aggrieved person may appeal this Conditional Use Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion. The effective date of this Motion shall be the date of this Motion if not appealed (after the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

**Protest of Fee or Exaction:** You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on October 4, 2018.

Jonas P. Ionin  
Commission Secretary

AYES:

NAYS:

**Draft Motion  
October 4, 2018**

**RECORD NO. 2017-012974CUA  
1690 Folsom Street**

ABSENT:

ADOPTED:     October 4, 2018

## EXHIBIT A

### AUTHORIZATION

This authorization is for a conditional use to allow establishing three formula retail uses (DBA Target, CVS Pharmacy, and Starbucks) located at 1690 Folsom Street, Block 3515, and Lot 040 pursuant to Planning Code Sections 303, 303.1, and 844.46 within the WMUG Zoning District and a 55/65-X Height and Bulk District; in general conformance with plans, dated September 21, 2018, and stamped "EXHIBIT J" included in the docket for Record No. 2017-012974CUA and subject to conditions of approval reviewed and approved by the Commission on October 4, 2018 under Motion No. XXXXXX. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

### RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on October 4, 2018 under Motion No. XXXXXX.

### PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. XXXXXX shall be reproduced on the Index Sheet of construction plans submitted with the site or building permit application for the Project. The Index Sheet of the construction plans shall reference to the Conditional Use authorization and any subsequent amendments or modifications.

### SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

### CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new Conditional Use authorization.

## Conditions of Approval, Compliance, Monitoring, and Reporting

### PERFORMANCE

1. **Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

3. **Diligent Pursuit.** Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

4. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

5. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

## DESIGN – COMPLIANCE AT PLAN STAGE

6. **Signage.** The Project Sponsor shall develop a signage program for the Project which shall be subject to review and approval by Planning Department staff before submitting any building permits for construction of the Project. All subsequent sign permits shall conform to the approved signage program. Once approved by the Department, the signage program/plan information shall be submitted and approved as part of the site permit for the Project. All exterior signage shall be designed to compliment, not compete with, the existing architectural character and architectural features of the building.

*For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, [www.sf-planning.org](http://www.sf-planning.org)*

7. **Landscaping, Screening of Parking and Vehicular Use Areas.** Pursuant to Planning Code Section 142, the Project Sponsor shall submit a site plan to the Planning Department prior to Planning approval of the building permit application indicating the screening of parking and vehicle use areas not within a building. The design and location of the screening and design of any fencing shall be as approved by the Planning Department. The size and species of plant materials shall be as approved by the Department of Public Works. Landscaping shall be maintained and replaced as necessary.

*For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, [www.sf-planning.org](http://www.sf-planning.org)*

## PARKING AND TRAFFIC

8. **Parking Maximum.** Pursuant to Planning Code Section 151.1, the Project shall provide no more than **fifty-two (52)** off-street parking spaces.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

9. **Off-Street Loading.** Pursuant to Planning Code Section 152, the Project will provide one off-street loading spaces.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

## PROVISIONS

10. **First Source Hiring.** The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.

*For information about compliance, contact the First Source Hiring Manager at 415-581-2335, [www.onestopSF.org](http://www.onestopSF.org)*

## MONITORING - AFTER ENTITLEMENT

11. **Enforcement.** Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

12. **Revocation due to Violation of Conditions.** Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

## OPERATION

13. **Sidewalk Maintenance.** The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

*For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>*

14. **Community Liaison.** Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator and all registered neighborhood groups for the area with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator and registered neighborhood groups shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*

15. **Lighting.** All Project lighting shall be directed onto the Project site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

*For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, [www.sf-planning.org](http://www.sf-planning.org)*



# SAN FRANCISCO PLANNING DEPARTMENT

## Land Use Information

PROJECT ADDRESS: 1690 FOLSOM ST  
RECORD NO.: 2017-012974CUA

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

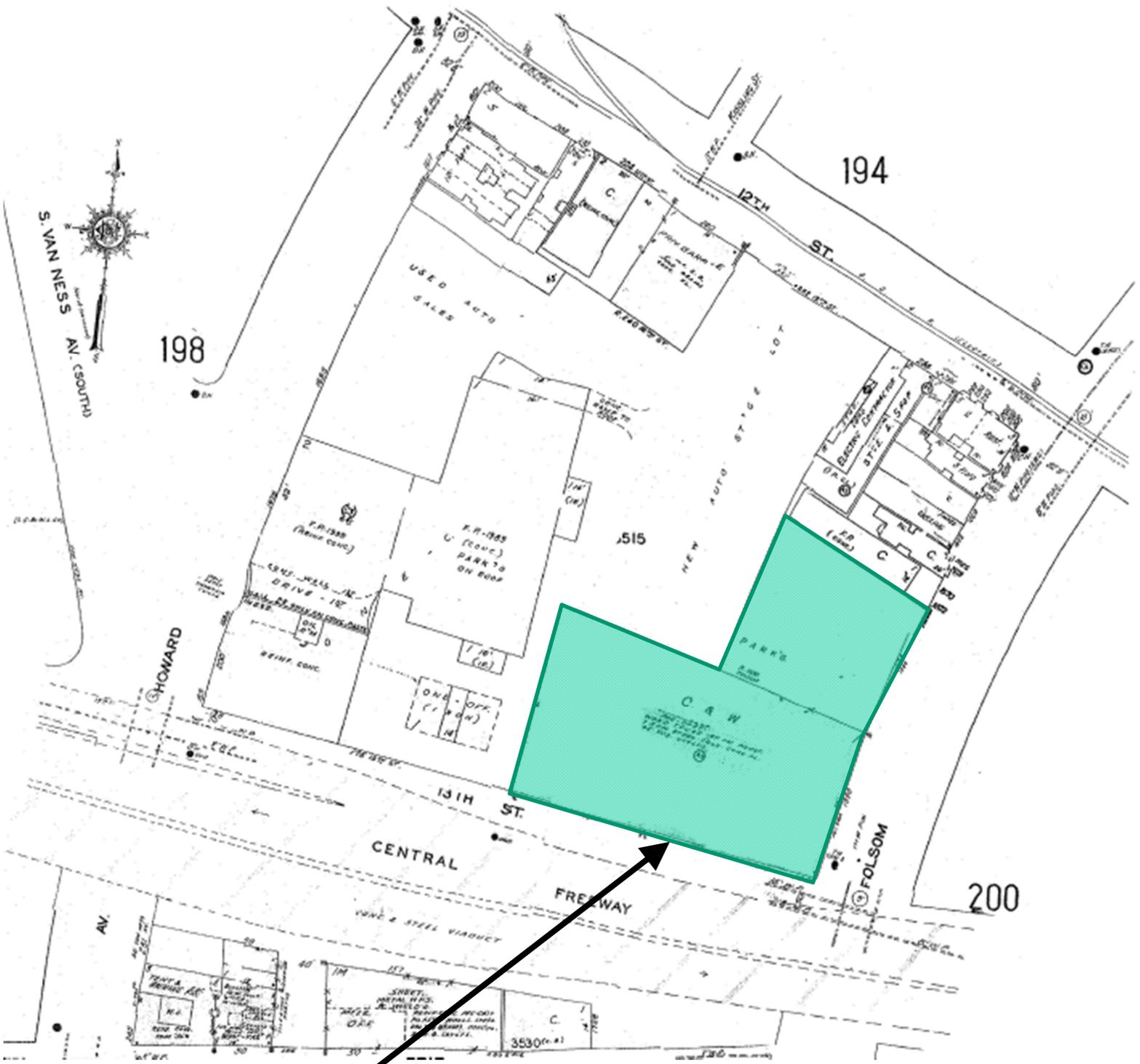
Planning  
Information:  
**415.558.6377**

	EXISTING	PROPOSED	NET NEW
<b>GROSS SQUARE FOOTAGE (GSF)</b>			
Parking GSF	0	0	0
Residential GSF	0	0	0
Retail/Commercial GSF	40,247	40,247	0
Office GSF	0	0	0
Industrial/PDR GSF <i>Production, Distribution, &amp; Repair</i>	0	0	0
Medical GSF	0	0	0
Visitor GSF	0	0	0
CIE GSF	0	0	0
Usable Open Space	0	0	0
Public Open Space	0	0	0
Other ( )			
TOTAL GSF			
	EXISTING	NET NEW	TOTALS
<b>PROJECT FEATURES (Units or Amounts)</b>			
Dwelling Units - Affordable	0	0	0
Dwelling Units - Market Rate	0	0	0
Dwelling Units - Total	0	0	0
Hotel Rooms	0	0	0
Number of Buildings	1	1	0
Number of Stories	2	2	0
Parking Spaces	54	52	-2
Loading Spaces	1	1	0
Bicycle Spaces	0	6	6
Car Share Spaces	0	0	0
Other ( )			

	EXISTING	PROPOSED	NET NEW
<b>LAND USE - RESIDENTIAL</b>			
Studio Units	0	0	0
One Bedroom Units	0	0	0
Two Bedroom Units	0	0	0
Three Bedroom (or +) Units	0	0	0
Group Housing - Rooms	0	0	0
Group Housing - Beds	0	0	0
SRO Units	0	0	0
Micro Units	0	0	0
Accessory Dwelling Units	0	0	0



# Sanborn Map\*



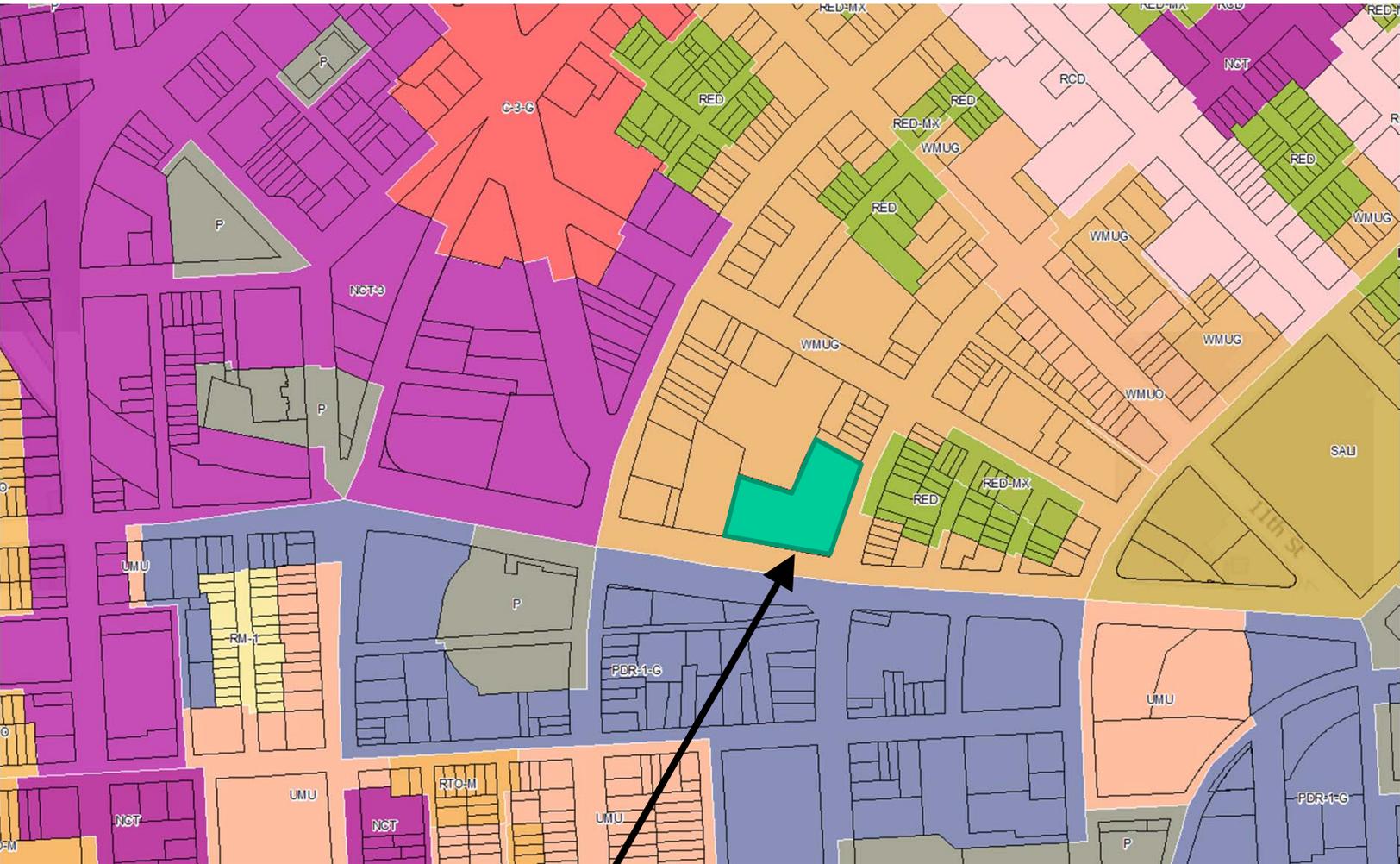
\*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.

**SUBJECT PROPERTY**



Conditional Use Authorization Hearing  
Case No. 2017-012974CUA  
1690 Folsom Street

# Zoning Map



**SUBJECT PROPERTY**



Conditional Use Authorization Hearing  
Case No. 2017-012974CUA  
1690 Folsom Street

# Height & Bulk Map

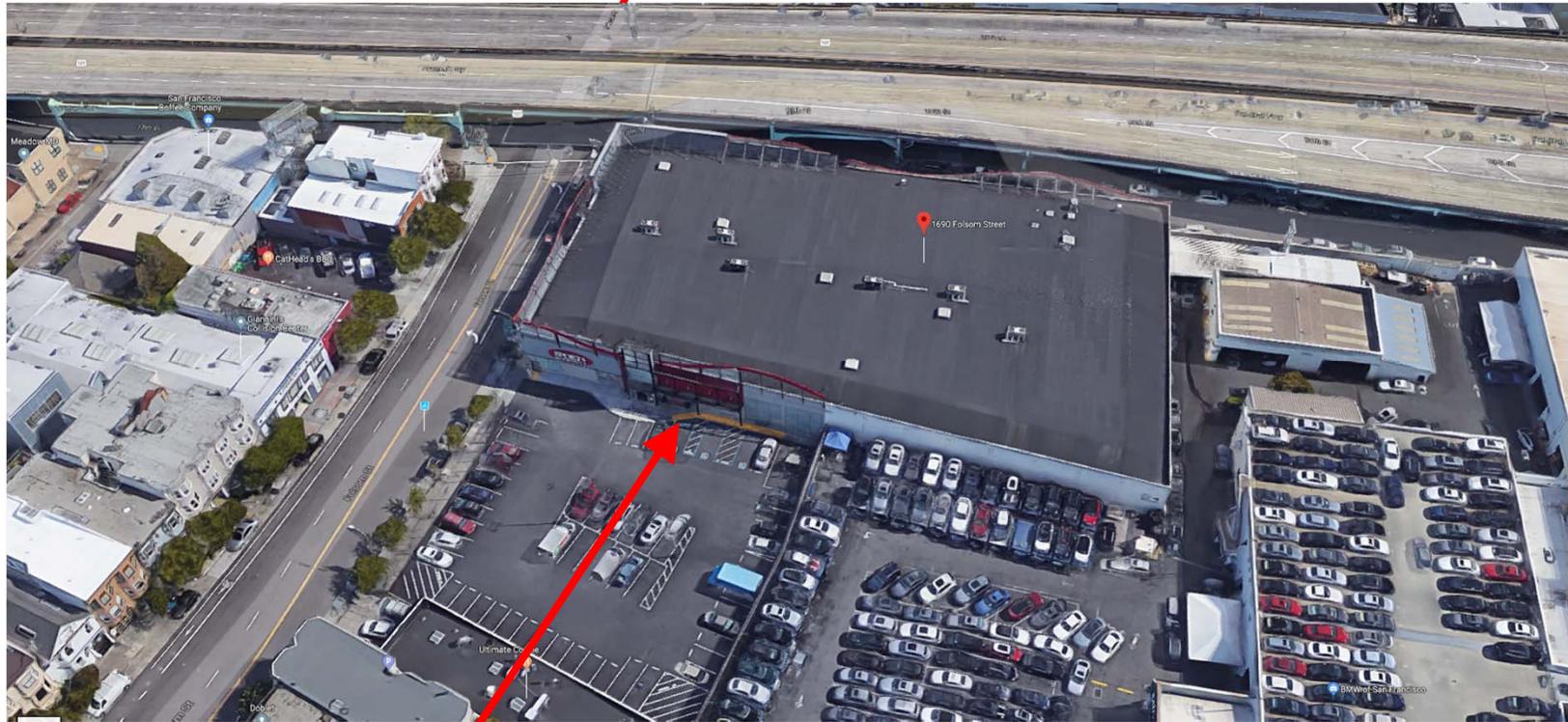


SUBJECT PROPERTY



Conditional Use Authorization Hearing  
Case No. 2017-012974CUA  
1690 Folsom Street

# Aerial Photographs of 1690 Folsom Street



**PROJECT SITE**

Conditional Use Authorization Hearing  
Case No. 2017-012974CUA  
1690 Folsom Street

# Site Photographs of 1690 Folsom Street from Folsom Street



**PROJECT SITE**

Conditional Use Authorization Hearing  
Case No. 2017-012974CUA  
1690 Folsom Street

# Site Photographs of 1690 Folsom Street from 13<sup>th</sup> Street



**PROJECT SITE**

Conditional Use Authorization Hearing  
Case No. 2017-012974CUA  
1690 Folsom Street

**Project Sponsor Submittal: Drawings and  
Formula Retail Signage Program for 1690  
Folsom Street prepared by MBH Architects  
PLS Partners, Inc. and Federal Heath**

# REUBEN, JUNIUS & ROSE, LLP

Melinda Sarjapur  
Msarjapur@reubenlaw.com

September 21, 2018

## Delivered Via Email

Rich Hillis, Commission President  
San Francisco Planning Commission  
1650 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94103

**Re: 1690 Folsom Street, Target  
Planning Case No. 2017-012974  
Hearing Date: October 4, 2018  
Our File No.: 8788.02**

Dear President Hillis and Commissioners:

This office represents Target Corporation, the sponsor of a proposed formula retail Target store containing an accessory Starbucks kiosk and CVS Pharmacy (the “**Project**”) at 1690 Folsom (the “**Property**”). Conditional Use Authorization is required to establish these formula retail uses within the Property’s Western SoMa Mixed Use General (“**WMUG**”) and Western SoMa Special Use zoning districts.

This Conditional Use Authorization should be approved due to the Project’s substantial benefits:

- Providing convenient access to a broad selection of goods and every-day necessities;
- Providing a local pharmacy for area residents and workers;
- Creating between 40-50 new construction jobs during store renovation;
- Creating up to 81 new permanent jobs in the city. Up to 70% of these are anticipated to be full-time positions, with a local hiring goal of 50%;
- Generating new economic activity and producing an anticipated net annual revenue of \$166,000 to the City’s General Fund; and
- Re-activating and beautifying an underutilized retail building, which has historically been occupied by formula retail use.

San Francisco Office  
One Bush Street, Suite 600, San Francisco, CA 94104  
tel: 415-567-9000 | fax: 415-399-9480

Oakland Office  
456 8th Street, 2<sup>nd</sup> Floor, Oakland, CA 94607  
tel: 510-257-5589

[www.reubenlaw.com](http://www.reubenlaw.com)

### **A. Project Description and Background**

The Property's existing 40,247 square foot building has historically contained formula retail use. It has sat largely vacant since Sports Authority closed in 2016, but for temporary occupancies by Spirit Halloween in fall 2017 and most recently a Goodwill donation and collection facility.

Target would occupy the existing building with minor tenant improvements. There would be no expansion of the building envelope, and the façade would remain largely unchanged but for installation of appropriate signage which meets citywide design standards. The existing parking lot would be re-stripped to remove 2-3 spaces. Target would also add bicycle parking and beautify the area by installing attractive landscaping and new screening.

Target would provide neighborhood residents and visitors with a broad selection of goods and every-day necessities in one convenient location. This would include a mix of grocery items (including a selection of beer, wine, and spirits); household essentials; apparel and accessories; health and beauty products; party supplies; toys; school and office supplies; and electronics.

In addition, the store would contain: (1) an approximately 750-square foot, full-service CVS Pharmacy, which will provide neighborhood residents with convenient access to prescription goods, pharmacy services, and health information; and (2) an approximately 850-square foot Starbucks kiosk, serving the beloved brand's high-quality coffee, beverages, and bakery goods.

Project plans are attached to this letter as **Exhibit A**.

### **B. Compliance with Conditional Use Criteria for Formula Retail Use**

The Project meets and exceeds requirements necessary to grant Conditional Use Authorization for a formula retail use within its WMUG and Western SoMa Special Use zoning district.

The existing building, at 40,247 square feet, was designed to be occupied by a large retail use and has sat largely vacant since the previous (formula retail) Sports Authority closed in 2016. Given this history, the Project would not result in a net increase of formula retail to the neighborhood.

Target (including the accessory CVS Pharmacy and Starbucks kiosk) is necessary and desirable because it will re-activate this existing, vacant retail space in a dense urban neighborhood, and will provide area residents and workers with convenient access to a broad range of quality goods and services. The Project will not expand the existing building; it will have no impact on the scale or character of neighbor development. The renovation will improve the Property by installing attractive new landscaping and greenery, re-stripping and screening of the accessory parking area along Folsom Street, and installing appropriate signage.

An economic impact study was prepared for the Project and issued by qualified consultants in September 2018 (attached as **Exhibit B**). The report anticipates the Project will result in various economic benefits to the City, including creation of 40-50 part time construction jobs daily during building renovation, and 56-81 permanent positions once the store becomes operational. Between 60-70% of the store's permanent positions are anticipated to be full-time. The Project is also anticipated to generate approximately \$166,000 in net General Fund revenue per year.

Finally, Target will complement the existing blend of neighborhood and city-wide serving retail uses within the surrounding neighborhood by providing a unique array of goods and services in one convenient location. While the broader Western SoMa area may contain similar retail uses to aspects of the proposed Target, the Project's economic impact study recognizes a lack of neighborhood-serving retail, affordable goods, services, and experiences to support residents' and workers' daily needs within a half mile radius of the Property. This is particularly acute in the area immediately adjacent to the Property, which is dominated by automotive-related uses. Operation of the Target store at this location is anticipated to complement and expand retail operations within a half-mile radius of the site, drawing more customers to the area.

### **C. Providing Access to Good Jobs**

Target looks forward to being a strong source of good jobs in the community. As noted in the Project's economic impact study, renovation of the store is anticipated to generate 40-50 full time construction trade worker positions on-site for a 24 week period. Once opened, the store is anticipated to *create between 56 and 81 new jobs, up to 70% of which may be full-time positions.*

Target gears its hiring practices toward local residents, with goals of having at *least 50% of its work force comprised of people living in the surrounding neighborhoods*, and has partnerships in place with the Mayor's Office of Economic and Workforce Development to assist in this process. In addition, Target *employees receive are eligible for a range of benefits* including significant merchandise discounts, comprehensive health and wellness programs; access to a range of financial resources; certain tuition reimbursement and discounts for GED, undergraduate, and graduate masters degrees; and transportation benefits.

### **D. Neighborhood Outreach and Support**

Target is committed to project transparency through community engagement. Since the project's initial community outreach meeting in October 2017, Target has continued to communicate with key stakeholders in the surrounding community and city. Subsequently, the Project has received letters of support from United Way Bay Area; Yerba Buena Gardens Festival; GLIDE; SF/Marin Food Bank; SF LGBT Center; and California Academy of Sciences (attached as **Exhibit C**).

Target also has demonstrated history of giving back to the community. In 2017, Target gave *over \$1.8 million in cash and product donations* to San Francisco, and its team members *volunteered over 3,700 hours in the community*. Examples of this support include:

- 120,000+ pounds of food donated to the San Francisco-Marin Food Bank;
- 14 grants for school field trips and youth soccer programs;
- Hours of volunteer work by Target team members at a range of local organizations including the Leukemia & Lymphoma Society; Salvation Army; AIDS Walk San Francisco; Golden Gate Park Senior Center; San Francisco Lesbian Gay Bisexual Transgender Community; Saint Francis Memorial Hospital; San Francisco Food Bank; Girls on the Run of the Bay Area Inc; Greater Bay Area Make-A-Wish Foundation/San Francisco Division; and others.

**E. Conclusion**

Target will re-activate an underutilized commercial building that has been traditionally occupied by formula retail use, and will provide neighborhood residents with access to pharmacy services and a broad selection of goods and every-day household necessities in one convenient location. It will generate significant aesthetic and economic benefits to the neighborhood and City, and is anticipated to complement and bolster existing retail use in the immediate area.

For these reasons, we respectfully request that you grant this Conditional Use Authorization to permit a new Target store with accessory Starbucks kiosk and CVS Pharmacy at the Property.

Thank you.

Very truly yours,

**REUBEN, JUNIUS & ROSE, LLP**



**Melinda A. Sarjapur**

Enclosures

cc: Myrna Melgar, Commission Vice-President  
Dennis Richards, Commissioner  
Rodney Fong, Commissioner  
Joel Koppel, Commissioner  
Kathrin Moore, Commissioner  
Milicent Johnson, Commissioner  
Esmeralda Jardines, Project Planner

EX. FENCE  
EX. BMW BUILDING



**PLANT LEGEND**

SYMBOL	QTY	SIZE	WATER USE	BOTANICAL NAME/ COMMON NAME
<b>TREES</b>				
	4	24" BOX	LOW	NERIUM OLEANDER 'RED OLEANDER - STANDARD FORM
	13	24" BOX	LOW	NEW STREET TREE PER CITY RECOMMENDATION
<b>SHRUBS</b>				
	113	1 GAL.	LOW	MAHONIA REPENS CREEPING MAHONIA
	13	1 GAL.	LOW	PHORMIUM H. 'RAINBOW QUEEN' NEW ZEALAND FLAX
	43	1 GAL.	LOW	STIPA TENUISSIMA MEXICAN FEATHER GRASS
	19	1 GAL.	MED.	FIGUS FUMELLA CREEPING FIG - TRAIN TO FENCE

NEW LANDSCAPING AND GREENSCREEN TO SHIELD EXISTING TRANSFORMER

EX. RETAINING WALL (42" HEIGHT)

VINES PLANTED AGAINST EXISTING FENCE TO SCREEN BMW LOT

NEW LANDSCAPE PLANTER AREAS AT PARKING LOT CORNERS

EX. ELECTRICAL EQUIPMENT

52 STALLS

CART CORRAL

EXISTING BUILDING

NEW 4' LANDSCAPE STRIP W/ SHRUBS AND GROUNDCOVER

NEW 8' DECORATIVE METAL FENCING ALONG FOLSOM STREET FRONTAGE

NEW STAINLESS STEEL BOLLARDS AT ENTRY



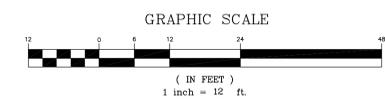
THIRTEENTH STREET

LOADING DOCK DOOR

**TARGET**  
**1690 FOLSOM STREET**

FOLSOM STREET

NEW SLIDING GATE



<p>DATE: 10/09/17</p> <p>SCALE: 1/12" = 1'</p> <p>DESIGNED: GPF</p> <p>DRAWN: GPF</p> <p>CHECKED: GPF</p> <p>PROJ. MGR: GPF</p> <p>FILE PATH: H:\093\dwg\2017-07-27\1093_SITE.dwg</p>	<p>DATE</p>	<p>BY</p>	<p>REV #</p>	<p>DESCRIPTION</p>
<p>ENGINEERING</p> <p>SURVEYING</p> <p>LANDSCAPE ARCHITECTURE</p> <p>ENTIREMENT</p>	<p>SAN FRANCISCO OFFICE</p> <p>ALAMEDA, CA 94607</p> <p><b>PLS PARTNERS INC</b></p> <p>PAX 965-270-885</p>	<p>CALIFORNIA</p>	<p><b>SITE PLAN</b></p> <p><b>TARGET STORE</b></p> <p>1690 FOLSOM STREET</p>	<p>SAN FRANCISCO</p>
<p>PRINTED: Oct 09, 2017 - 10:42 am</p>	<p><b>C1.1</b></p> <p>OF</p>	<p><b>1093</b></p>		



█ GLAZING  
█ TOTAL TARGET  
 SCALE 1/32" = 1'-0"





**TARGET FOLSOM ST, SAN FRANCISCO, CA**

MBH ARCHITECTS  
PLS PARTNERS, INC

TARGET STORE DESIGN  
17 SEPTEMBER 2018



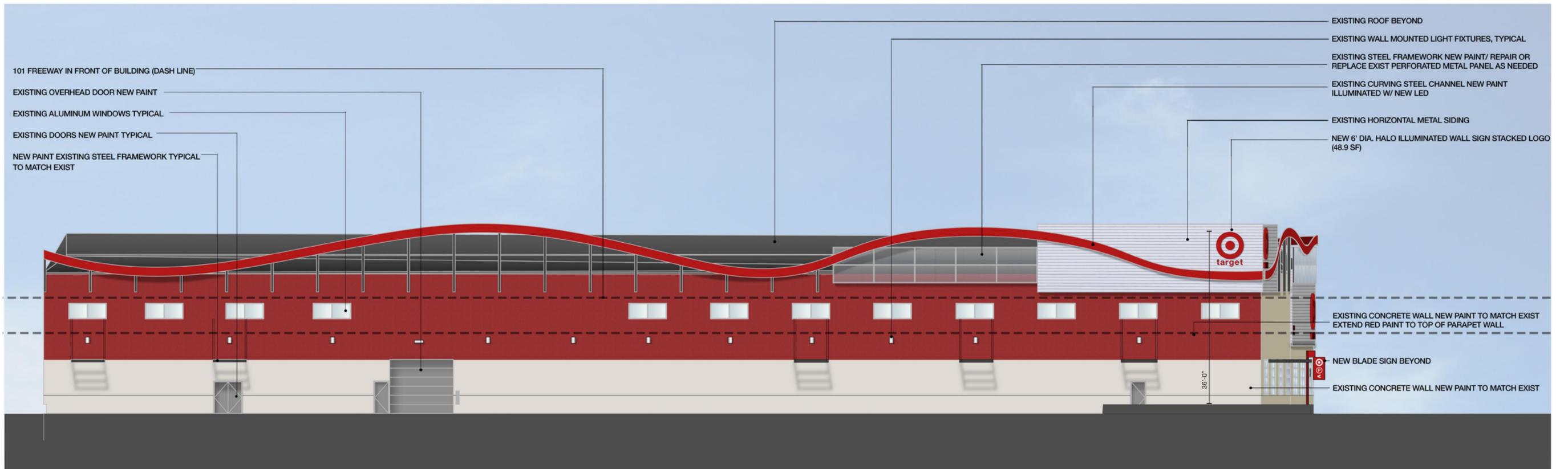


**NORTH ELEVATION**

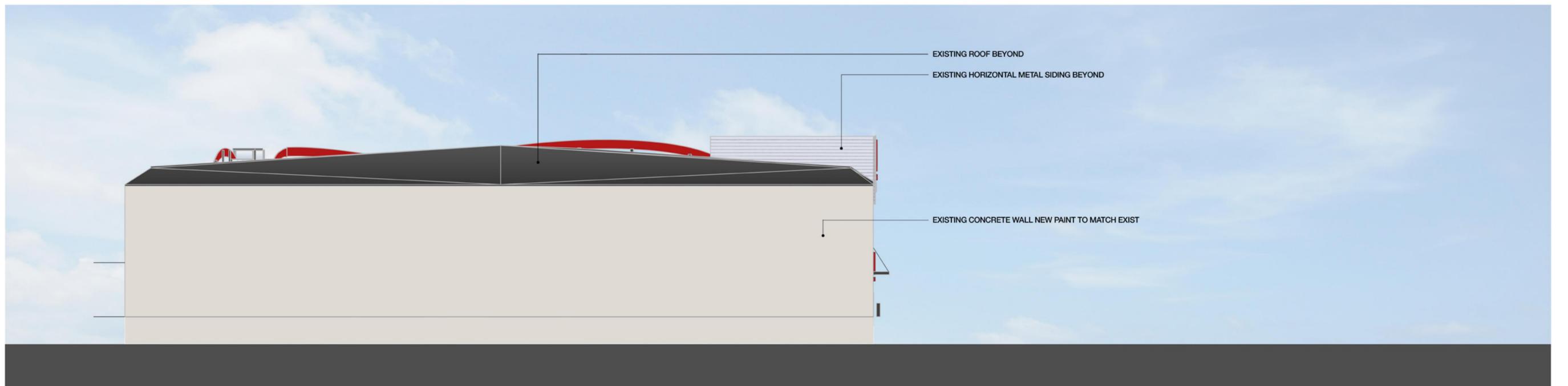


**EAST ELEVATION (FOLSOM STREET)**



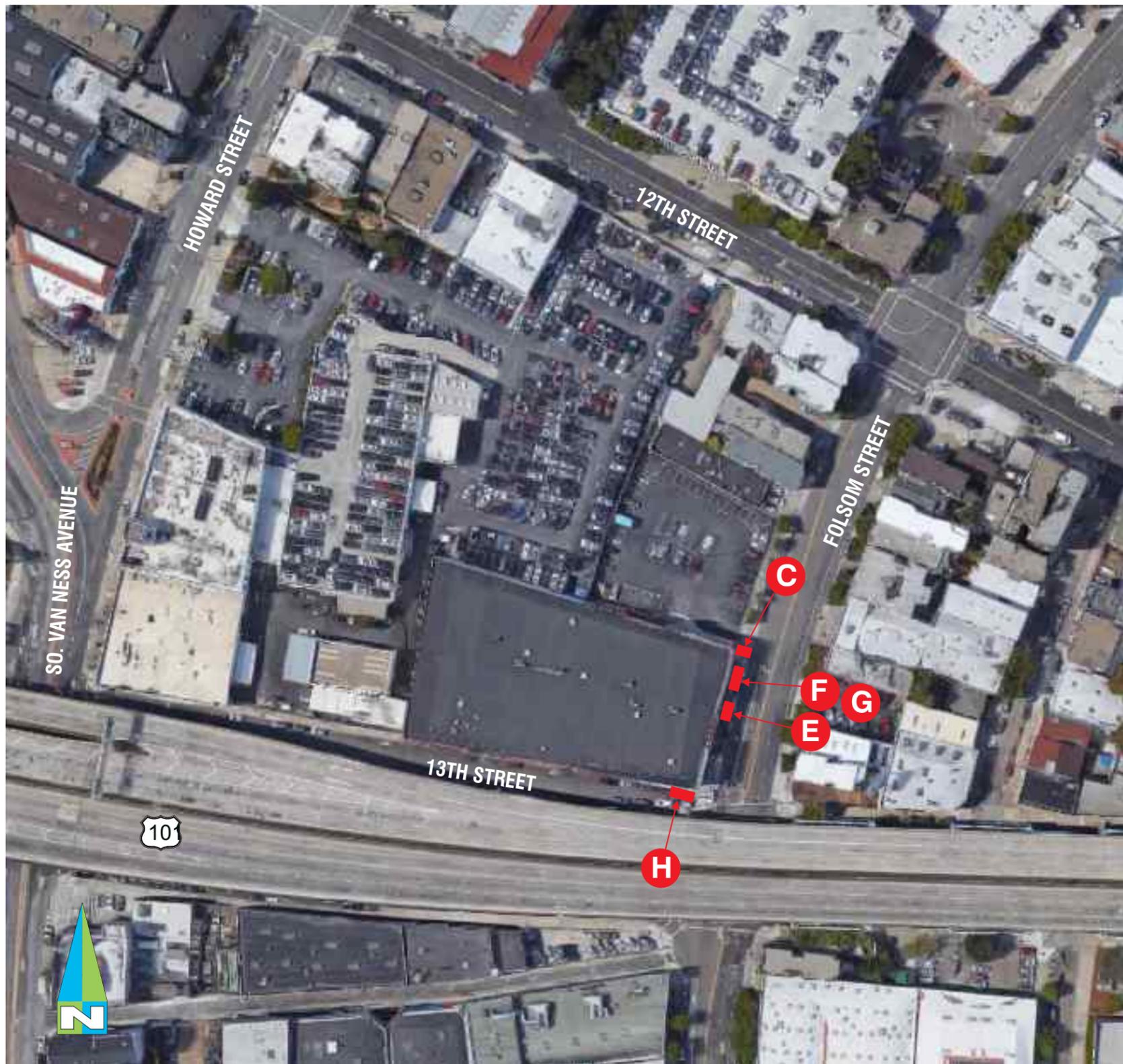


**SOUTH ELEVATION (13TH STREET)**



**WEST ELEVATION**





**SITE AERIAL VIEW**

**PROPOSED SIGN SCHEDULE**

- C** NEW 5'-6" x 2'-6" D/F INT. ILLUM. BLADE SIGN / **13.75 SQ. FT.**  
 QUANTITY: ONE (1) North Elevation
- E** CUSTOM STACKED HALO-IL-16-CL RED CVS PHARMACY LETTERS / **15.07 SQ. FT.**  
 QUANTITY: ONE (1) East Elevation
- F** NEW 6'-0" RED BULLSEYE LOGO-18" REVERSE CHANNEL HALO-IL. LTRS / **48.9 SQ. FT.**  
 QUANTITY: ONE (1) East Elevation
- G** NEW 2'-0" STARBUCKS CHANNEL LOGO DISK\*(INSTALL ONLY) / **4 SQ. FT.**  
 QUANTITY: ONE (1) \*BEHIND STOREFRONT GLASS East Elevation
- H** NEW 6'-0" RED BULLSEYE LOGO-18" REVERSE CHANNEL HALO-IL. LTRS / **48.9 SQ. FT.**  
 QUANTITY: ONE (1) South Elevation

**NEW TOTAL BLDG. SIGNAGE: 130.62 SQ. FT.**

Total Square Footage Calculations:  
 \*Folsom Street Frontage - 250 Ft. +/-  
 3 Sq. Ft. X 50 Ft. = 150 Sq. Ft. / 1 Sq. Ft. X 200 Ft. = 200 Sq. Ft. -  
 Total Permitted is 350 Sq. Ft.

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\*13th Street Frontage - 290 Ft. +/-  
 3 Sq. Ft. X 50 Ft. = 150 Sq. Ft. / 1 Sq. Ft. X 240 Ft. = 240 Sq. Ft. -  
 Total Permitted is 390 Sq. Ft.



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Client Approval/Date: \_\_\_\_\_  
 Landlord Approval/Date: \_\_\_\_\_

Account Rep: **Boyd Hippenstiel**  
 Project Manager: **Sandra Ramirez**  
 Drawn By: **Gene Bourbonnais**

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ALL ELECTRICAL SIGNS ARE TO COMPLY WITH U.L. 48 AND ARTICLE 600 OF THE N.E.C. STANDARDS, INCLUDING THE PROPER GROUNDING AND BONDING OF ALL SIGNS.

Project / Location:  
  
 Store #: T-3297  
 1690 Folsom Street  
 San Francisco, CA 94103

Job Number: **23-43734-10**  
 Date: **21 September 2018**  
 Sheet Number: **1** of **9**  
 Design Number: **23-43734-10R3**

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PROPOSED NORTH ELEVATION - SCALE: 1/32" = 1'-0"



PARTIAL NORTH ELEVATION - SCALE: 3/32" = 1'-0"

### ENLARGED DETAIL

#### SCOPE OF WORK:

**C** NEW 5'-6" X 2'-6" BLADE SIGN.



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Job Number: **23-43734-10**

Date: **21 September 2018**

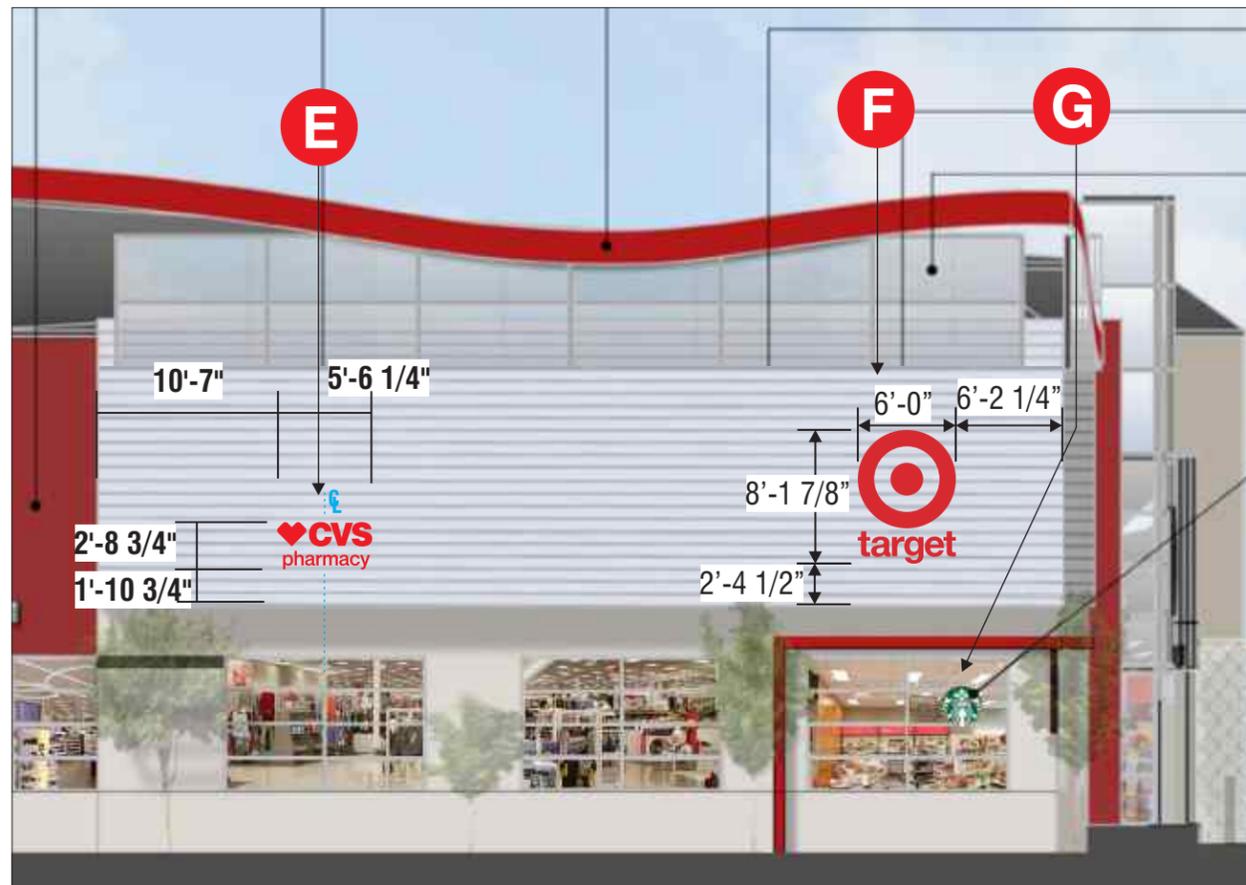
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Design Number: **23-43734-10R3**

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PROPOSED EAST (FOLSOM ST.) ELEVATION - SCALE: 1/32" = 1'-0"



PARTIAL EAST (FOLSOM ST.) ELEVATION - SCALE: 3/32" = 1'-0"

Note: Total sign area permitted is 350 sq. ft. Total proposed is 67.97.

### ENLARGED DETAIL

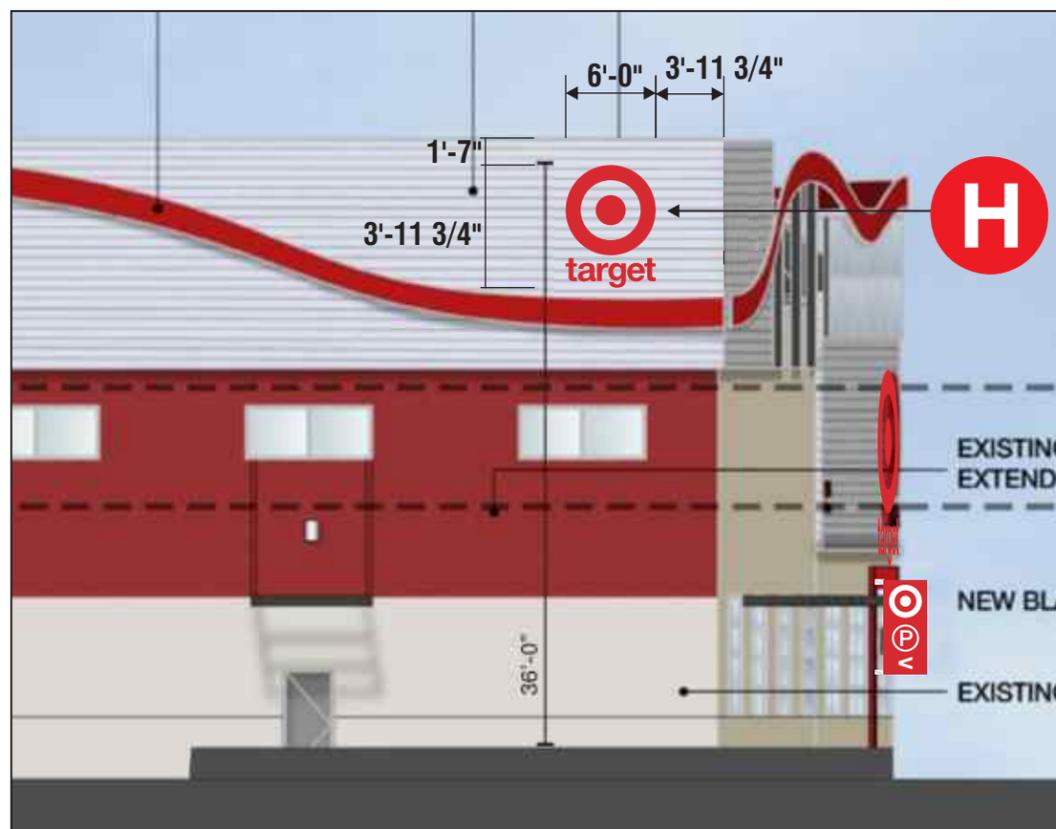
#### SCOPE OF WORK:

- E** NEW CUSTOM 16" HALO-IL CVS PHARMACY LETTERS
- F** NEW 6'-0" HALO-IL "BULLSEYE" LOGO & 18" LETTERS.
- G** NEW 2'-0" STARBUCKS WINDOW SIGN (by Others, FH to Install)



PROPOSED SOUTH (13TH ST.) ELEVATION - SCALE: 1/32" = 1'-0"

Note: Total sign area permitted is 390 sq. ft. Total proposed is 48.9.



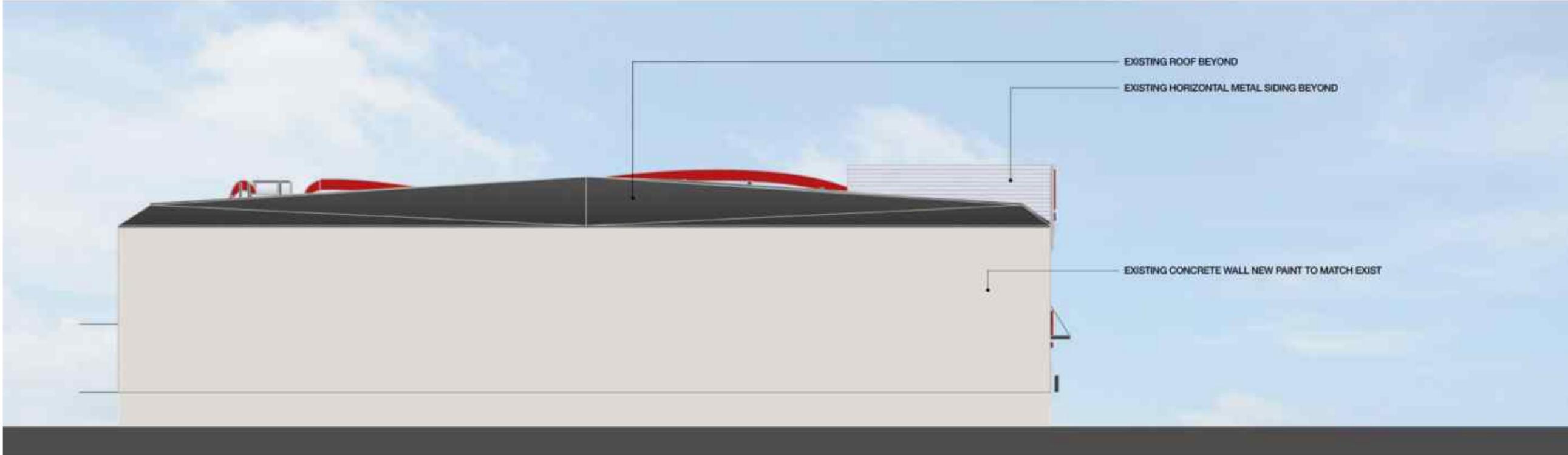
PARTIAL SOUTH (13TH ST.) ELEVATION - SCALE: 3/32" = 1'-0"

### ENLARGED DETAIL

#### SCOPE OF WORK:

- H** NEW 6'-0" HALO-ILLUM. BULLSEYE LOGO & 18" LETTERS.

**NO SIGNS ARE PROPOSED FOR WEST ELEVATION**



**PROPOSED WEST ELEVATION - SCALE: 1/16" = 1'-0"**



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Account Rep: **Boyd Hippenstiel**  
Project Manager: **Sandra Ramirez**  
Drawn By: **Gene Bourbonnais**

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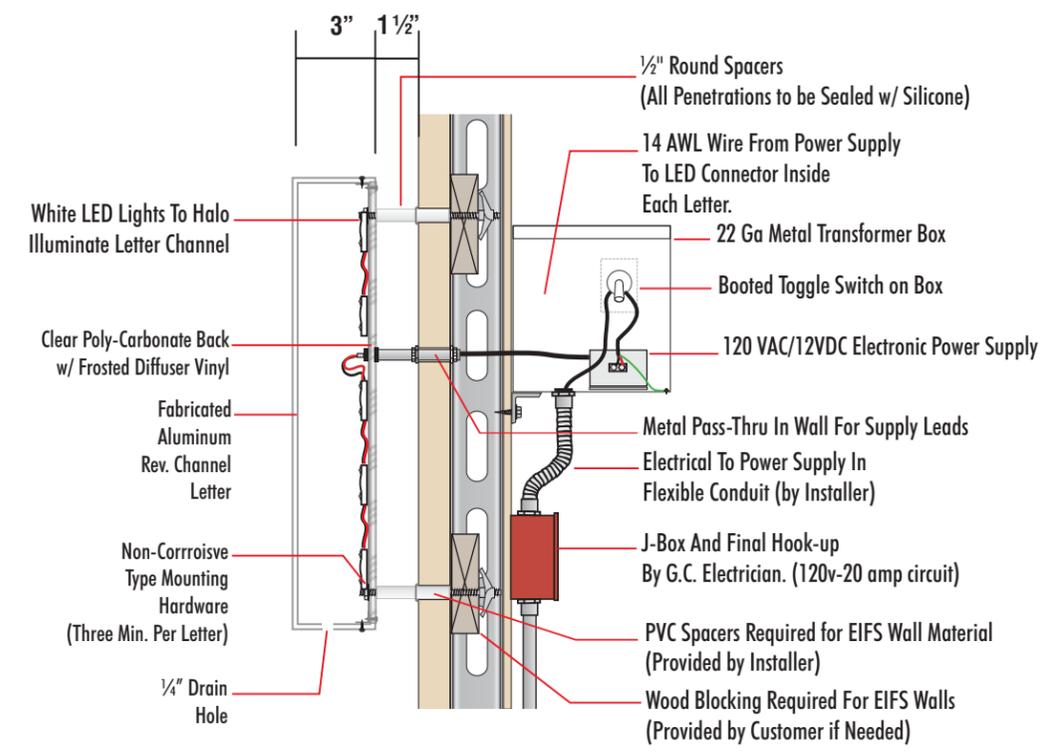
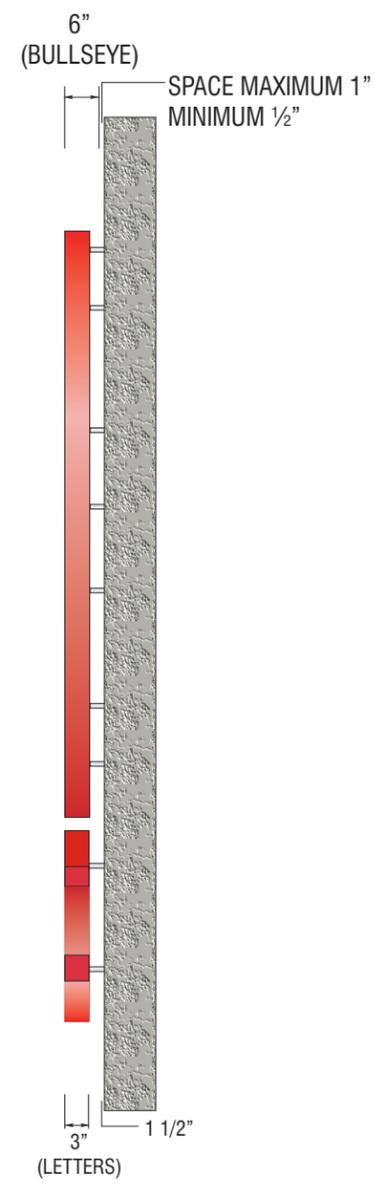
Project / Location:

**Store #: T-3297**  
**1690 Folsom Street**  
**San Francisco, CA 94103**

Job Number: **23-43734-10**  
Date: **21 September 2018**  
Sheet Number: **5** of **9**  
Design Number: **23-43734-10R3**

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MATERIAL FINISH COLORS	
 MP# 82074LVG (FULL GLOSS)	 White LED
Returns & Faces	Illumination



**SECTION DETAIL - L.E.D. HALO ILLUMINATED WALL LETTERS**  
N.T.S.

**F H** REVERSE CHANNEL HALO ILLUM. "LOGO & LETTER SET" | LC-S R  
N.T.S. TWO (2) SIGNS REQ'D

SCOPE OF WORK:  
MANUFACTURE AND INSTALL TWO (2) SETS OF CHANNEL LOGO & LETTERS

SIGN TYPE	A	B	C	D	E	RETAINER	AMPS CIRCUITS	SQ.FT.
LL72/18 LC-S R - HALO	6'-0"	1' 6"	8' 1-7/8"	1'-0"	2'-0"	N/A		48.9

**ELECTRICAL REQUIREMENTS**

Total: 0.0 Amps

( 1 ) 120V 20A Circuit Required.

ALL BRANCH CIRCUITS SHALL BE DEDICATED TO SIGNS (INCLUDING GROUND AND NEUTRAL) AND SHALL NOT BE SHARED WITH OTHER LOADS.

**CUSTOMER TO PROVIDE DEDICATED BRANCH CIRCUITS FOR SIGNS ONLY PER NEC CODE 600.5**

ALL BRANCH CIRCUITS SHALL BE DEDICATED TO SIGNS (INCLUDING GROUND AND NEUTRAL) AND SHALL NOT BE SHARED WITH OTHER LOADS. PROPERLY SIZED GROUND WIRE THAT CAN BE TRACED BACK TO BREAKER PANEL IS REQUIRED.

**INSTALLER REQUIREMENTS**

ALL MOUNTING HARDWARE, SECONDARY WIRING AND CONDUITS ARE TO BE PROVIDED BY THE INSTALLATION CONTRACTOR. ALL PENETRATIONS IN THE WALL ARE TO BE SEALED WITH SILICONE AND TO BE WATERTIGHT.

ANY DEVIATION FROM FEDERAL HEATH REQUIREMENTS MAY RESULT IN DAMAGE TO OR IMPROPER OPERATION OF SIGNAGE, CAUSING DELAYS AND ADDITIONAL COSTS.

**NEW & REMODEL CONSTRUCTION**

ADEQUATE BEHIND THE WALL BACKING AND ACCESS IS REQUIRED FOR THE INSTALLATION OF NEW SIGNAGE. CUSTOMER TO FORWARD APPROVED SIGNAGE DRAWINGS TO THE ON SITE CONTACT TO INSURE THAT THE REQUIRED PROVISIONS ARE MADE DURING CONSTRUCTION, PRIOR TO THE SIGN INSTALLATION.

**INSTALLER REQUIREMENTS FOR EIFS WALLS**

IT IS THE RESPONSIBILITY OF THE INSTALLATION CONTRACTOR TO PROVIDE ANY WALL SPACERS REQUIRED TO KEEP EIFS WALL MATERIAL FROM BEING COMPACTED DURING INSTALLATION OF ANY MOUNTING BOLTS REQUIRED FOR SIGNAGE.

**GENERAL NOTE**

- INSTALLER SHALL VERIFY WALL CONDITION IN THE FIELD.
- TYPE, SIZE AND NUMBER OF FASTENERS TO BE DETERMINED.
- ALL BOLT HOLES TO BE DRILLED OR PUNCHED.
- ISOLATE ALL ALUMINUM FROM STEEL.

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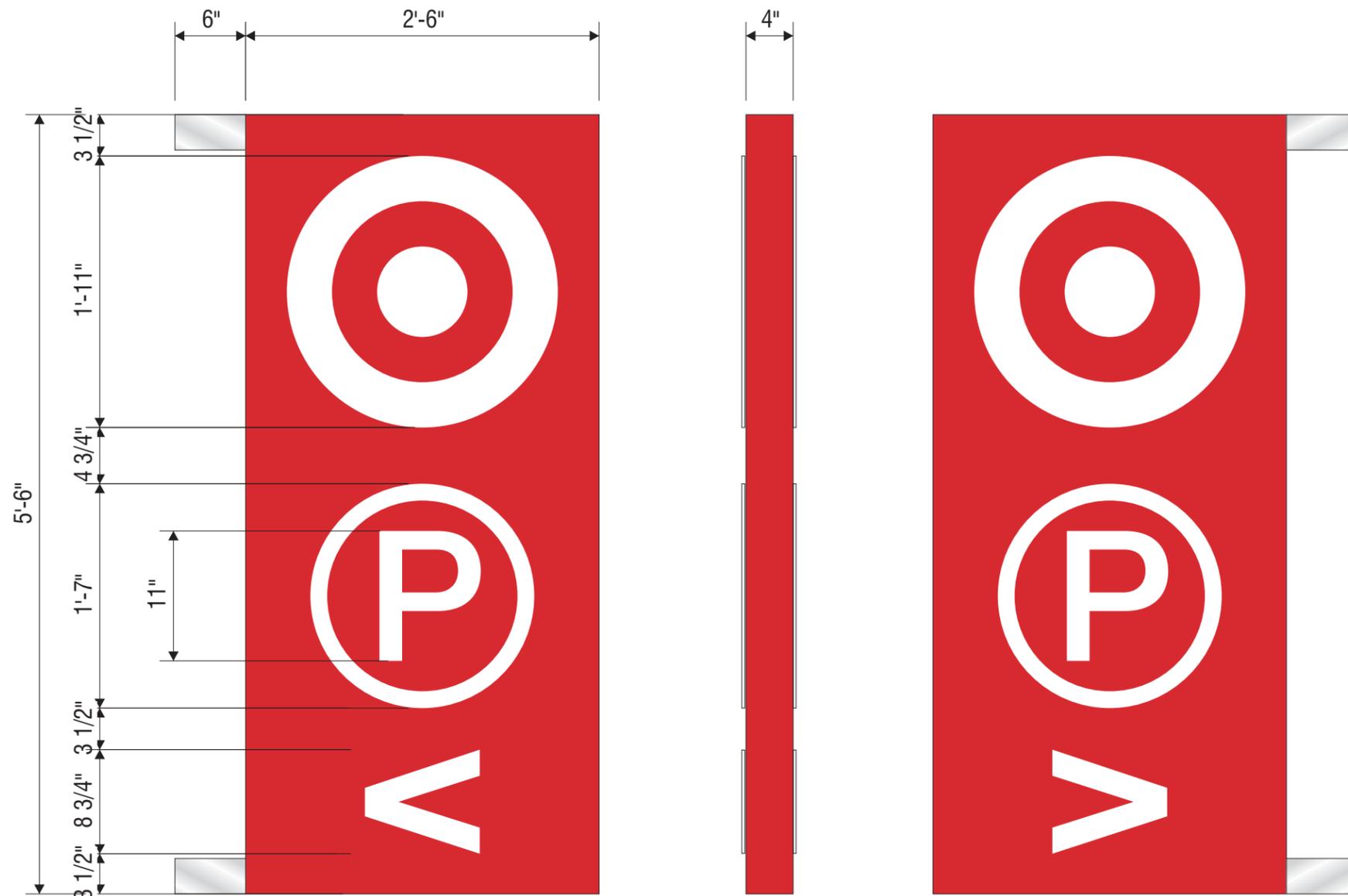
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Job Number: 23-43734-10  
Date: 21 September 2018  
Sheet Number: 6 of 9  
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**C CUSTOM INT. ILLUM. PROJECTING BLADE SIGN**  
**ONE (1) REQ'D.**

**SCALE: 1" = 1'-0"**  
**13.75 SQ. FT.**

MANUFACTURE & INSTALL ONE INTERNALLY ILLUMINATED PROJECTING D/F BLADE SIGN.  
 CABINET IS FABRICATED ALUMINUM PAINTED Mp80274 LVG FULL GLOSS RED,  
 ALL GRAPHICS ARE ROUTED OUT W/ 1/4" WHITE ACRYLIC PUSH-THRUS.  
 INT. ILLUMINATION PROVIDED BY WHITE LEDS & S/C POWER SUPPLY.  
 ONE FACE TO BE REMOVABLE FOR MAINTENANCE & SERVICE.  
 SUPPORTS TO BE PAINTED SM171S "BRUSHED ALUMINUM", SATIN FINISH

**ENGINEERING IS REQUIRED**

**MATERIAL FINISH COLORS**

	Matthews MP82074 LVG Full Gloss Target Red II		7328 White Acrylic		Sloan White LED
<b>Cabinet</b>		<b>Graphics</b>		<b>Illumination</b>	



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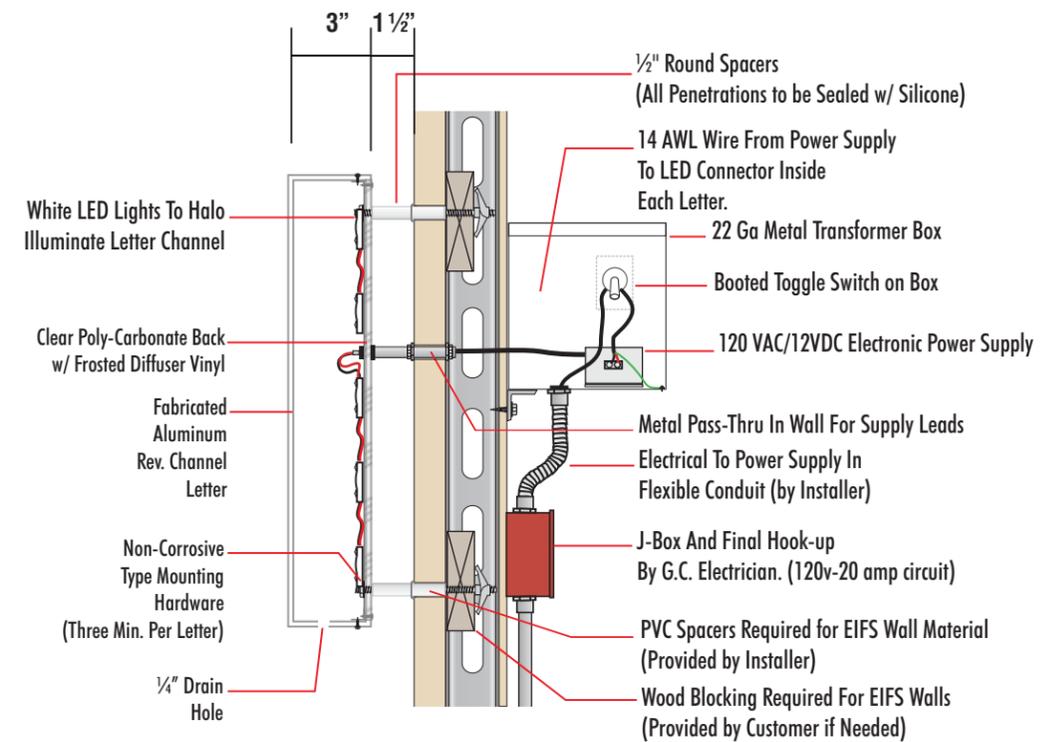
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 Store #: T-3297  
 1690 Folsom Street  
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Job Number: **23-43734-10**  
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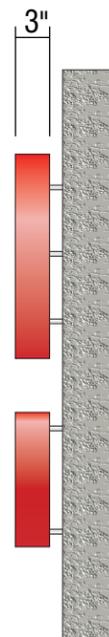
MATERIAL FINISH COLORS	
 MP# 82074LVG (FULL GLOSS)	 White LED
Returns & Faces	Illumination



**E** CUSTOM STACKED REVERSE CHANNEL HALO-ILLUM. CHANNEL LETTERS  
 ONE (1) SET REQ'D. 15.07 SQ. FT.

SCALE: 1" = 1'-0"

MANUFACTURE AND INSTALL CHANNEL LOGO & LETTERS AS SHOWN AND NOTED.



END VIEW  
N.T.S.

CLASS 2 SECONDARIES TO DISTRIBUTION BOARD TO BE RUN THROUGH CONDUIT SUPPLIED BY INSTALLER AND WIRED BY INSTALLER. DISTRIBUTION BOARD AND POWER SUPPLIES SUPPLIED BY FEDERAL HEATH SIGN CO.

**SECTION DETAIL - L.E.D. HALO ILLUMINATED WALL LETTERS**  
N.T.S.

ELECTRICAL REQUIREMENTS
Total: 0.0 Amps
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**NEW & REMODEL CONSTRUCTION**  
 ADEQUATE BEHIND THE WALL BACKING AND ACCESS IS REQUIRED FOR THE INSTALLATION OF NEW SIGNAGE. CUSTOMER TO FORWARD APPROVED SIGNAGE DRAWINGS TO THE ON SITE CONTACT TO INSURE THAT THE REQUIRED PROVISIONS ARE MADE DURING CONSTRUCTION, PRIOR TO THE SIGN INSTALLATION.

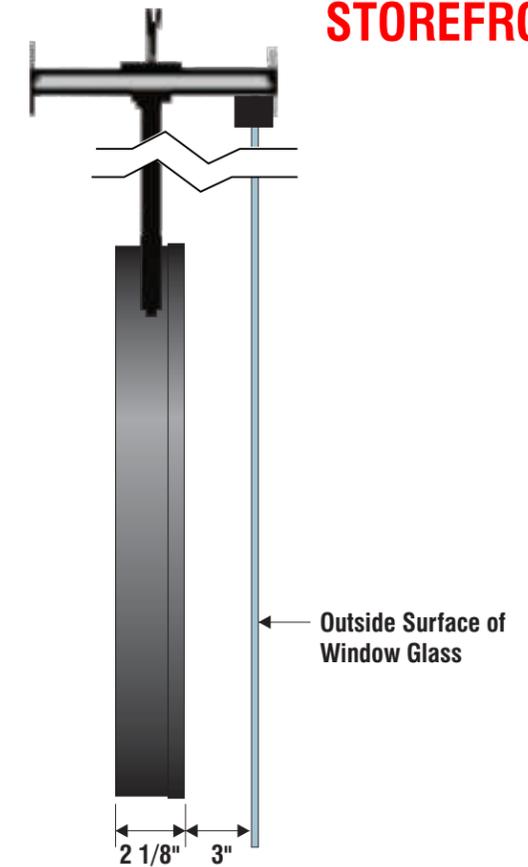
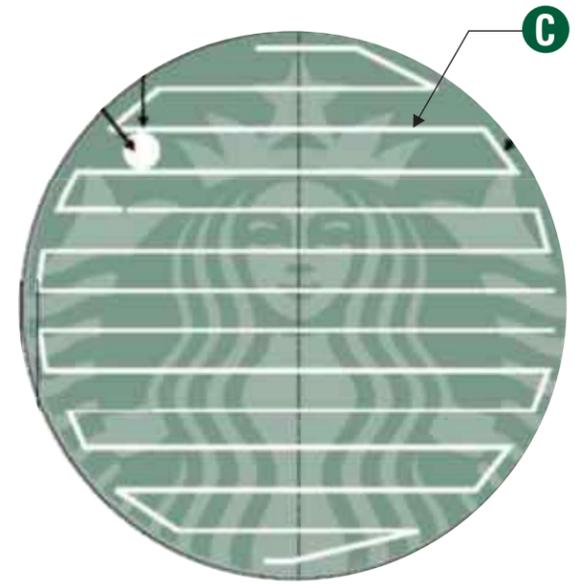
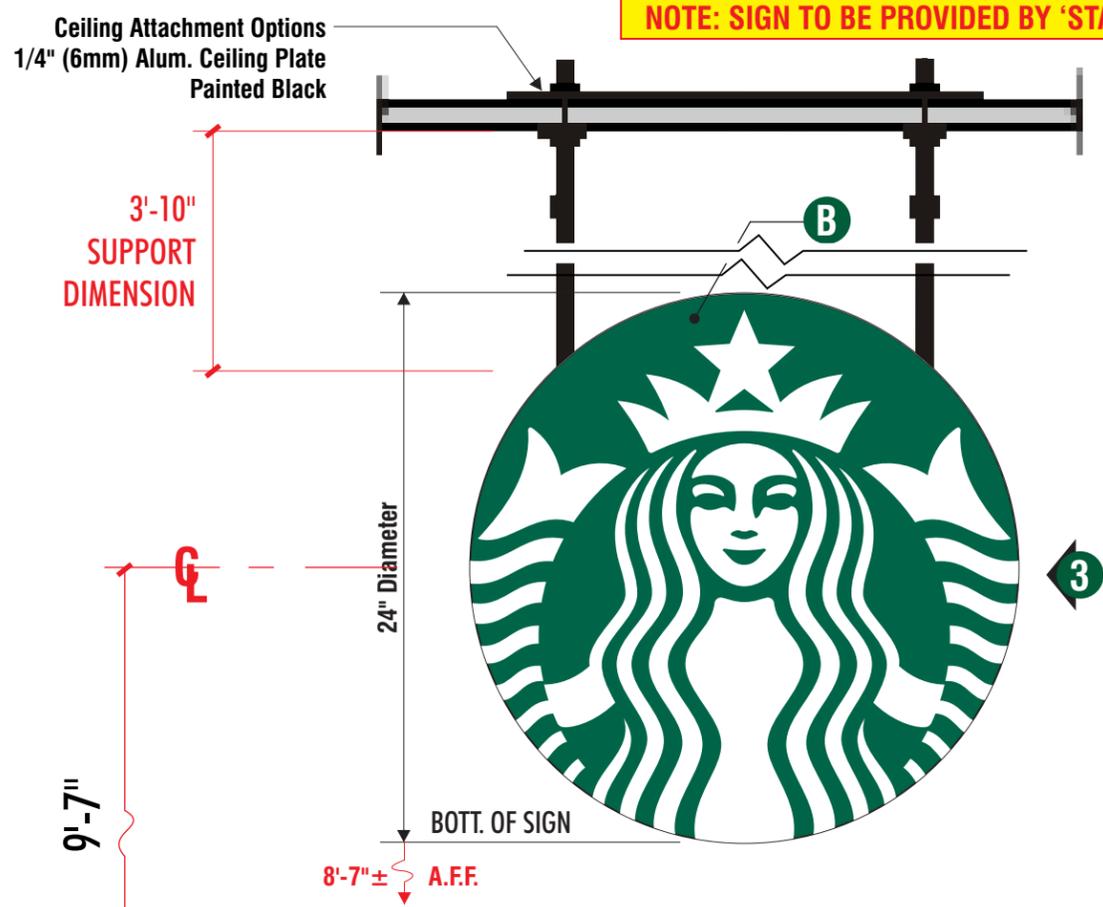
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**GENERAL NOTE**  
 • INSTALLER SHALL VERIFY WALL CONDITION IN THE FIELD.  
 • TYPE, SIZE AND NUMBER OF FASTENERS TO BE DETERMINED.  
 • ALL BOLT HOLES TO BE DRILLED OR PUNCHED.  
 • ISOLATE ALL ALUMINUM FROM STEEL.

**NOTE: SIGN TO BE PROVIDED BY 'STARBUCKS' VENDOR AND INSTALLED BY FEDERAL HEATH.**

**NOTE: ATTACH TO ALUMINUM STOREFRONT IF POSSIBLE**

**\*Must Confirm w/ Starbucks Vendor that is Providing the Actual Sign to FH. Must Verify Sign Placement & Method of Attachment at This Site. May Require Site Survey.**



**1 FRONT ELEVATION Front View**  
Scale: 1 1/2" = 1'-0"

**4.0 Sq.Ft.**  
ONE (1) SET

**2 LED Layout**  
Scale: 1 1/2" = 1'-0"

**3 Side View**  
Scale: 1 1/2" = 1'-0"

**SPECIFICATIONS**

**24" SINGLE FACED INTERNALLY ILLUMINATED CEILING MOUNT LOGO DISK. CABINET TO BE 3" (76mm) DEEP, FABRICATED ALUMINUM SIDEWALLS AND BACK. BLACK POLYURETHANE, FACE TO BE 3/16" (5mm) ACRYLITE 015-2GP. 1" (25mm) BLACK TRIMCAP WITH SQUARE HEAD SCREWS RETAINER EDGING.**

**B** Graphics of logo to be 1st surface 3M **OPAQUE VINYL** Holly Green. Siren to show thru White.

**C** Internally illuminate logo disk with Lumificent™ white LED's installed to back of disk. Power with self-contained Lumificent™ power supply contained with an U.L. enclosure covered in white vinyl film. Fasten to wall with required fasteners.

Sign must be approved by the National Electrical Code, Underwriters Laboratory, CUL, and all applicable local codes. Disconnect switch in primary to be within sight of sign (sign includes power supply enclosure) REF: NEC 110-3[B] 600-2, 600-4. Primary electrical source 1/2" (13mm) conduit minimum) REF: NEC 600-6, 600-21 (provided by installer).



**\*NOTE: THIS SIGN TO BE PROVIDED BY STARBUCKS VENDOR.**

**NOTE: SITE SPECIFIC ENGINEERING REQUIRED.**

**NOTE: ATTACHMENT TO BE DETERMINED DUE TO THE CEILING HEIGHT**

**INTERIOR SIGN**

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VISUAL COMMUNICATIONS  
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Willowbrook, IL - Tunica, MS - Atlanta, GA  
Tampa, FL - Daytona Beach, FL - Orlando, FL

Revisions:  
R1 JG 7.31.18 Update per markup  
R2 MG 9.21.18 Update per markup/ new elevations.  
R3 MG 9.21.18 Update per markup.  
Colors Depicted In This Rendering May Not Match Actual Finished Materials. Refer To Product Samples For Exact Color Match.  
Client Approval/Date: \_\_\_\_\_  
Landlord Approval/Date: \_\_\_\_\_

Account Rep: **Boyd Hippenstiel**  
Project Manager: **Sandra Ramirez**  
Drawn By: **Gene Bourbonnais**  
Underwriters Laboratories Inc. nfc  
ELECTRICAL TO USE U.L. LISTED COMPONENTS AND SHALL MEET ALL N.E.C. STANDARDS  
ALL ELECTRICAL SIGNS ARE TO COMPLY WITH U.L. 48 AND ARTICLE 600 OF THE N.E.C. STANDARDS, INCLUDING THE PROPER GROUNDING AND BONDING OF ALL SIGNS.

Project / Location:  
  
Store #: T-3297  
1690 Folsom Street  
San Francisco, CA 94103

Job Number: **23-43734-10**  
Date: **21 September 2018**  
Sheet Number: **9** of **9**  
Design Number: **23-43734-10R3**

This original drawing is provided as part of a planned project and is not to be exhibited, copied or reproduced without the written permission of Federal Heath Sign Company, LLC or its authorized agent. ©FHSC

**Project Sponsor Submittal: Economic Impact  
Study for 1690 Folsom Street prepared by  
Hatch dated September 2018**

# 1690 FOLSOM STREET ECONOMIC IMPACT STUDY

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SAN FRANCISCO PLANNING DEPARTMENT

SEPTEMBER 2018

HATCH

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## I. EXECUTIVE SUMMARY

Target Corporation (Target) is proposing to locate a new store in an existing 40,247-square-foot building at 1690 Folsom Street (referred to as the Proposed Project) in San Francisco’s Western SoMa area. The Proposed Project includes an accessory Starbucks kiosk and CVS Pharmacy. The Proposed Project is described in detail in Chapter II.

For approval of new large-scale retail uses, such as the Proposed Project, the San Francisco Planning Code requires that the Planning Commission review and consider the findings of an economic impact study (EIS). Consistent with these requirements, this study evaluates the potential economic impact of the Proposed Project; a summary of the study findings is presented below.

### Employment Analysis

- a. Planning Code requirement: Projection of construction-phase and permanent employment generated by the proposed project.

Study findings:

- This project does not require new construction, but rather renovations to an existing building. During the renovation phase, which is expected to last for 24 weeks, Target expects 40 to 50 part- and full-time construction trades workers on-site daily. This is consistent with estimates of job creation based on job multipliers recommended by the City of San Francisco’s Controller’s Office of Economic Analysis (OEA).
- Upon stabilization of operations, total employment at the site will range between 56 and 81 jobs (Target employees as well as Starbucks and CVS employees). This is equivalent to an employment density of approximately 500 to 720 square feet per employee. This is consistent with typical employment density estimates for large retailers. Target estimates that 30 to 40 percent of workers will be part-time.

- b. Planning Code requirement: Discussion of whether the employer of the proposed project will pay a living wage, inclusive of non-salary benefits expected to be provided, relative to San Francisco's cost of living.

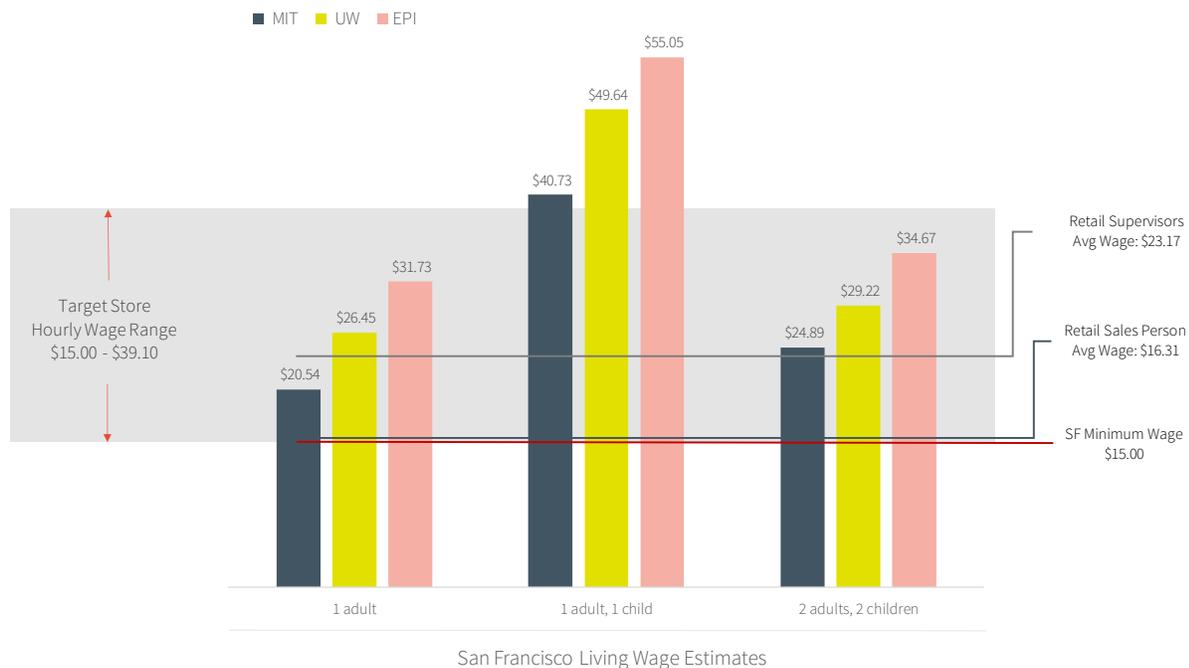
Study findings:

- There is no official definition or estimate of living wages by a local, state or federal government entity. This study uses living wage estimates by the Massachusetts Institute of Technology, the University of Washington, and the Economic Policy Institute. Living wage estimates are specific to San Francisco County and are for full-time employees only.
- As shown in Figure 1, Target’s reported hourly wage range of \$15.00 to \$39.10 per hour is comparable to the estimated range of living wages for certain types of households but not for others. The living wage varies by household size as described below:
  - Target’s wages fall within estimated living wages for one-adult (i.e., single) households, which range between \$20.54 to \$31.73 per hour.
  - Target’s wages fall within the estimated living wage for two-adults-two-children households, which range between \$24.89 to \$34.67 per hour.
  - However, Target’s wages fall below the estimated living wage for one-adult-one-child (i.e., single parent) households, which range between \$40.73 to \$55.05 per hour. Although the wages are below the estimated living wage for this household category, wages for most retail jobs in the San Francisco Bay Area fall well below this range. For example, the average wage of retail supervisors in the San Francisco Bay Area is only \$23.17 per hour. The average retail sales person wage in the San Francisco Bay Area is only \$16.31 per hour.

- In addition to the hourly wages described above, Target provides employees with additional non-salary benefits, such as food and merchandise discounts, health and wellness programs, financial resources (e.g., credit union), tuition reimbursement, and transportation benefits. These non-wage benefits make the wages paid by Target more competitive relative to the estimated living wages.

Chapter III provides a detailed analysis of employment and living wage impacts, including definitions and methodology.

FIGURE 1 - LIVING WAGES, TARGET WAGES, AND AVERAGE RETAIL WAGES COMPARISON



Notes: San Francisco Living Wage Estimates by the Massachusetts Institute of Technology (MIT), University of Washington (UW), and the Economic Policy Institute (EPI). Average wages for Retail Supervisors and Retail Sales Persons are for retail workers in the San Francisco-Redwood City-South San Francisco Metropolitan Division as defined by U.S. Bureau of Labor Statistics.  
Sources: MIT, UW, EPI, U.S. Bureau of Labor Statistics, 2018.

### Fiscal Impact

- Planning Code requirement: Itemized estimates of public revenue created by the Proposed Project and public services needed because of the Proposed Project, and an estimate of the net fiscal impacts to the City’s General Fund.

Study findings:

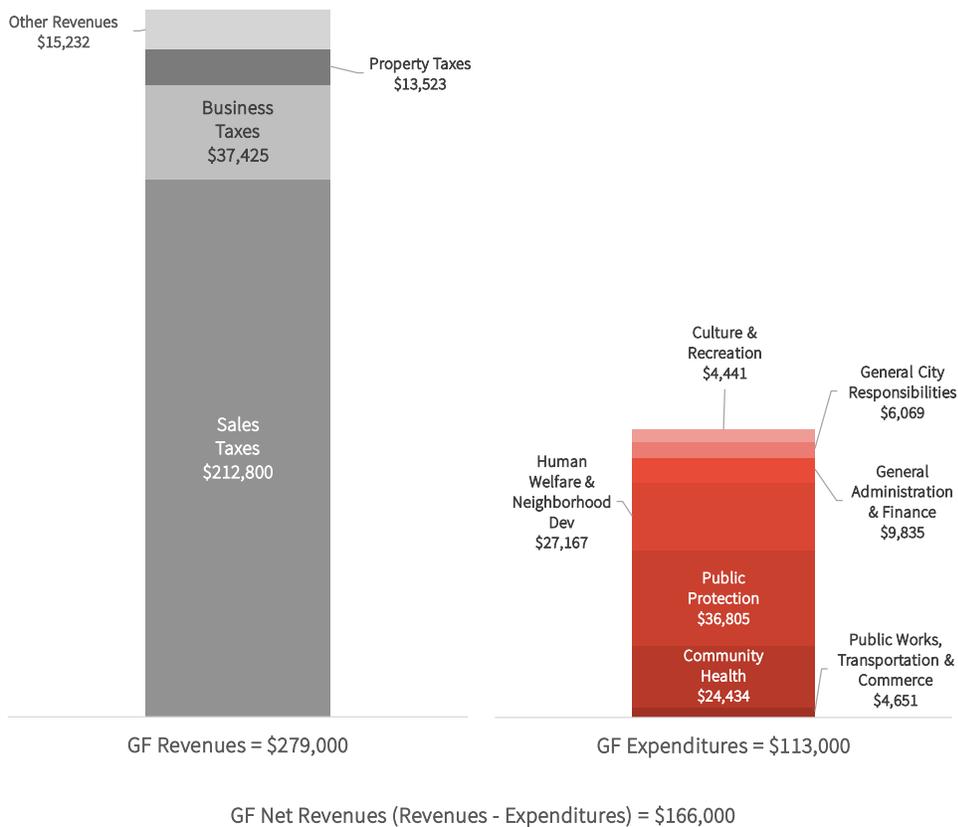
- The Proposed Project could generate approximately \$166,000 in net General Fund revenue per year based on an estimated \$279,000 in annual General Fund revenues minus \$113,000 in estimated annual General Fund expenditures. Figure 2 shows the anticipated disaggregated General Fund revenues and expenditures by category for the Proposed Project.

- b. Planning Code requirement: Estimate of the impacts to the City's public facilities and infrastructure using the City's current assumptions in existing nexus studies (including area plan, transit, open space in-lieu fee and other impact fees), accounting for contributions the Proposed Project would make through impact fee payments.

Study findings:

The infrastructure impacts calculated by the City's nexus studies apply only to new construction, expansion of an existing structure, or a change of use of an existing building. The Proposed Project will occupy an existing building and will not require an expansion of the building envelope or a change of use. Therefore, the Proposed Project is not expected to lead to additional impacts to the City's public facilities and infrastructure, beyond the impacts estimated in the fiscal impact analysis above.

FIGURE 2 – PROPOSED PROJECT FISCAL IMPACT, GENERAL FUND (GF) REVENUES AND EXPENDITURES CATEGORIES



Sources: See Chapter IV for details.

### Leakage Analysis Study

- a. Planning Code requirement: Quantitative analysis of whether the proposed project will result in a net increase or decrease in the capture of spending by area residents on items that would otherwise be purchased outside the area.

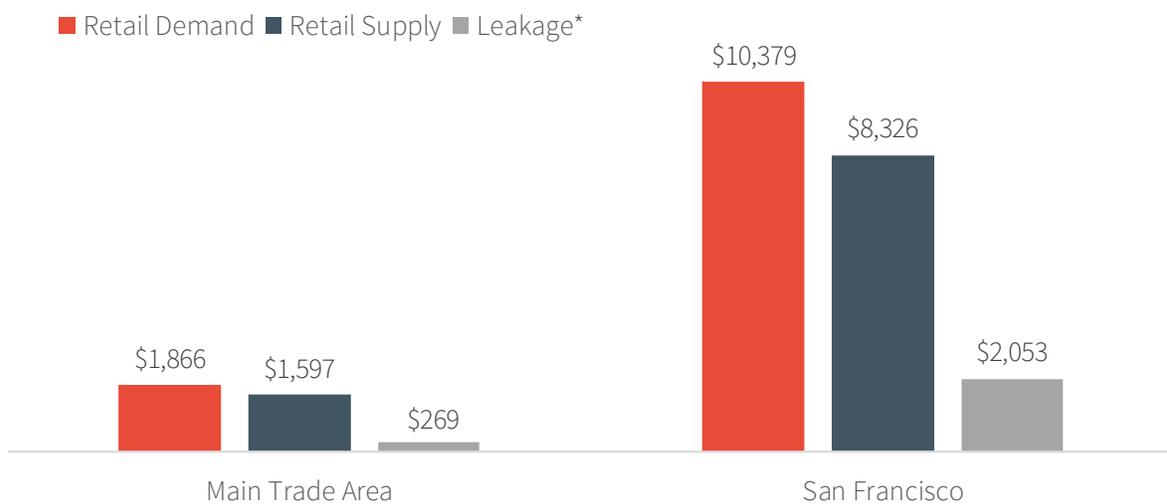
Study findings:

The leakage analysis presented in Chapter V indicates that the Proposed Project could help the City and Main Trade Area<sup>1</sup> capture of some of the spending by area residents on items that would otherwise be purchased outside the area. As shown in Figure 3, for the retail categories likely to be impacted by Target there is:

- Citywide retail leakage (i.e., local retail demand exceeds local retail supply) of over \$2 billion dollars
- Retail leakage of nearly \$270 million dollars within the Main Trade Area

The Proposed Project’s projected sales of \$28 million per year may help reduce leakage within the Main Trade Area and the city for these retail categories by capturing more of the local household retail expenditures.

FIGURE 3 - RETAIL LEAKAGE ANALYSIS – RETAIL CATEGORIES POTENTIALLY IMPACTED BY TARGET, \$ MILLIONS



Notes: \* Leakage represents excess demand over supply. This analysis includes data for General Merchandise Stores, Apparel and Accessories, Beauty and Essentials, Food & Beverages, Hardlines, and Home Furnishings & Décor. Source: Esri, 2018 and Hatch, 2018.

- b. Planning Code requirement: Qualitative assessment of whether the Proposed Project would complement existing merchandise selection in the area by adding greater variety of merchandise, bolstering the strength of an existing retail cluster, or matching evolving consumer preferences.

Study findings:

Based on a qualitative assessment of retail in the neighborhood, Hatch concludes that the Proposed Project will complement and expand retail options in the Western SoMa area (within a half mile of the Proposed Project). It will provide an offering of products that serve residents’ and workers’ needs. Also, Target’s merchandise selection, name recognition and advertising resources are likely to draw customers to the area. The basis for this conclusion are presented in Chapter V.

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<sup>1</sup> The Main Trade Area usually represents 70 to 85 percent of customer origin. As described in Chapter V, the Main Trade Area for the Proposed Project includes the neighborhoods of Western SoMa, Mission, Potrero, Central Waterfront, north side of Bernal, as well as portions of Noe Valley, Castro/Dolores, Tenderloin and Duboce Triangle.

## II. PROJECT DESCRIPTION

The Proposed Project consists of a Target store containing an accessory Starbucks kiosk and CVS Pharmacy within an existing 40,247-square-foot building at 1690 Folsom Street within the City and County of San Francisco (City). The building is currently vacant but has historically contained formula retail uses<sup>2</sup>. It was most recently occupied by a Sports Authority, which closed in 2016, followed by a temporary Spirit Halloween store in fall 2017, and is currently temporarily occupied by a Goodwill donation collection facility and outlet store.

At the request of the Planning Department, the impact of the Proposed Project on the City’s General Fund and the City’s facilities and infrastructure (i.e., Fiscal Impact Analysis) is benchmarked against a hypothetical sporting goods store, which is representative of the last permanent tenant. This benchmark is referred to as the Baseline scenario.

The assumptions of the Proposed Project and the Baseline scenario are described in Table 1. The assumptions used for the Proposed Project were provided by Target and are based on their projections for a store at this specific location. Hatch benchmarked the sales and job projections against industry standards and performance of similar stores to verify their reasonableness. In the case of the Baseline scenario, the assumptions are based on average metrics for Dick Sporting Goods. Dick Sporting Goods is considered a reasonable comparison because their average store size is 50,000 square feet, which is similar to the building area at 1690 Folsom Street.<sup>3</sup>

---

<sup>2</sup> Formula retailers are establishments with multiple locations and standardized features or a recognizable appearance. <http://sf-planning.org/chain-stores-formula-retail-use>

<sup>3</sup> By comparison the average Big 5 Store is only 11,000 sq. ft. Other potential outlets considered for this study include Sports Basement and REI, however, both companies already have outlets close to 1690 Folsom Street. These companies are also privately held, which means financial data are not readily available.

TABLE 1 – PROPOSED PROJECT AND BASELINE SCENARIO ASSUMPTIONS

	<u>Proposed Project</u> <sup>1</sup>	<u>Baseline Scenario</u>
Tenant	Target	Sporting Goods Store
Gross Square Footage <sup>3</sup>	40,247	40,247
Construction Period	24 weeks	N/A
Renovation Costs		
Hard Costs	\$1,800,000	N/A
Soft Costs	\$4,900,000	N/A
Total	\$6,700,000	N/A
Estimated date of opening	Summer 2019	Summer 2019
Year of stabilized Operations	2024	2024
Gross Annual Sales at stabilization		
Total	\$28,000,000	\$8,000,000
Per square foot <sup>4</sup>	\$696	\$200
Jobs during stabilized operations		
Target & Starbucks Kiosk	50-75	
CVS Pharmacy	6	
Total	56-81	40
Employment Density (Sq. ft. per employee) <sup>5</sup>	500-700	1,000
Share of part-time workers	30-40%	66%
Local Hiring Goal	50%	N/A

Notes:

- <sup>1</sup> Unless otherwise noted, information provided by Target. All assumptions are based on projections and estimates for this specific project, not on hypothetical or company-wide averages.
- <sup>2</sup> Based on financial statements for Dick's Sporting Goods, Inc.
- <sup>3</sup> Gross square footage of existing building will remain unchanged.
- <sup>4</sup> Consistent with average sales per square foot for small-format Target Stores
- <sup>5</sup> Target's assumption is consistent with employment densities for similar retail stores.

### III. EMPLOYMENT ANALYSIS

This chapter a) estimates construction-related and permanent employment generated by the Proposed Project, and b) evaluates whether the employer of the Proposed Project will pay a living wage, inclusive of non-salary benefits expected to be provided, relative to San Francisco's cost of living.

#### Employment Estimates

##### Construction Phase

The renovation of the building is expected to last 24 weeks. During the peak of the renovation phase, Target expects 40 to 50 full- and part-time construction trades people on-site daily. This is consistent with estimates of job creation based on job multipliers recommended by the City of San Francisco's Controller's Office of Economic Analysis (OEA). The OEA recommends applying a direct job creation factor of 5.69 jobs per \$1,000 in construction spending. Target estimates that the improvements will cost approximately \$6.7 million. Therefore, direct employment would be approximately 38 jobs. While Target's job estimates are higher than the estimates based on the job multiplier for San Francisco, Target's job estimates include part-time, short-term jobs, while the multiplier estimates full-time equivalents. Therefore, Target's job estimates are within a reasonable range.

##### Operating Phase

Based on Target's estimates, there will be approximately 50 to 75 total employees working at the store once it is in operation, inclusive of employees of Target and the Starbucks Kiosk. Approximately 30 to 40 percent of the jobs at this location will be part-time positions.

Additionally, the in-store CVS Pharmacy will have approximately six employees (full-time equivalents) consisting of two pharmacists and four technicians. Each shift would have one pharmacist and two technicians on duty.<sup>4</sup>

The total employment at the site (i.e., Target, Starbucks, and CVS employees) will range between 56 and 81 jobs, resulting in an employment density of approximately 500 to 720 square feet per employee. This is consistent with typical employment density estimates for large retailers, which range between 550 and 1,000 square feet per employee.<sup>5</sup>

#### Target Store Wages

How do Wages at Target Compare to regional wages for comparable retail occupations?

Target reports hourly jobs are paid based on job level in its San Francisco stores. The range of pay encompassing all hourly positions is \$15.00 to \$39.10 per hour.

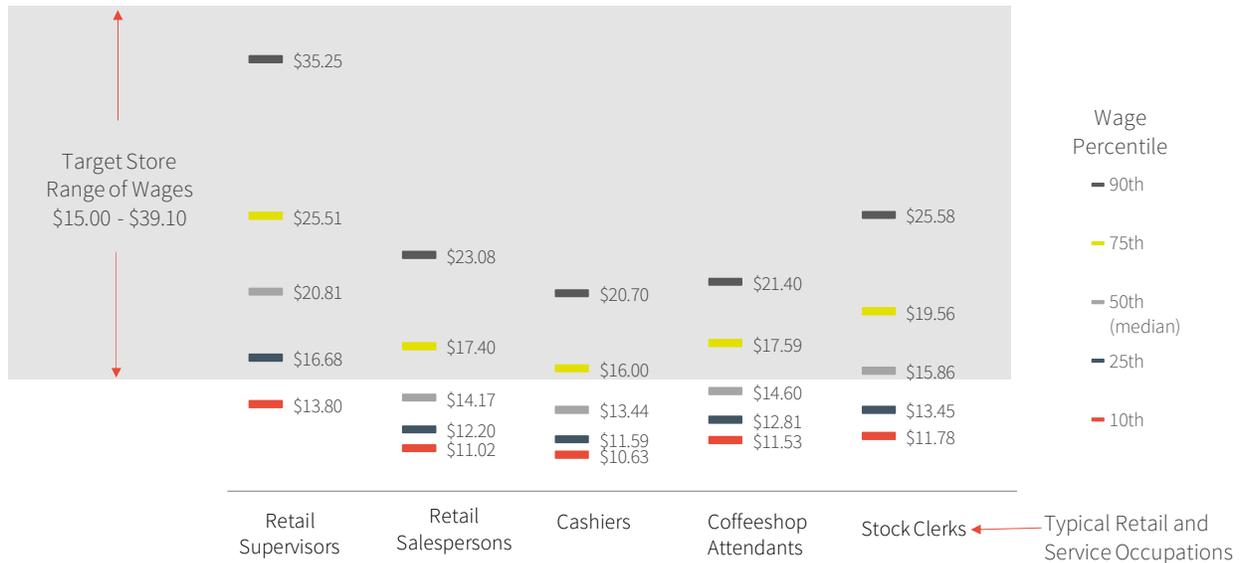
FIGURE 4 compares the hourly wage ranges provided by Target against regional wages paid in the retail industry. The industry wages are for the San Francisco-Redwood City-South San Francisco Metropolitan Division and therefore underestimate wages since wages in San Francisco are typically higher than wages in San Mateo County (South San Francisco to Redwood City). Accounting for this, the wages reported by Target are in line with local industry wages.

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<sup>4</sup> These figures are reported by CVS and verified by Hatch through on-site, non-attributable interviews at stores in the San Francisco Bay Area.

<sup>5</sup> The U.S. Green Building Council (USGBC) estimates Retail Employment Density for Retail stores at 550 square feet per employee. Other retail employment densities estimates in the western U.S. range from 650 to 1,000.

FIGURE 4 – COMPARISON OF TARGET’S WAGES TO WAGES FOR RETAIL AND SERVICE OCCUPATIONS IN SAN FRANCISCO BAY AREA



Notes: Wage percentiles for typical retail and service occupations are based on median hourly wages for occupations in the San Francisco-Redwood City-South San Francisco Metropolitan Division.  
Sources: Target, 2018 and U.S. Bureau of Labor Statistics, 2018.

## Living Wage Analysis

### What is a living wage?

There are numerous definitions of living wage, but no official definition by a local, state or federal government entity. The definition for living wage ranges from:

- A subsistence wage.
- The wage a full-time worker would need to support a family of four above the federal poverty line.<sup>6</sup>

For the purposes of this report, living wage is defined as a wage rate that allows residents to meet minimum standards of living in San Francisco, as further explained below.

### What is the estimated living wage in San Francisco?

To develop a wage rate that allows residents to meet minimum standards of living in San Francisco, Hatch reviewed various sources and methodologies. The following estimates were deemed reliable and appropriate for this study:<sup>7</sup>

<sup>6</sup> Partnership for Working Families. <http://www.forworkingfamilies.org/resources/policy-tools-living-wage>

<sup>7</sup> The California Budget & Policy Center was also considered. However, their household categories did not allow for a direct comparison with estimates by other sources, therefore it is not included in this analysis.

- Massachusetts Institute of Technology (MIT) Living Wage Calculator
- University of Washington (UW) Self-Sufficiency Standard
- Economic Policy Institute (EPI) Family Budget Calculator

These estimates were selected based on:

- Reputation – The organization has national or international reputation for producing reliable, peer-reviewed research.
- Transparency and replicability – The methodology used is clearly stated and data used are from reputable sources.
- Time and geographic applicability – Estimates must be no more than 2 years old and specific to San Francisco.

These tools and their methodologies are detailed in Appendix 1. While methodologies and data sources vary, the general approach is to estimate an average hourly wage that a person or household working full-time and living and working in San Francisco would need to achieve a minimum standard of living, which would include basic needs such as:

- Housing
- Food
- Transportation
- Child Care
- Health Care
- Miscellaneous
- Taxes
- Emergency Fund

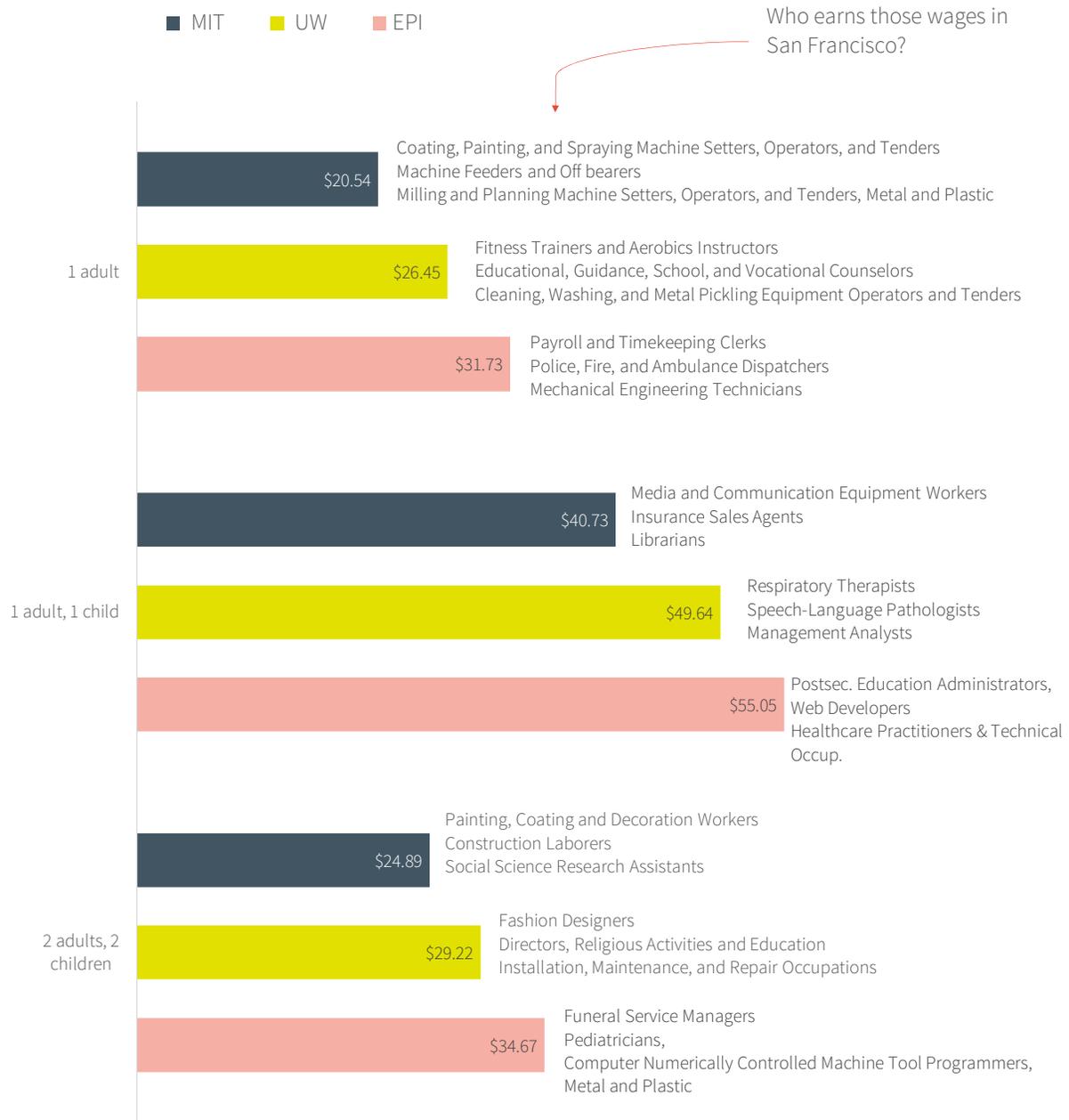
FIGURE 5 shows living wage estimates from MIT, UW, and EPI for the City for three types of household compositions, as living wage estimates vary by household size (i.e. the wage needed to cover a minimum standard of living will vary by the number people and the number of workers in the household). The household sizes included in the analysis are: one-adult (i.e., single household), one-adult-one-child (i.e., single-parent household), and two-adults-two-children (i.e. a family household). These were selected by Hatch to capture a representative range of household compositions in San Francisco, where the average household size is 2.33.<sup>8</sup> FIGURE 5 also includes examples of occupations in the San Francisco Bay Area<sup>9</sup> whose median wage matches the estimated living wage.

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<sup>8</sup> U.S. Census. American Community Survey 2012-2016.

<sup>9</sup> Based on median hourly wages in the San Francisco-Redwood City-South San Francisco Metropolitan Division, U.S. Bureau of Labor Statistics.

FIGURE 5 - LIVING WAGE ESTIMATES FOR SAN FRANCISCO BY HOUSEHOLD SIZE, 2018



Notes: Illustrative occupations are based on median hourly wages for occupations in the San Francisco-Redwood City-South San Francisco Metropolitan Division.

Sources: MIT, UW, EPI, U.S. Bureau of Labor Statistics, 2018.

### How do Target store wages compare with estimated living wages?

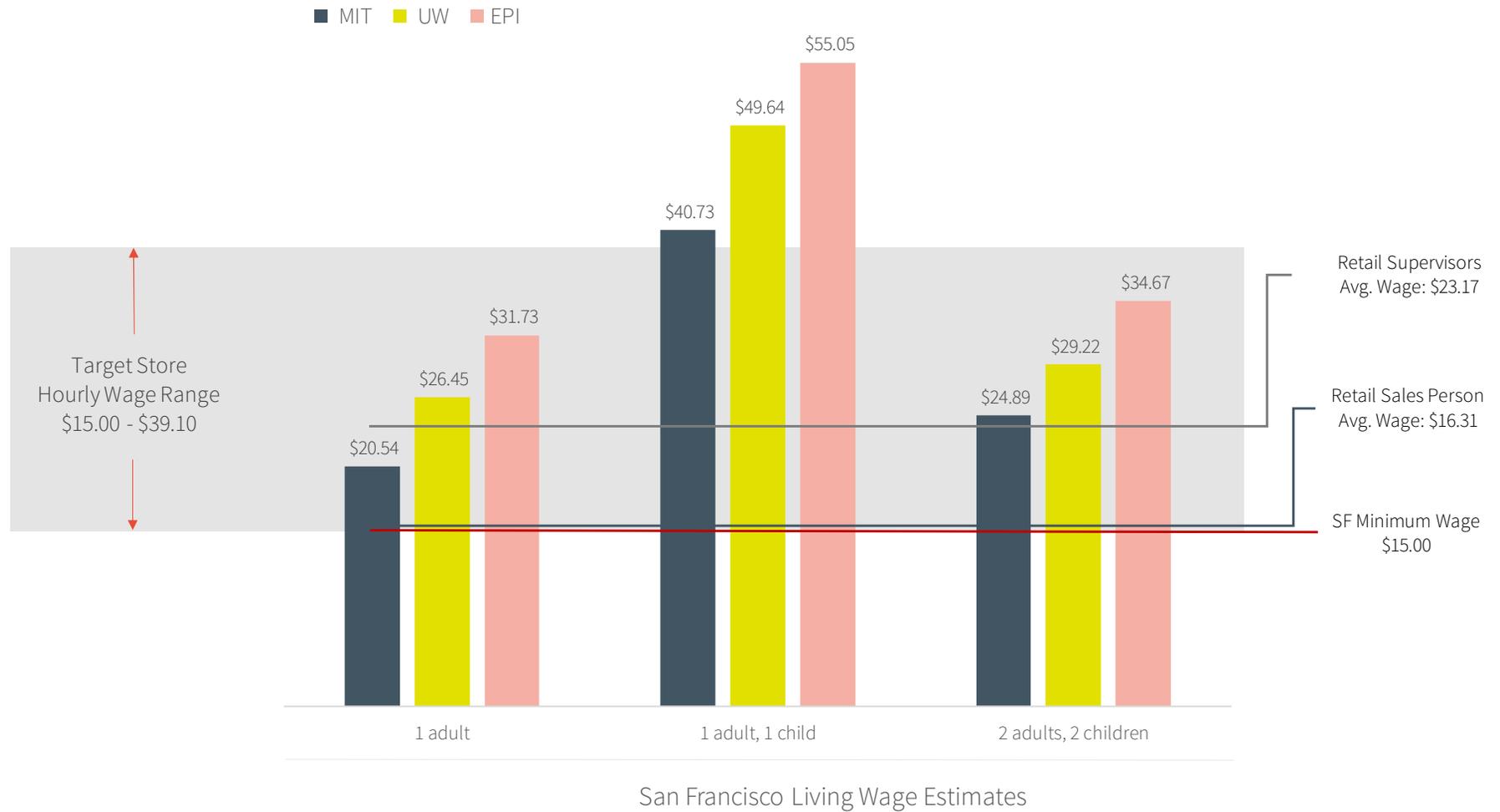
Figure 6 compares the range of wages at the new Target store and the living wage for various household sizes. The City of San Francisco's minimum wage, the median wage for retail occupations in the San Francisco Bay Area.

Figure 6 shows that:

- 1) The range of wages paid by Target falls within the range of living wage for one-adult and two-adults-two-children household but not for a single-parent household.
- 2) While Target wages fall short of the living wage for one-adult-one-child (i.e., single-parent households), that is true for most retail workers. As shown in Figure 6, the average hourly wage for Retail Supervisors and Retail Salespersons in the San Francisco Bay Area is below the living wage ranges.

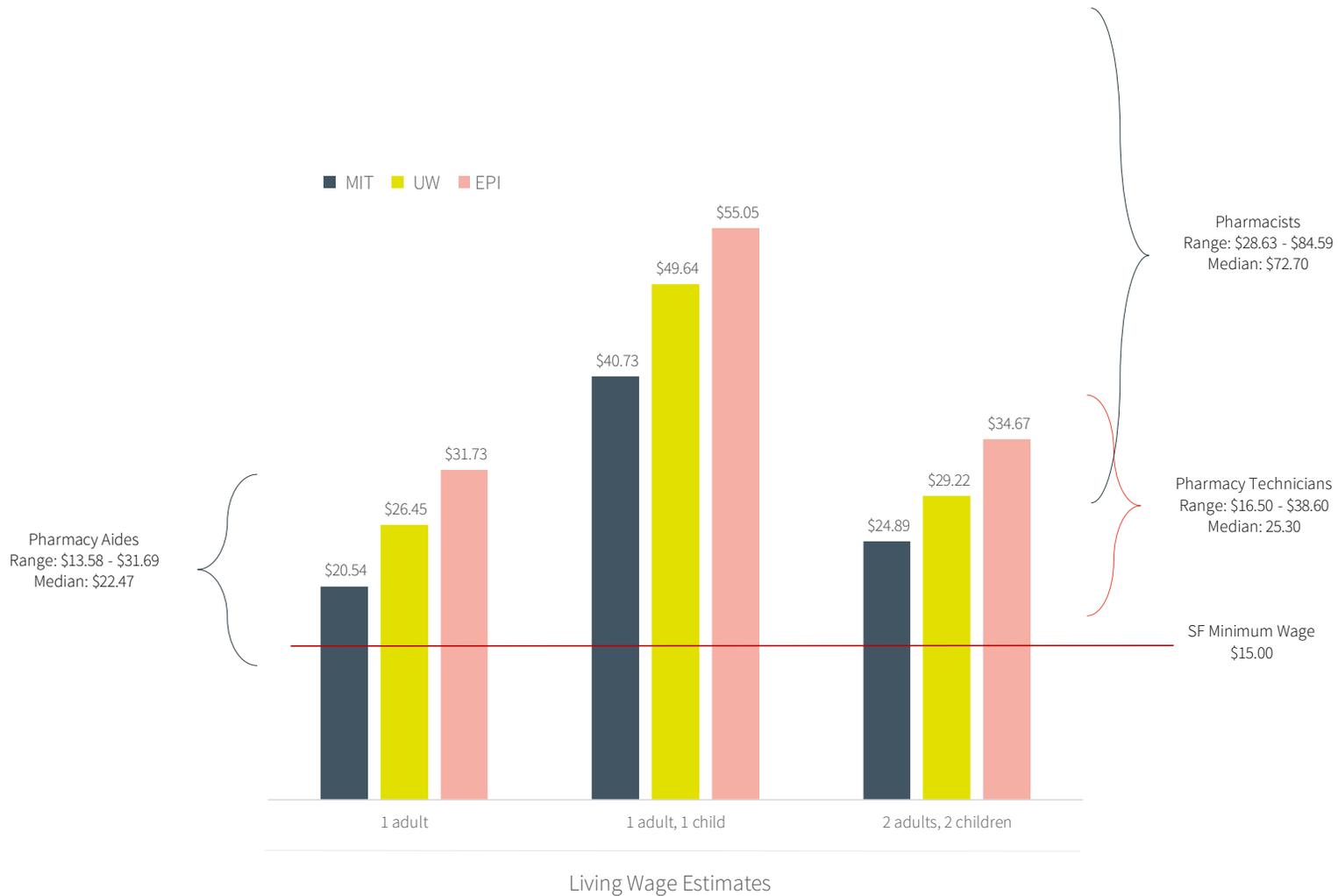
The hourly wage range for Target employees presented in Figure 6 includes the Starbucks kiosk employees but excludes employees of the CVS facility within the Proposed Project, as CVS is a separate business entity and Target does not have wage information for it. To compare the potential wages paid to CVS pharmacy employees against estimated living wages, Figure 7 shows a range of wages for pharmacy-related occupations in the San Francisco-Redwood City-South San Francisco Metropolitan Division. Figure 7 shows that wages for most pharmacy-related occupations in the Bay Area fall within the living wage range.

FIGURE 6 –TARGET WAGES COMPARED TO LIVING WAGE AND AVERAGE RETAIL WAGES, 2018



Notes: Retail Supervisor and Retail Sales Person Wages for workers in the San Francisco-Redwood City-South San Francisco Metropolitan Division.  
Sources: MIT, UW, EPI, U.S. Bureau of Labor Statistics, 2018.

FIGURE 7 –PHARMACY OCCUPATIONS WAGES COMPARED TO LIVING WAGE, SAN FRANCISCO, 2018



Notes: Living wage estimates are for the City of San Francisco. Pharmacy-related occupations wages are for the San Francisco-Redwood City-South San Francisco Metropolitan Division. Pharmacy occupations wage ranges represents the 10th and 90th percentile of wages. Sources: MIT, UW, EPI, U.S. Bureau of Labor Statistics, 2018.

## What is the impact of non-wage benefits?

Figure 6 does not account for non-wage benefits paid by Target to its employees. According to information provided by the company, Target and Starbucks employees will receive the following benefits:

- Ten percent merchandise discount at Target and Target.com, along with an additional 20 percent health and wellness discount on fresh fruits and vegetables, all Simply Balanced products (organic food products) and C9 (sports apparel) merchandise. As noted below, the living wage estimates include costs of food and clothing. To the extent that the discount offered by Target lowers a household's expenditure in these items, this benefit makes the wages paid by Target more competitive relative to the estimated living wages.
- Comprehensive health and wellness programs for team members, including healthcare benefits, paid parental leave and paid short-term disability with the option to opt into long-term disability. Eligibility is based on average hours worked, length of service and position. The MIT and UW estimates assume employer-sponsored health insurance, but the EPI estimate does not. We do not have information about the cost of Target's healthcare plans to employees; it is possible that they have better, more inexpensive coverage than MIT and UW assume, which would make the wages paid by Target more competitive relative to the estimated living wages.
- Financial resources, including Target Credit Union and budgeting tools. Additionally, a dollar-for-dollar 401(k) (up to 5 percent) match for eligible team members. None of the living wage estimates account for retirement savings; assuming that employees manage to make 401(k) contributions, the employer match up to 5 percent make the wages paid by Target more competitive relative to the estimated living wages.
- Tuition reimbursement for GED, undergraduate, graduate and master's degrees and tuition discounts at many accredited schools. None of the living wage estimates account for the cost of education. To the extent that this program helps employees receive higher-paying jobs in the future, this benefit could be seen as contributing towards employees' lifetime wages.
- Transportation benefits through Wageworks commuter program, which allows team members to pay for work-related commuting costs through before-tax payroll deductions. The living wage estimates assume taxes must be paid on all income. The tax savings associated with this contribute to employees' effective wages, making the wages paid by Target more competitive relative to the estimated living wages.

Target will also comply with the City of San Francisco's Health Care Security Ordinance. Under this ordinance, any team member who works 8 hours per week or more in San Francisco and has worked for Target for at least 90 days is eligible for a medical expense contribution from Target of \$2.83 per hour paid. Target paid \$1.46 million into team members' accounts in San Francisco in 2017 (in addition to offering health care coverage to team members eligible for Target's medical plans).

## Compliance with local ordinances

Target reports that it will comply with all local ordinance and regulations, including:

- San Francisco Minimum Wage Ordinance
- San Francisco Paid Sick Leave Ordinance
- San Francisco Paid Parental Leave Ordinance
- San Francisco Health Care Ordinance
- California Paid Family Leave

## IV. FISCAL IMPACT ANALYSIS

This analysis estimates the impacts of the Proposed Project on the City’s a) General Fund revenues and expenditures, and b) facilities and infrastructure. The impact of the Proposed Project is compared against a Baseline scenario that reflects the site’s most recent use. The Proposed Project and the Baseline scenario are described in Chapter II.

### Fiscal Impact Methodology

Fiscal impact analyses consider how a project, or a policy may result in new revenues to the city in the form of taxable spending, new residential property taxes, and so on. It also considers additional government costs, such as fire, police, recreation, etc. that will result from the new project or policy. Fiscal impact analyses focus on the revenues and expenditures in the City’s General Fund, which is the main source of revenues and expenditures available to fund public services.

This analysis uses two techniques to estimate the changes in General Fund revenues and expenditures:

- 1) Proportional valuation – Where possible, the increases in revenues and expenditures are modeled following the manner in which they are collected and allocated. For example, sales tax revenues and business receipts tax are based on an estimate of the increase in sales associated with the Proposed Project.
- 2) Average cost/revenue – In the event that the proportional valuation methodology is not feasible due to lack of adequate data, Hatch estimates costs and revenues based on the average revenue generated or cost of providing the service on a per population served basis (i.e., per resident, worker, or a combination of both) multiplied times the population increase created by the project. For example, on the expenditure side, the total of amount each of the General Fund expenditure categories is divided by the service population. The result is then multiplied by the estimated increase in service population created by the Proposed Project. This methodology is used in fiscal impact analysis because it is easy to apply and appears more equitable to public officials and citizens.<sup>10</sup> This method works best when the project represents an incremental demand for services within the current capacity of local infrastructure, which is the case for the Proposed Project.<sup>11</sup>

When estimating average revenue and cost factors the service population is adjusted to include employees working in the city as well as residents. Hatch assumes that each employee has approximately one half (0.50) the impact of a resident on the revenue and cost of providing most municipal services.<sup>12</sup>

Additionally, certain municipal revenues or costs increase more with new development projects than others. For example, police and fire expenditures vary more with population growth than General Government costs. There are also typically some economies of scale realized from city government when more people live or work within the same area. Therefore, most fiscal studies include a percent variable factor for most major general fund revenue and expenditure categories. For this study, Hatch assumes that 100 percent of general fund costs are variable and

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<sup>10</sup> For an overview of Fiscal Impact Methods, see “Fiscal Impact Analysis: Methods, Cases, and Intellectual Debate” by Zenia Kotval and John Mullin from the Lincoln Institute of Land Policy (2006).

<sup>11</sup> The Proposed Project is unlikely to require a significant expansion of city services, such as additional fire station or additional police staff to maintain security.

<sup>12</sup> This assumption is consistent with previous fiscal impact studies prepared for the city, such as the 2011 Parkmerced Fiscal and Economic Impact Analysis Overview, and the 2014 San Francisco Citywide Nexus Study.

depend on population served. This is a very conservative approach, as it tends to overestimate the General Fund expenditures associated with the Proposed Project and the Baseline scenario.

The tables in Appendix 2 provide additional details about the methodology for estimating General Fund revenues and expenditures.

## Baseline Scenario

At the request of the Planning Department, the impact of the Proposed Project on the City’s General Fund and the City’s facilities and infrastructure (i.e., Fiscal Impact Analysis) is benchmarked against a hypothetical sporting goods store, which is representative of the last permanent tenant of the building. This benchmark is referred to as the Baseline scenario.

The Baseline scenario helps to compare the impacts of the Proposed Project against the impacts of its last permanent use.

## Period of Analysis

The general fund revenue and service cost impacts have been estimated on an annual basis. As noted in Table 1 in page 6, the project will not be operational until the summer of 2019 and it will not reach ‘stabilized’ operations until 2024. Nonetheless, the analysis is presented in current dollars, rather than inflated to a future nominal value.

## Estimated General Fund Revenues

The Proposed Project could generate an estimated \$279,000 in annual General Fund revenues as shown in TABLE 2. While the Proposed Project could generate revenue in all revenue categories shown in Table 2, with the exception of registration tax, three revenue categories account for the vast majority (94 percent) of the revenues generated by the Proposed Project: Sales & Use Tax (76 percent), Gross Receipts Tax (13 percent), and Property Taxes (5 percent).<sup>13</sup>

By comparison, the Baseline scenario would generate an estimated \$107,000 in annual General Fund revenues. The main difference between the Proposed Project and the Baseline scenario is due to the Sales Tax and Gross Receipts Tax revenues. These two categories account for 93 percent of the difference in estimated annual revenue. The difference in these two revenue categories is explained by the significant contrast between the Proposed Project and the Baseline scenario in terms of projected annual sales. The Proposed Project is expected to generate approximately \$28 million in annual sales, while the Baseline scenario would generate approximately \$8 million.

Additional information about how the methodology for estimating General Fund Revenues is presented in Appendix 2.

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<sup>13</sup> The methodology for calculating these three revenue sources is described in detail in Appendix 2.

TABLE 2 – GENERAL FUND REVENUE ESTIMATES

<b>On-Site Employment and Population Served at stabilization</b>						
	<b>Proposed Project</b>	<b>Baseline</b>				
Residents <sup>1</sup>	0	0				
Workers <sup>2</sup>	69	40				
Population Served <sup>3</sup>	34	20				
<b>Estimated General Fund Annual Revenues</b>						
<b>Revenue Category<sup>4</sup></b>	<b>Average Factor<sup>4</sup></b>	<b>Factor Basis</b>	<b>Proposed Project</b>		<b>Baseline</b>	
			<b>\$ amount</b>	<b>% of Total</b>	<b>\$ amount</b>	<b>% of Total</b>
Property Taxes <sup>5</sup>	See Table 7	Proportional Valuation	\$13,523	5%	\$6,001	6%
Other Local Taxes						
Other Local Taxes	\$47.01	Per Population Served	\$1,610	1%	\$946	1%
Parking Tax	\$66.14	Per Population Served	\$2,265	1%	\$1,331	1%
Sales & Use Tax <sup>6</sup>	See Table 8	Proportional Valuation	\$212,800	76%	\$80,000	74%
Utility Users Tax	\$80.26	Per Population Served	\$2,749	1%	\$1,615	2%
Business Taxes						
Gross Receipts Tax <sup>7</sup>	See Table 9	Proportional Valuation	\$37,425	13%	\$10,800	10%
Registration Tax	See Table 10	Proportional Valuation	\$0	0%	\$1,160	1%
Fines and Forfeitures	\$3.69	Per Population Served	\$126	0%	\$74	0%
Licenses, Permits & Franchises						
Business Health Licenses <sup>7</sup>	See Footnote	Proportional Valuation	\$1,314	0%	\$1,314	1%
Franchises	\$13.81	Per Population Served	\$473	0%	\$278	0%
Charges for Services	\$195.45	Per Population Served	\$6,694	2%	\$3,933	4%
<b>Total General Fund Revenues</b>			<b>\$278,980</b>	<b>100%</b>	<b>\$107,452</b>	<b>100%</b>

Notes:

<sup>1</sup> The project is commercial therefore there will be no on-site residents

<sup>2</sup> Represents the average of employment estimates. See Table 1.

<sup>3</sup> Population Served represents residents plus one half of workers.

<sup>4</sup> See Table 6 for description of revenue categories and estimate of revenue factors.

<sup>5</sup> The assessed value of land and structures are assumed to remain constant. Only personal property and fixtures will be impacted by the proposed project.

<sup>6</sup> For Target estimates see Table 8. Baseline scenario sales tax revenues assume 1 percent of \$8 million in annual Gross Sales.

<sup>7</sup> Office of the Treasurer & Tax Collector; Table of License Fees for the Period Covering 4/1/2018 - 3/31/2019.

## Estimated General Fund Expenditures

TABLE 3 presents a summary of the General Fund expenditure categories impacted by the Proposed Project and the Baseline scenario. All General Fund Expenditure categories are estimated using the average cost methodology described above.

This analysis uses a conservative approach and assumes that every General Fund expenditure category is impacted by the Proposed Project. In previous Fiscal Impact studies for the City of San Francisco, certain categories, such as Human Welfare & Neighborhood Development are not considered to be impacted by commercial projects.

Furthermore, as noted in the methodology discussion 1, Hatch does not adjust expenditure factors to account only for the portion that varies marginally with the increase in population/workers (i.e., the percent variable of each revenue category is set at 100 percent). As noted above, this is a very conservative approach that overestimates the General Fund expenditures associated with the Proposed Project and the Baseline scenario. Therefore, Hatch's estimates

represent an upper limit of potential General Fund expenditures generated by the Proposed Project and the Baseline scenario.

The Proposed Project could generate an estimated \$113,000 in annual General Fund expenditures. The largest General Fund expenditure associated with the project is Public Protection, which accounts for nearly a third of the estimated general fund expenditures.

On the other hand, the Baseline scenario would generate approximately \$67,000 in annual General Fund expenditures. Since all the expenditure factors are calculated on per population served basis, the difference between the Proposed Project and the Baseline scenario is due to the difference in employment projections. The Baseline scenario is assumed to generate one third fewer employees than the Proposed Project.

For additional information the average factors used in estimating the General Fund expenditures see TABLE 11 in Appendix 2.

TABLE 3 – GENERAL FUND EXPENDITURE ESTIMATES

<b>On-Site Employment and Population Served at stabilization</b>						
	<b>Proposed Project</b>		<b>Baseline</b>			
Residents <sup>1</sup>	0		0			
Workers <sup>2</sup>	69		40			
Population Served <sup>3</sup>	34		20			

<b>GF Expenditure Category</b>	<b>Average Factor<sup>4</sup></b>	<b>Factor Basis<sup>4</sup></b>	<b>Estimated Annual Expenditures</b>			
			<b>Proposed Project</b>		<b>Baseline</b>	
			<b>\$ amount</b>	<b>% of Total</b>	<b>\$ amount</b>	<b>% of Total</b>
Public Works, Transportation & Commerce	\$135.79	Per Population Served	\$4,651	4%	\$2,733	4%
Community Health	\$713.40	Per Population Served	\$24,434	22%	\$14,356	22%
Public Protection	\$1,074.60	Per Population Served	\$36,805	32%	\$21,625	32%
Human Welfare & Neighborhood Dev	\$793.20	Per Population Served	\$27,167	24%	\$15,962	24%
General Administration & Finance	\$287.15	Per Population Served	\$9,835	9%	\$5,778	9%
General City Responsibilities	\$177.21	Per Population Served	\$6,069	5%	\$3,566	5%
Culture & Recreation	\$129.66	Per Population Served	\$4,441	4%	\$2,609	4%
Transfers Out	\$0.00	Not estimated				
<b>Total General Fund Expenditures</b>			<b>\$113,402</b>	<b>100%</b>	<b>\$66,629</b>	<b>100%</b>

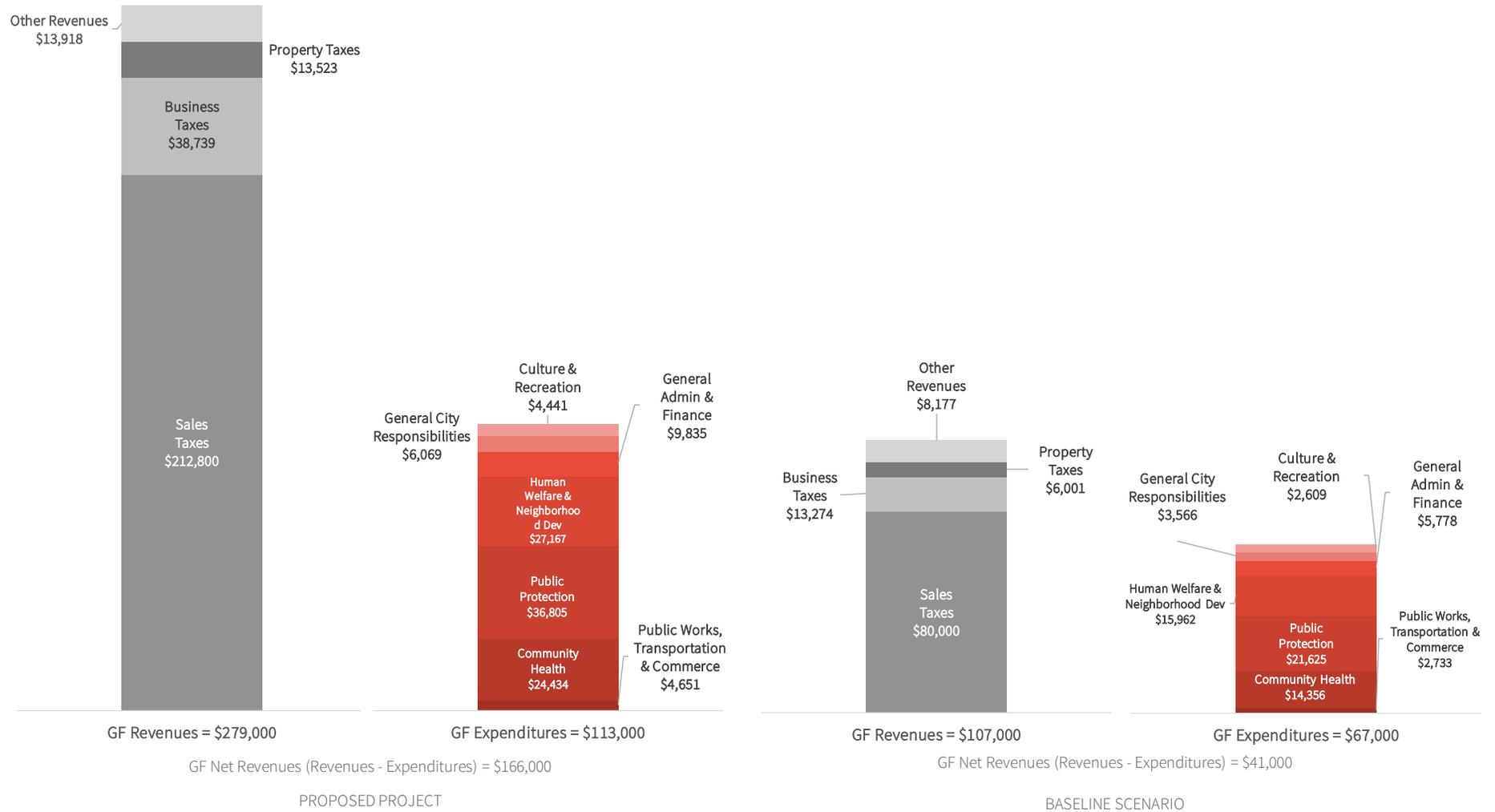
Notes:

- <sup>1</sup> The project is commercial therefore there will be no on-site residents
- <sup>2</sup> Represents the average of employment estimates. See Table 1.
- <sup>3</sup> Population Served represents residents plus one half of workers.
- <sup>4</sup> See Table 11 for description of revenue categories and estimate of revenue factors.

### Estimated Net Fiscal Impact

Figure 8 shows the net impact to the General Fund. The net impact is estimated as revenue less expenditures. The Proposed Project could generate approximately \$166,000 in net annual revenue. The Baseline could generate approximately \$41,000. The net positive fiscal impact of the Proposed Project is four times as high as the Baseline. As noted in the revenue section, this is primarily due to the higher gross annual sales generated by the Proposed Project relative to the Baseline.

FIGURE 8 - ESTIMATED NET FISCAL IMPACT



Notes: Numbers may not add up due to rounding. Business Taxes include Gross Receipts Tax, Registration Tax, and Business Health Licenses. See TABLE 2 and Table 3.

## Impacts to the City’s Facilities and Infrastructure

The assignment requires an estimate of impacts of the Proposed Project on the City’s facilities and infrastructure. The city’s planning code (Section 303(i)) dictates that these impacts are to be estimated using the City’s current assumptions in the most recent nexus studies, which calculate the impact on the city’s public facilities and infrastructure due to new development, expansion of existing buildings, and changes of use of existing buildings.<sup>14</sup> However, neither the Proposed Project nor the Baseline scenario represent new development, the expansion of the existing building, nor a change of use.<sup>15</sup> Therefore, the infrastructure impact estimates of the nexus studies are not applicable to either the Proposed Project or the Baseline scenario.

Funding of facilities and infrastructure needed to serve existing development in San Francisco, is mostly provided by the City’s General Fund. For this reason, the fiscal impact study presented above represents a reasonable estimate of the impacts of Proposed Project on the city’s facilities and infrastructure.

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<sup>14</sup> Relevant nexus studies include the 2008 San Francisco Eastern Neighborhoods Nexus Study, the 2014 San Francisco Citywide Nexus Analysis, and the 2015 Transit Sustainability Fee Nexus Study.

<sup>15</sup> The building has been in existence and mostly occupied since 1953, Target does not plan to expand the building’s footprint, and the last permanent tenant of the building was also a formula-retailer.

## V. LEAKAGE ANALYSIS

This chapter a) quantifies retail supply and demand within the trade area to assess whether the Proposed Project will result in a net increase or decrease in the capture of spending from area residents on retail items that would otherwise be purchased outside the area, and b) qualitatively analyzes the potential for the Proposed Project to complement existing merchandise selection in the trade area, thereby bolstering the neighborhood retail sector.

### Leakage Analysis

A leakage analysis measures the relationship between retail supply and demand, which are defined as follows:

- Retail Supply represents the estimated sales by retail establishments to consumers.<sup>16</sup>
- Retail Demand represents the estimated amount of retail expenditures by consumers.

Retail leakage or surplus represents the difference between retail supply and demand for a specific geographic area or trade area. The trade area for this study is defined below.

A positive value represents “leakage” (i.e., local demand exceeds local supply), which means that retailers within the trade area are not fulfilling the local demand for retail; therefore, demand is “leaking” out of the trade area as consumers buy from retailers outside the trade area.

A negative value represents a “surplus” of retail sales (i.e., local retail supply exceeds local demand), which means that retailers are attracting shoppers that reside outside the trade area.

### Defining the Trade Area

The first step of the leakage analysis is to identify the trade area for the Proposed Project. Trade area is generally defined as farthest distance consumers are willing to travel to purchase retail goods and services. The size of a retail trade area depends on the variety of goods and services offered in the community and its proximity to competing retail markets.<sup>17</sup>

Retail trade areas are classified based on the goods offered as follows:

- Local Convenience Trade Area – goods where the customer’s determining factor in purchasing is the ease of access to the product. People will obtain certain products such as gasoline, groceries, etc., based on travel distance or travel time.
- Comparison Shopping Trade Areas – goods for which price, selection, quality and style are important factors. People are more likely to compare and travel longer distances for goods such as appliances, furniture, etc.

Given the product mix of the Proposed Project, a local convenience trade area is the most appropriate for this analysis.<sup>18</sup> Table 4 below describes the product mix associated with the Proposed Project.

In defining the Main Trade Area<sup>19</sup> for the Proposed Project, Hatch considered the following factors:

- Size and retail mix of competing locations, particularly existing Target stores – Figure 9 shows the potential main trade areas of each store. The north, northwest, and southwest boundaries of the main

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<sup>16</sup> Sales to businesses are excluded.

<sup>17</sup> See “Understanding Your Retail Trade Area” by Albert E. Myles for additional information about retail trade areas.

<sup>18</sup> The product mix of the Proposed Project is discussed below. See Table 4.

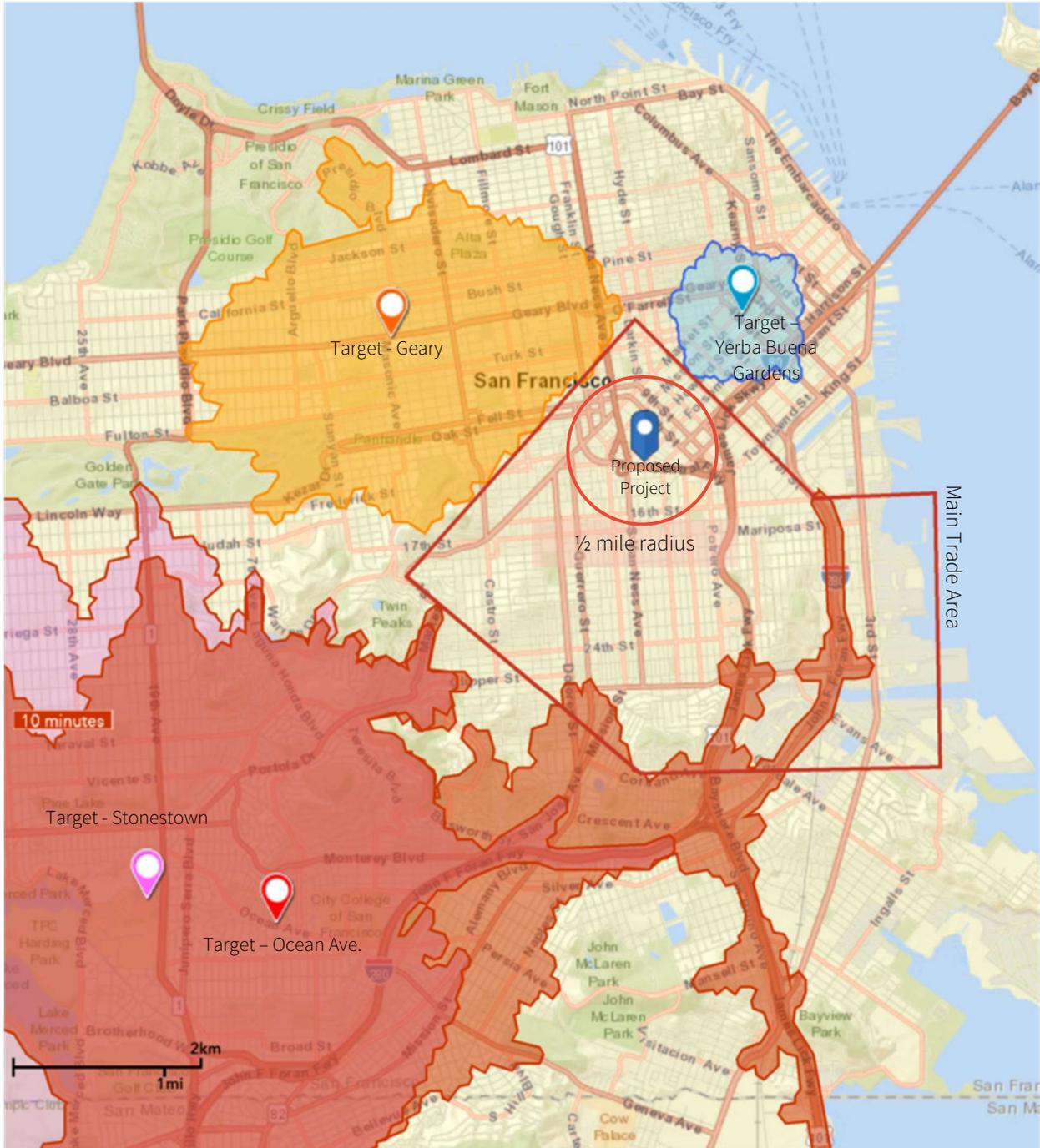
<sup>19</sup> The Main Trade Area of a store is usually define as the area that represents 70 to 85 percent of customer origin.

trade area of the Proposed Project split the distance to the nearest Target stores at Geary and Yerba Buena Gardens.

- Topography – The south and west boundaries of the trade area largely mirror the contours of the hills of San Francisco, i.e., Bernal Hill and Twin Peaks. The eastern boundary is naturally delineated by the San Francisco Bay.
- Transport – While the area is not particularly transit friendly, it is easily accessible for people willing to drive or bike, particularly for residents of the City’s eastern neighborhoods of Mission, Showplace Square/Potrero, and Central Waterfront.

FIGURE 9 shows the Main Trade Area for the Proposed Project. It includes the City’s eastern neighborhoods of Western SoMa, Mission, Potrero, Central Waterfront, north side of Bernal, as well as portions of Noe Valley, Castro/Dolores, Tenderloin and Duboce Triangle. Appendix 3 provides information about the economic and demographic character of the Main Trade Area.

FIGURE 9 – RETAIL TRADE AREA OF PROPOSED PROJECT AND OTHER TARGET STORES IN SAN FRANCISCO



Notes: Does not include the Target store at 201 Bush Street. That store serves primarily financial district workers and it's unlikely to compete directly with the Proposed Project.

Source: Esri Business Analyst, 2018 and Hatch, 2018.

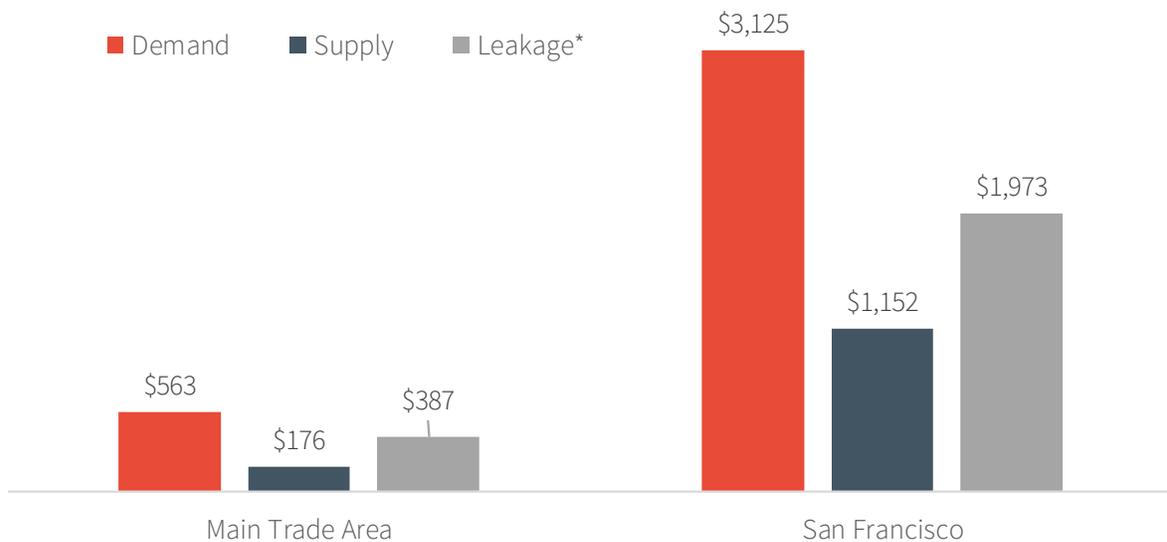
### Estimated Retail Leakage for General Merchandise Stores

Target is considered a General Merchandise Store.<sup>20</sup> Thus this analysis first estimates retail supply, demand, and leakage/surplus for General Merchandise Stores, as this is the retail category that would be most impacted by the Proposed Project. The subsequent analysis below addresses other additional retail categories that may also be affected by the Proposed Project.

Figure 10 presents estimates of supply, demand and leakage for General Merchandise Stores in the Main Trade Area and the City of San Francisco, in current dollars for 2017 based on Esri Business Analyst data. See Appendix 4 for further information about Esri’s methodology.

Based on this analysis, General Merchandise Stores within the Main Trade Area and the City face significant retail leakage, with local retail demand surpassing local retail supply by a significant margin. Within the Main Trade Area, resident retail expenditures on goods sold by General Merchandise Stores exceed supply by \$387 million. Citywide retail demand surpasses supply by almost \$2 billion. This leakage represents an opportunity to increase offerings in this retail category to entice people to spend their money locally. From this perspective, Target’s projected annual sales of \$28 million may help to reduce this leakage by increasing the capture of spending from area residents on retail items that would otherwise be purchased from General Merchandise Stores outside the area.

FIGURE 10 – RETAIL LEAKAGE ANALYSIS FOR GENERAL MERCHANDISE STORES ONLY, \$ MILLIONS



Notes: \* Leakage represents excess demand over supply.  
Source: Esri, Hatch 2018.

### Leakage Analysis for All Retail Categories Potentially Impacted by Target

As described above, although the Proposed Project is considered a General Merchandise Store and is primarily anticipated to affect these types of businesses, the Proposed Project may impact other retail categories as well. Therefore, this analysis also includes other retail categories in addition to General Merchandise Stores (described

<sup>20</sup> General Merchandise stores sell several lines of merchandise, such as dry goods, apparel and accessories, furniture and home furnishings, small wares, hardware, and food. These businesses are tracked under code 452 of the North American Industry Classification System (NAICS).

above), which may be directly impacted by Target (i.e., retail categories in which Target sells products, such as Food & Beverages, and Apparel & Accessories). These other potentially impacted retail categories are identified in Table 4, which shows the expected share of Target’s sales in each category.

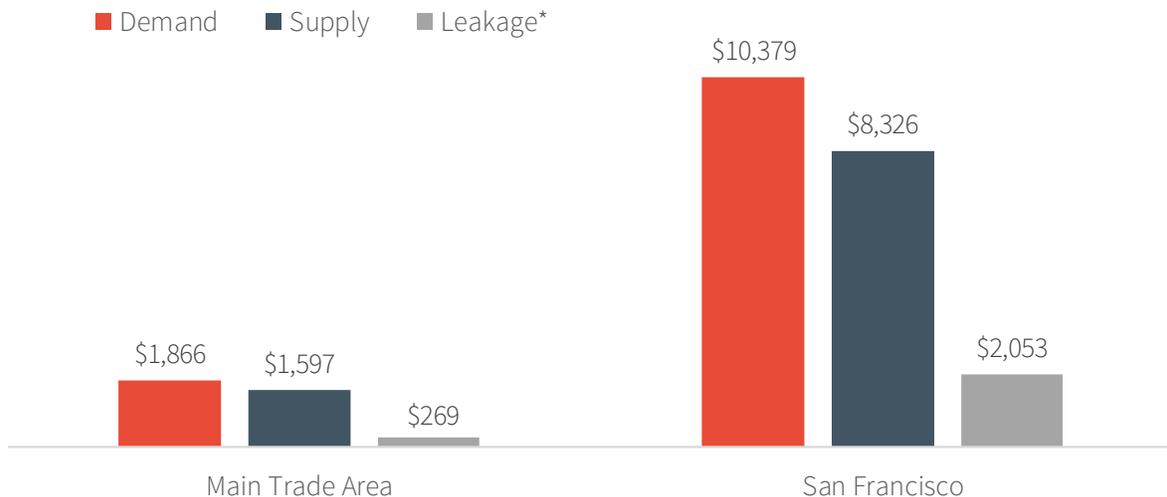
TABLE 4 – ADDITIONAL RETAIL CATEGORIES POTENTIALLY IMPACTED BY TARGET

Retail Category	Products	NAICS Subcategories included	Proposed Project Product Mix*
Apparel & Accessories	Men’s, women’s, boy’s and girl’s clothing; shoes; jewelry; handbags, etc.	Clothing Stores (4481), Shoe Stores (4482), Jewelry, Luggage & Leather Goods Stores (4483)	21%
Beauty & Essentials	Cosmetics; personal care; pharmacy/over-the-counter	Health and Personal Health Stores (446, 4461)	23%
Food & Beverages	Grocery (fresh, frozen, dry goods, snacks, grab & go); dairy; alcoholic and non-alcoholic beverages; household cleaning; pet food	Grocery Stores (4451), Beer, Wine, & Liquor Stores (4453)	24%
Hardlines	Electronics; computer software & video games; books & magazines; toys; sporting goods	Electronics & Appliance Stores (443), Book, Periodical & Music Stores (4512), Office Supplies, Stationery & Gift Stores (4532), Sporting Goods/Hobby/Musical Instrument Stores (4511)	16%
Home Furnishings & Decor	Furniture; small appliances; stationary; bedding; kitchenware; school and office supplies; seasonal merchandise	Home Furnishings Stores (4422)	16%

Notes: Retail Categories and Products as defined by Target. NAICS= North American Industry Classification System. \*Represents the projected share of total sales for the Proposed Project.  
Sources: Target 2018, Esri 2018, Hatch 2018.

As shown in Figure 11, the inclusion of these other retail categories that may be impacted by Target does not substantially change the findings of the leakage analysis—with these additional retail categories there is significant leakage of nearly \$270 million in the Main Trade Area and over \$2 billion for the City as whole. As described above, the Proposed Project’s annual sales of \$28 million may help to reduce the estimated leakage within the Main Trade Area and the City as whole by capturing retail expenditures by local households in these retail categories.

FIGURE 11 – RETAIL LEAKAGE ANALYSIS – ALL RETAIL CATEGORIES POTENTIALLY IMPACTED BY TARGET, \$ MILLIONS



Notes: \*Leakage represents excess demand over supply. This analysis includes data for General Merchandise Stores, Apparel and Accessories, Beauty and Essentials, Food & Beverages, Hardlines, Home Furnishings & Décor. See Table 4 for description of retail categories included in this analysis.

Source: Esri, 2018 and Hatch, 2018.

### Leakage by Retail Category

This section disaggregates the retail categories identified in the leakage estimate shown in Figure 11 to identify retail segments that may be disproportionately impacted by Target. Figure 12 shows the leakage/surplus for the six retail categories potentially impacted by Target.

The retail areas with leakage within the Main Trade Area—General Merchandise Stores, Apparel & Accessories, and Hardlines—have a combined leakage of over \$400 million per year. As described above, the Proposed Project may have a beneficial impact and help to capture some of this leakage.

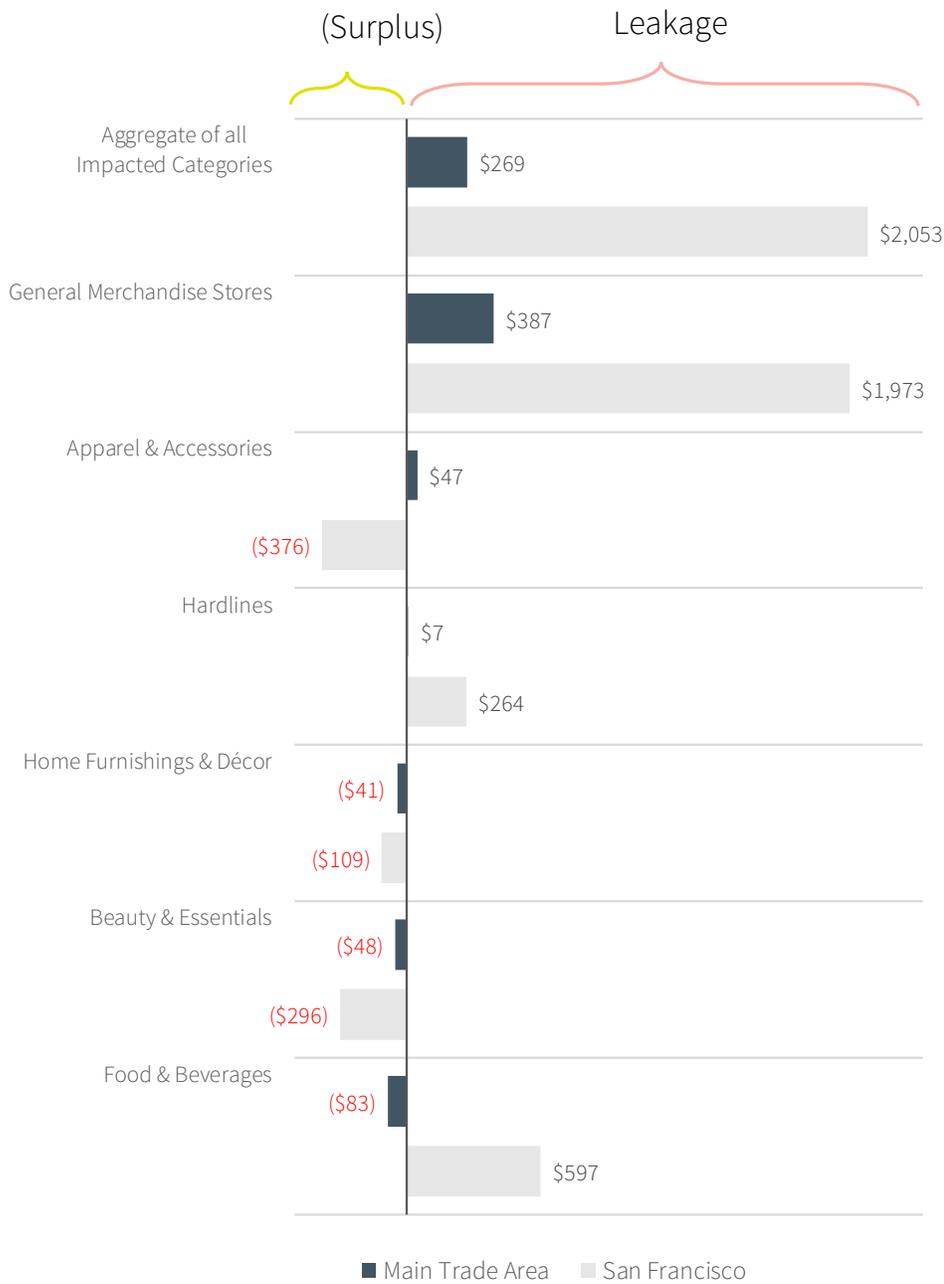
On the other hand, the three retail categories that exhibit a surplus within the Main Trade Area—Home Furnishings & Décor, Beauty & Essentials, and Food & Beverages—have a combined retail surplus of over \$172 million per year. However, the Proposed Project is not anticipated to have an adverse impact on these surplus retail categories, for the following reasons:

- Given that the trade area includes the Design District, the \$41 million surplus for Home Furnishings and Décor is not unexpected. This area is a regional destination with a high density of home-décor showrooms, particularly higher end or specialty retailers. Target’s product offering within this category is not a direct competitor with most of the showrooms in the area, and therefore, the Proposed Project is unlikely to have a significant impact on Home Furnishing and Décor retailers in the area.
- The estimated \$48 million surplus in Beauty and Essentials within the Trade Area is significant, but it is likely to be partially offset by the \$387 million leakage in the General Merchandise Stores.
- The \$83 million surplus in Food and Beverages (i.e. groceries) is a result of the high density of grocery stores within the Main Trade Area, including Trader Joe’s, Rainbow, Gus’s Community Market, Foods Co, and multiple Whole Foods and Safeway outlets, as well the many small, ethnic grocery stores in the Mission District. However, Target is not a full-line grocer like these other retailers; Target’s grocery offerings are more similar to a convenience-store. Therefore, Target is unlikely to compete directly with Grocery retailers

in the area. Also, the city as a whole has a leakage of more than \$500 million in the Grocery category, and the sales by Target will help to capture some of the citywide leakage in this retail segment.

In conclusion, it does not appear that the Proposed Project will pose a significant threat to any specific retail category within the Main Trade Area or Citywide.

FIGURE 12 – LEAKAGE ANALYSIS BY RETAIL CATEGORY – CATEGORIES POTENTIALLY IMPACTED BY TARGET, \$ MILLIONS



Notes: \*Leakage represents excess demand over supply. Surplus represents local retail supply exceeds local demand.  
Source: Esri, Hatch 2018.

## Qualitative Assessment of Impact on Area Retail

This section provides a qualitative assessment of the potential for the Proposed Project to complement and bolster the existing retail in the neighborhood by increasing the variety of merchandise in the area. Based on an assessment of retail conditions in the neighborhood described below, Hatch concludes that the Proposed Project will complement and expand retail options within a half-mile radius of the site. The Proposed Project will provide an offering of products that serve residents' and workers' needs. Also, Target's merchandise selection, name recognition and advertising resources are likely to draw more customers to the area.

Furthermore, as e-commerce continues to grow and cannibalize local sales, the Proposed Project may play an important role in bolstering retail in the area. As noted in a recent retail study commissioned by the San Francisco Office of Economic and Workforce Development, "daily needs-serving anchors like grocery stores, drug stores, or general merchandise stores (e.g., Target) that anchor many [Neighborhood Commercial Districts] may prove more resilient to the growth of e-commerce because customers value the convenience of accessing products immediately and being able to shop for goods and many product categories in one place. In the future [...] general merchandise stores [...] may serve as hubs for both delivery and for customers to pick up pre-orders while allowing those who prefer to pick out purchases in person to do so."<sup>21</sup>

Hatch's qualitative assessment focuses on the half-mile radius around the site. The reason for focusing on this area instead of the larger Main Trade Area used in the leakage analysis is that, while a large portion of customers will come from the Main Trade Area, the greatest potential impact on retailers is likely to be concentrated in the immediately adjacent area as the proposed store could draw customers away from existing stores in the neighborhood.

The following qualitative observations are based on multiple site visits to the neighborhood by Hatch staff and supported by additional data presented below.

- There is a lack of neighborhood-serving retail, affordable goods, services, and experiences to support residents' and workers' daily needs. This is particularly acute in the area immediately adjacent to the Proposed Project, which is dominated by automotive-related uses (i.e., automobile supply and repair shops and car dealerships), building supply stores, and surface parking lots. For example, within a half mile of the Proposed Project, there are only five General Merchandise stores, but there are 25 Automotive Dealers and Gasoline Service Stations, and 15 Building Materials, Hardware, and Garden Supply Stores. See Figure 13.
- There is lack of continuity in retail store fronts, which leads to a lack of sense of place and makes it difficult for customers to comparison shop, or easily explore the retail offerings in the neighborhood. Generally, healthy commercial districts rely on non-retail (i.e., office and housing) uses to help generate foot traffic and demand for traditional retail stores. However, within a half mile of the Proposed Project, the interspersed nature of retail makes it difficult for customers to explore the retail options available. Production, Distribution, and Repair (PDR) is the dominant use within the trade area, accounting for 20 percent of current land use. Retail and Entertainment account for 14 percent of land use. See FIGURE 14.
- There are many personal services, restaurants, cafes, and nightlife venues, particularly along 11<sup>th</sup> Street. These businesses could benefit from the additional customer traffic generated by the Proposed Project.
- The residential development projects completed and under development within a half mile of the project will increase demand for resident-serving retail, particularly convenience retail. Specifically, over the last 5

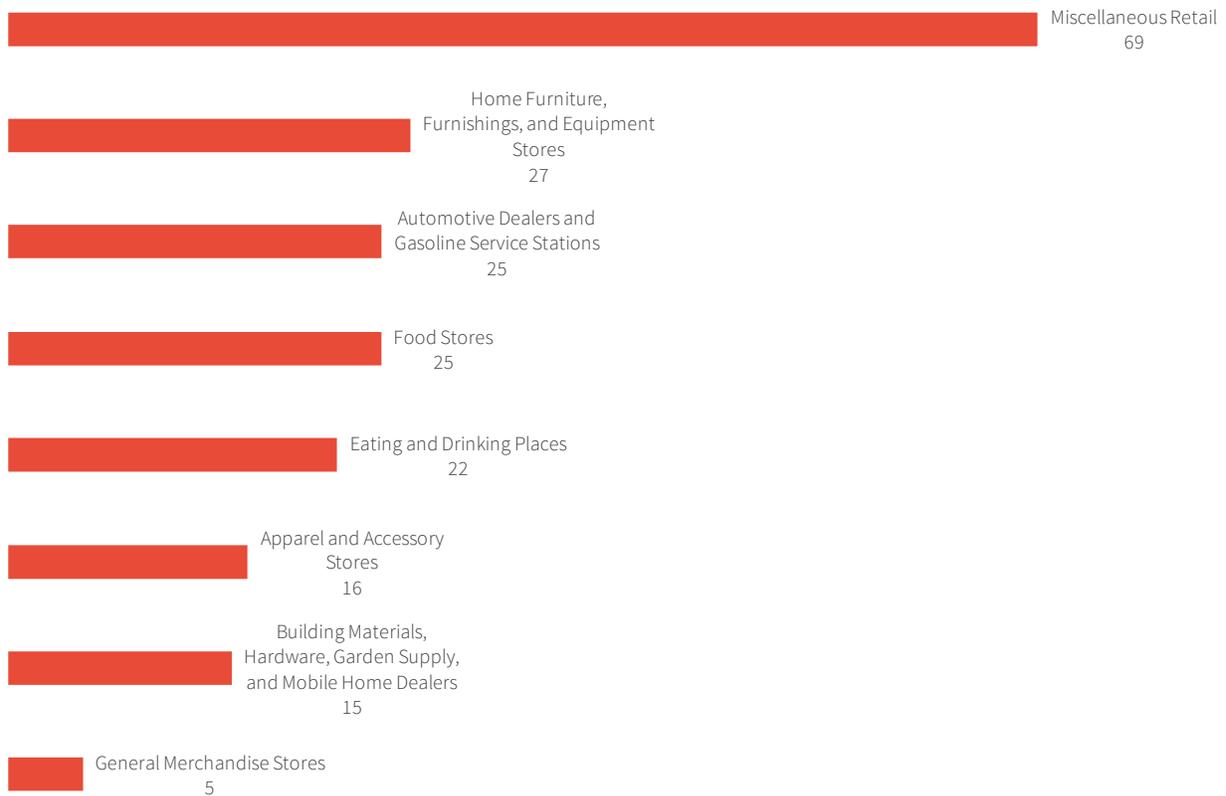
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<sup>21</sup> State of the Retail Sector: Challenges and Opportunities for San Francisco's Neighborhood Commercial Districts, Strategic Economics, February 15, 2018.

years, four projects (NEMA, L7, Olume, and 1400 Mission St.) added nearly 1,500 new residential units to the neighborhood.

- The neighborhood has a mix of formula- and independent-retail businesses. However, as mentioned above, there is a lack of street level continuity in retail, which makes it difficult for shoppers to navigate among stores, particularly small stores that are not located in shopping centers.
- The retail anchors in the neighborhood include Costco, Best Buy, Foods Co, Staples, Sports Basement, and national chains in the Potrero Shopping Center at Bryant and 16h. These retailers have brand name recognition and large advertising resources, which help draw customers to the area. The Proposed Project will increase the variety of anchor retailers in the area and will attract additional customers by providing increased options.

FIGURE 13 – NUMBER OF BUSINESSES WITHIN HALF-MILE RADIUS OF THE SITE, BY RETAIL CATEGORY



Source: InfoUSA, 2018 and Hatch, 2018.

FIGURE 14 - LAND USES WITHIN A HALF-MILE RADIUS OF THE SITE



Note: The amount of area occupied by each land use is shown as square miles in parentheses above. The location of the site relative to the City is shown in FIGURE 8.

Source: City of San Francisco Open Data, 2018 and Hatch, 2018.

## Appendix 1 – Living Wage Estimates Methodologies

TABLE 5 – LIVING WAGE ESTIMATES METHODOLOGY COMPARISON

	MIT’s Living Wage Calculator	UW’s Self Sufficiency Standard	EPI’s Family Budget Calculator
Housing	HUD’s Fair Market Rent (FMR)	HUD’s FMR (single adult lives in 1-bedroom instead of studio)	HUD’s FMR, but adjusted by county based on relative ACS rents
Food	USDA’s “Low-Cost Food Plan,” adjusted by national region	USDA’s “Low-Cost Food Plan,” adjusted by county	USDA’s “Low-Cost Food Plan,” adjusted by county
Transportation	Uses a national average, and adjusts by national region	Assumes monthly MUNI pass	Calculates an average based on county-level mode and distance data
Childcare	Uses statewide average, assumes cheapest care option	Uses county-specific 85 <sup>th</sup> percentile costs	Uses statewide average, and adjusts by county based on above-mentioned relative rents
Healthcare	Uses statewide average for premiums on employer-sponsored insurance, and national average out-of-pocket expenses adjusted by national region	Uses statewide average for all costs (assumes employer-sponsored insurance), adjusts based on county	Assumes you must purchase bronze-plan insurance without subsidy, uses a regional average for out-of-pocket costs
Miscellaneous (e.g. phone plan, clothes, school supplies, etc.)	Uses a national average (consumer expenditure survey), and adjusts by national region	Assumed to be equal to 10% of all other costs	Uses consumer expenditure survey, adjusts by county based on above-mentioned relative rents
Emergency Fund	None	Builds in enough to live on unemployment for ~10 weeks every 5 years	Does not specify

Sources: Massachusetts Institute of Technology, University of Washington, and Economic Policy Institute.

### Source of living wage estimates

#### Massachusetts Institute of Technology (MIT) Living Wage Calculator

The Living Wage Calculator was first created in 2004 by Dr. Amy K. Glasmeier, a professor of Economic Geography and Regional Planning in the Urban Planning department at MIT. The current version of the calculator was updated in 2016, and we have adjusted the numbers to 2018 dollars.

### University of Washington (UW) Self-Sufficiency Standard

The California Family Economic Self-Sufficiency Standard (SSS) was created by a partnership between the Insight Center and the University of Washington. Together, they have been maintaining this measure for over a decade. The current version was updated in 2018 and uses 2018 dollars.

### Economic Policy Institute (EPI) Family Budget Calculator

Economic Policy Institute (EPI) is a nonprofit, nonpartisan think tank created in 1986 to include the needs of low- and middle-income workers in economic policy discussions. Their Family Budget Calculator is maintained by Elise Gould, Zane Mokhiber, and Kathleen Bryant. The current version was most recently updated in 2017. Hatch's analysis adjusts the numbers to 2018 dollars.

## Hatch's review of living wage methodologies

Hatch reviewed the methodology of each of the living wage calculators. While, each of the calculator's methodology was deemed to be reliable, replicable and transparent, there are a few potential issues with each of these estimates.

**Fair Market Rents:** All three living wage calculators use federally-determined Fair Market Rent (FMR) to estimate housing costs. FMR is designed to estimate the 40<sup>th</sup> percentile of housing costs (i.e. 40 percent of listings are at or below that price), but according to a 2017 study by UC Berkeley, FMR underestimates 40<sup>th</sup> percentile rents in rapidly growing housing markets like San Francisco's. According to that study, only 26 percent of listings in the San Francisco Bay Area were at or below FMR.

**MIT:** MIT estimates the lowest living wage. There are 4 main issues with their methodology that lead it to potentially underestimate the cost of living in San Francisco. First, it uses FMR to determine housing costs. Second, it uses national averages, and only adjusts those costs based on broad national regions. San Francisco prices are much higher than the vast majority of the "west," which includes Arizona, Nevada, Idaho, Hawaii and Alaska along with the west coast. These national estimates are used for food costs, transportation costs, out-of-pocket healthcare expenses, and miscellaneous expenses (which includes essentials like clothing in addition to entertainment). Third, for childcare, MIT uses a statewide average. San Francisco has one of the highest minimum wages in California (and is set to have *the* highest), and childcare labor follows suit. Fourth, MIT assumes no rainy-day fund, which is a necessity for employees with no employment protections, particularly if they have children.

**UW:** This measure is probably the most accurate minimum living wage estimate, but it still has a couple issues. First, it uses FMR to estimate housing costs. And second, it assumes that a monthly MUNI pass will cover 100 percent of transportation expenses and does not allow any budget for regional mobility (i.e., outside of San Francisco).

**EPI:** EPI is the only measure that adjusts housing cost estimates based on relative county costs within the Bay Area, which alleviates some of the issues with FMR, although the housing estimate is still probably on the low side. However, there are two main problems with their methodology. First, for healthcare, it assumes that the worker is responsible for 100 percent of their health insurance premiums. Target offers employer-sponsored health insurance, but even if employees do not qualify for it or choose not to take it, they can purchase a subsidized health insurance plan from Covered California, or could potentially qualify for Medi-Cal or Healthy San Francisco. And second, the county-based adjustments that EPI uses to determine the local cost of national and state averages (for things like food, transportation, childcare, and miscellaneous costs) are based on relative housing costs. In a market with high housing costs like San Francisco, the relative cost of housing may be higher than the relative cost of other expenses, particularly things like food, clothing, and transportation, which rely on minimal local labor.

## Appendix 2 – Fiscal Impact Supporting Tables

TABLE 6 - GENERAL FUND REVENUE FACTORS

<b>Existing 2018 San Francisco Service Population Calculation</b>			
Residents <sup>1</sup>	883,963		
Workers <sup>2</sup>	717,000		
Population Served <sup>3</sup>	1,242,463		
<b>Revenue Category</b>	<b>Adopted Budget 2017-2018<sup>4</sup></b>	<b>Average Factor</b>	<b>Factor Basis</b>
Prior Year Sources	\$178,051		Not Estimated
Property Taxes <sup>5</sup>	\$1,557,000	See Table 7	Proportional Valuation
Other Local Taxes			
Hotel Room Tax	\$372,320		Not Estimated
Other Local Taxes <sup>6</sup>	\$58,410	\$47.01	Per Population Served
Parking Tax	\$82,180	\$66.14	Per Population Served
Property Transfer Tax	\$300,000		Not Estimated
Sales & Use Tax	\$199,940	See Table 8	Proportional Valuation
Utility Users Tax <sup>7</sup>	\$99,720	\$80.26	Per Population Served
Business Taxes			
Gross Receipts Tax	\$402,500	See Table 9	Proportional Valuation
Payroll Tax	\$307,500		Not Estimated
Registration Tax	\$40,820	See Table 10	Proportional Valuation
Rents & Concessions	\$14,088		Not Estimated
Fines and Forfeitures <sup>8</sup>	\$4,579	\$3.69	Per Population Served
Interest & Investment Income	\$18,180		Not Estimated
Licenses, Permits & Franchises			
Business Health Licenses <sup>9</sup>	\$9,934		Proportional Valuation
Ethics Fees	\$92		Not Estimated
Franchises <sup>10</sup>	\$17,160	\$13.81	Per Population Served
Other Business/Professional Licenses	\$870		Not Estimated
Other Licenses & Permits	\$1,302		Not Estimated
Road Privileges & Permits	\$605		Not Estimated
Intergovernmental - State	\$751,660		Not Estimated
Intergovernmental - Federal	\$264,528		Not Estimated
Intergovernmental - Other	\$3,293		Not Estimated
Charges for Services	\$242,837	\$195.45	Per Population Served
Other Revenues	\$39,959		Not Estimated
Other Financing Sources	\$110		Not Estimated
Transfers In	\$171,122		Not Estimated
<b>Total General Fund Revenues</b>	<b>\$5,138,761</b>		

Table 6 Notes:

- <sup>1</sup> California Department of Finance
- <sup>2</sup> Quarterly Census of Employment and Wages
- <sup>3</sup> Population Served are conservatively assumed to include all San Francisco residents plus one half of the San Francisco employment base
- <sup>4</sup> City and County of San Francisco, Proposed Budget.
- <sup>5</sup> The assessed value of land and structures are assumed to remain constant. Only personal property and fixtures will be impacted by the proposed project.
- <sup>6</sup> Includes Access Line Tax -current, Stadium Admission Tax, Sugar Sweetened Beverage Tax
- <sup>7</sup> Includes Gas Electric Steam Users Tax, Telephone Users Tax (Land and Mobile), Telephone Users Tax (Pre-paid and Non-Direct), Water Users Tax
- <sup>8</sup> Includes Ethics, Other Forfeitures and Penalties (Prevailing Wage, Office of Labor Std.), Traffic Fines account for 90 percent of revenues
- <sup>9</sup> Estimated based on fees reported by the Office of the Treasurer & Tax Collector; Table of License Fees for the Period Covering 4/1/2018 - 3/31/2019.
- <sup>10</sup> Cable TV, Electric, Natural Gas, Steam,
- <sup>11</sup> Includes charges for services in 14 categories, including Concerts, Exhibitions & Performances, Correction Service Charges, Planning and Engineering Services, etc.

TABLE 7 – PROPERTY TAX ESTIMATES

	Proposed Project	Baseline
Land <sup>3</sup>	N/A	N/A
Structure <sup>3</sup>	N/A	N/A
Fixtures	\$1,609,880	\$1,047,297
Personal Property	\$804,940	\$24,247
	<hr/>	<hr/>
	\$2,414,820	\$1,071,544
Annual Property Tax @ 1%	\$24,148	\$10,715
GF Share of Property Tax	\$13,523	\$6,001

Notes

- <sup>1</sup> Fixtures and Personal Property values are based on averages for existing Target Stores in the City of San Francisco.
- <sup>2</sup> Assesed values for an existing sports store in the same neighborhood.
- <sup>3</sup> Land and Structure are assumed to not be impacted by either scenario.

Additional information about Property Tax Estimates

The Proposed Project will not trigger a reassessment of the property because the property will not change owners. However, Target will invest approximately \$6.7 million in site and tenant improvements. According to the City of San Francisco’s Office of the Assessor, these improvements will be assessed and taxed as unsecured business property (i.e., fixtures and personal property). Unsecured property is exempt from Proposition 13 and is reassessed each year to reflect its most current value.

To estimate the property tax associated with Fixtures and Personal Property associated with the Proposed Project, Hatch evaluated the assessed value of Fixtures and Personal Property at four other Target locations in San Francisco to estimate an average valuation per square foot. This metric is then applied to the area of the Proposed Project. The Baseline scenario is based on the Personal Property and Fixture assessed value of a sporting goods store of similar size.

TABLE 8 – TAXABLE SALES REVENUE ESTIMATES

Retail category	Gross Annual Sales		Annual Gross Taxable Sales	
	2018 Dollars	Percentage	Percent	Amount
Apparel & Accessories	\$5,880,000	21%	100%	\$5,880,000
Beauty and Essentials <sup>1</sup>	\$6,440,000	23%	100%	\$6,440,000
Food and Beverage <sup>2</sup>	\$6,720,000	24%	0%	\$0
Hardlines	\$4,480,000	16%	100%	\$4,480,000
Home Furnishings and Décor	\$4,480,000	16%	100%	\$4,480,000
<b>Total Sales</b>	<b>\$28,000,000</b>			<b>\$21,280,000</b>
Total sales per sq. ft.	\$700			
Gross Annual Taxable Sales	\$21,280,000			
General Fund Sales Tax Share	1%			
<b>GF Annual Sales Tax Revenues</b>	<b>\$212,800</b>			

Notes:

<sup>1</sup> Excludes pharmacy sales from CVS, which are assumed to be tax exempt

<sup>2</sup> Includes groceries, dairy, alcoholic and non-alcoholic beverages; household cleaning, pet food.

### Additional Information about Taxable Sales

Sales tax rate in San Francisco is currently 8.5 percent. The City’s General Fund receives 1 percent of taxable sales.

Target estimates that the Proposed Project will generate approximately \$28 million in gross annual sales upon stabilization. These estimates are specific to the store and are based on sales at existing stores in San Francisco and the performance of small format stores.

At approximately \$700 per square foot (\$28 million in gross sales /40,000 SF) these estimates are consistent with reported sales per square foot for small format Target stores, which are reported to generate approximately \$600 per square foot.<sup>22</sup> Hatch estimates that approximately 75 percent of sales will be taxable. This is a conservative assumption as it assumes that all Food and Beverage sales will be non-taxable.<sup>23</sup>

<sup>22</sup> Richa Naidu, “Target CEO says small -format stores twice as productive as traditional”, Reuters, October 19, 2017.

<sup>23</sup> According to Target representatives, the Food and Beverages category accounts for approximately 25 percent of gross sales. The Food and Beverages category includes non-taxable sales, such as groceries and dairy, as well as taxable products such as alcoholic beverages, household cleaning products, and pet food.

Annual taxable sales for the Baseline scenario are based on average annual sales per square foot for Dick’s Sporting Goods as described in the Chapter II.<sup>24</sup> Dick Sporting Goods generate approximately \$8 million per store in annual sales.

Sales tax revenue estimates exclude sales tax estimates exclude potential taxable sales generated by on-site workers. This figure is likely to be trivial, given the relatively small change in employment. Excluding it, does not impact the findings.<sup>25</sup>

TABLE 9 – ESTIMATED GROSS TAX REVENUES

Gross Receipts Brackets <sup>1</sup>	Tax Rate <sup>1</sup>
Under \$1 million	0.075%
\$1 - \$2.5 million	0.100%
\$2.5 - \$25 million	0.135%
Over \$25 million	0.160%

Estimated Gross Receipts Tax <sup>2,3</sup>	Proposed Project <sup>2,3</sup>	Baseline
	Gross Sales (\$millions)	\$28
Applicable Tax Bracket	Over \$25 million	\$2.5 - \$25 million
Tax Rate	0.160%	0.135%
Estimated Gross Receipts Tax	\$44,800	\$10,800

Notes:

<sup>1</sup> San Francisco Municipal code Article 12-A-1: Section 953.1.

<sup>2</sup> This methodology assumes that combined gross sales at existing Target stores in San Francisco exceed \$25 million. Therefore the incremental sales generated by this store are taxed at the highest tax bracket.

<sup>3</sup> If gross sales were taxed by individual outlet, the Estimated gross sales tax revenues would be approximately \$37,000

### Additional Information about Gross Receipts Tax Estimates

Once operational, Target will pay a gross Receipts Tax based on its gross annual sales. The gross receipts tax rate depends on the level of gross business receipts. The highest rate is 0.160 percent for sales over \$25 million. For businesses with multiple outlets, such as Target, the gross receipts tax is required to be filed on a combined basis along with all the entity’s unitary entities operating in San Francisco. For this reason, it is assumed that the estimated annual gross sales of \$28 million will be taxed at the highest rate.

<sup>24</sup> Dick Sporting Goods is considered a reasonable comparison because their average store size is 50,000 square feet, which is similar to the building area at 1690 Folsom Street. By comparison, the average Big 5 Store is only 11,000 sq. ft. Other potential comparables include Sports Basement and REI, however, both companies already have outlets close to 1690 Folsom Street and are privately held, which means financial data are not readily available.

<sup>25</sup> For example, the 2010 Parkmerced Fiscal Impact Analysis estimated taxable spending in San Francisco by retail workers at \$1,007 per year. Assuming a) 3 percent annual increase in spending, b) on-site employment of approximately 60 workers, and c) one percent sales tax (General Fund share), on-site worker spending project would generate under \$800 per year in sales tax revenue to the general fund.

TABLE 10 – BUSINESS REGISTRATION TAX ESTIMATES

Business Registration Fees for the Registration Year Ending June 30, 2018 <sup>1</sup>		
San Francisco Gross Receipts	Annual Fee <sup>2</sup>	Increment in Fee <sup>3</sup>
\$0 to \$100,000	\$75	
\$100,001 to \$250,000	\$125	\$50
\$250,001 to \$500,000	\$205	\$80
\$500,001 to \$750,000	\$410	\$205
\$750,001 to \$1,000,000	\$620	\$210
\$1,000,001 to \$2,500,000	\$205	-\$415
\$2,500,001 to \$7,500,000	\$410	\$205
\$7,500,001 to \$15,000,000	\$1,160	\$750
\$15,000,001 to \$25,000,000	\$3,880	\$2,720
\$25,000,001 to \$50,000,000	\$7,760	\$3,880
\$50,000,001 to \$100,000,000	\$15,525	\$7,765
<b>\$100,000,001 to \$200,000,000</b>	<b>\$20,700</b>	<b>\$5,175</b>
\$200,000,001 and over	\$31,050	\$10,350

Estimated increase in Gross Receipts due to new store

	Proposed Project	Baseline
Gross Sales at existing San Francisco stores <sup>4</sup>	\$117,000,000	N/A
Gross Sales by Proposed Store	\$28,000,000	\$8,000,000
Total Sales	\$145,000,000	\$8,000,000
Annual Fee (or increase in Annual Fee)	\$0	\$1,160

As shown above, the increased sales by Target in the City of San Francisco, due to the opening of the Proposed Store, is unlikely to move Target into the next Gross Receipts bracket. Therefore, the annual fee is not expected to change beyond what Target is currently required to pay.

Notes

- <sup>1</sup> City of San Francisco Treasurer & Tax Collector
- <sup>2</sup> Assumes Schedule B, which applies to retail sector.
- <sup>3</sup> The increase in fee as a business moves from one bracket to the next.
- <sup>4</sup> Assumed aggregate sales for the stores at Yerba Buena Gardens, Ocean Avenue, and Stonestown Mall. Per Target's 2017 Annual Report, average annual sales were approximately \$40 million per store.

Additional Information Business Registration Tax Estimates

San Francisco's Business and Tax Regulations Code requires that every person or company engaging in business within the City must register within 15 days after commencing business and renew the registration on an annual basis. Business Registration Fees for new businesses are based on anticipated gross receipts for the current calendar year. Target is currently paying an annual registration fee based on gross receipts at its existing stores. The fee paid by Target will increase only if the increase in sales pushes Target's gross receipts over its current gross receipts bracket. This analysis assumes that Target will not be moving into a new tax bracket.

TABLE 11 – GENERAL FUND EXPENDITURE FACTORS

**Existing 2010 San Francisco Service Population Calculation**

Residents <sup>1</sup>	883,963
Workers <sup>2</sup>	717,000
Population Served <sup>3</sup>	1,242,463

<b>General Fund Expenditure Category</b>	<b>Adopted Budget 2017-2018<sup>4</sup></b>	<b>Percent Variable</b>	<b>Average Factor</b>	<b>Factor Basis</b>
Public Works, Transportation & Commerce <sup>5</sup>	\$168,716	100%	\$135.79	Per Population Served
Community Health <sup>6</sup>	\$886,370	100%	\$713.40	Per Population Served
Public Protection <sup>7</sup>	\$1,335,145	100%	\$1,074.60	Per Population Served
Human Welfare & Neighborhood Dev <sup>8</sup>	\$985,519	100%	\$793.20	Per Population Served
General Administration & Finance <sup>9</sup>	\$356,774	100%	\$287.15	Per Population Served
General City Responsibilities <sup>10</sup>	\$157,106	100%	\$126.45	Per Population Served
Culture & Recreation <sup>11</sup>	\$161,099	100%	\$129.66	Per Population Served
General City Responsibilities <sup>12</sup>	\$63,072	100%	\$50.76	Per Population Served
Transfers Out	\$967,231			Not estimated
<b>Total General Fund Expenditures</b>	<b>\$5,081,032</b>			

Notes

- <sup>1</sup> California Department of Finance
- <sup>2</sup> Quarterly Census of Employment and Wages
- <sup>3</sup> Population Served are conservatively assumed to include all San Francisco residents plus one half of the San Francisco employment base
- <sup>4</sup> City and County of San Francisco, Proposed Budget.
- <sup>5</sup> Board of appeals, Economic and Workforce Development, GSA (Public Works)
- <sup>6</sup> Public Health
- <sup>7</sup> Adult Probation, Department of Emergency Management, District Attorney, Fire Department, Juvenile Probation, Police, Police Accountability, Public Defender, Sheriff, Superior Court
- <sup>8</sup> Children, Youth & Their Families, County Education Office, Department of the Status of Women, Homelessness, and Supportive Housing, HRC, Human Services
- <sup>9</sup> Assessor/Recorder, Board of supervisors, City Attorney, City Planning, Civil Service Commission, Controller, elections, Ethics Commission, General Services Agency (city Admin), GSA (Technology), Health Service System, Human Resources, Mayor, Retirement System, Treasurer/Tax Collector
- <sup>10</sup> Programs: Children's baseline, General City Responsibilities, Indigent Defense/Grand Jury, Transitional-Aged Youth Baseline
- <sup>11</sup> Academy of Sciences, Arts Commission, Asian Art Museum, Fine Arts Museum, Law Library, Recreation and Park Commission, War Memorial.
- <sup>12</sup> This category is tracked separately in the city's General Fund, in addition to the General City Responsibilities category listed above.

### Appendix 3 – Trade Area Characteristics

This appendix presents demographic and economic characteristics of the area with a half-mile radius of the Proposed Project, the Main Trade area as defined in Chapter V, and the city as a whole.

As noted in Table 12, the area within a half-mile radius of the Proposed Project is primarily commercial in character with employment density nearly three times higher than the city as a whole, and a ratio of employees to residents more than twice as high as the city as a whole. The half-mile radius includes many of the City of San Francisco’s administrative buildings; therefore, it has a high concentration of Public Administration Jobs, which account for nearly a third of jobs in the area (versus 6.9 percent for the City as a whole). Retail accounts for a slightly higher share of total employment relative to the City (11.1 vs 10.2 percent).

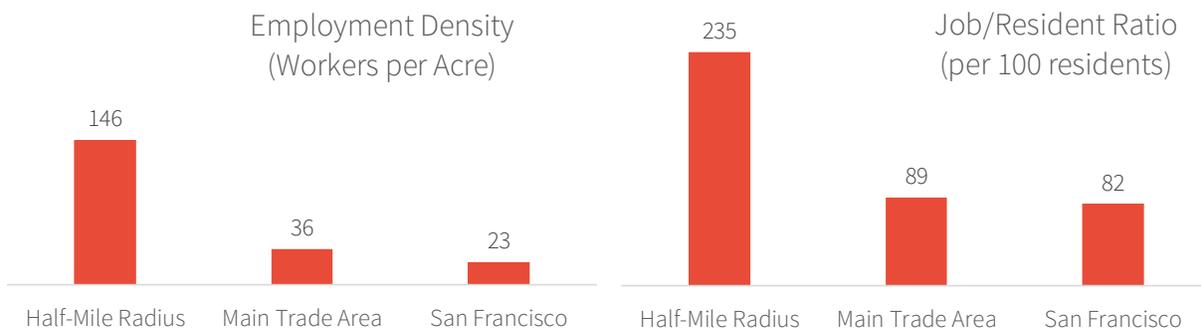
The character of the Main Trade Area is more in line with the rest of the city, with a slightly higher employment density and ratio of employees to residents. Employment in the Main Trade area is also dominated by Public Administration, although the share of employment in this sector is lower than within the half-mile radius. The share of employment in retail is 10 percent, which is comparable to the city as a whole (10.2 percent).

TABLE 12 – TRADE AREA DEMOGRAPHICS

	Jobs (2015)		Population (2012-2016)		Area Acres
	Total	Share	Total	Share	
Half-Mile Radius	73,361	10%	31,243	4%	503
Main Trade Area	156,277	22%	175,653	21%	4,358
San Francisco	700,616	100%	850,282	100%	29,888

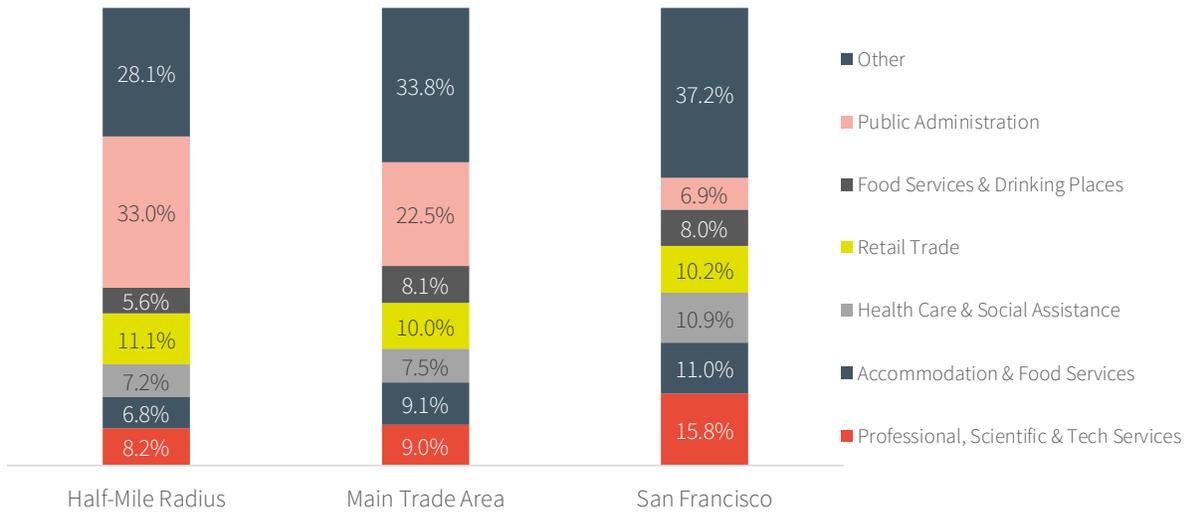
Source: US Census, Hatch 2018

FIGURE 15 – JOB DENSITY AND JOB/RESIDENT BALANCE



Source: US Census, Hatch 2018

FIGURE 16 – JOBS BY INDUSTRY



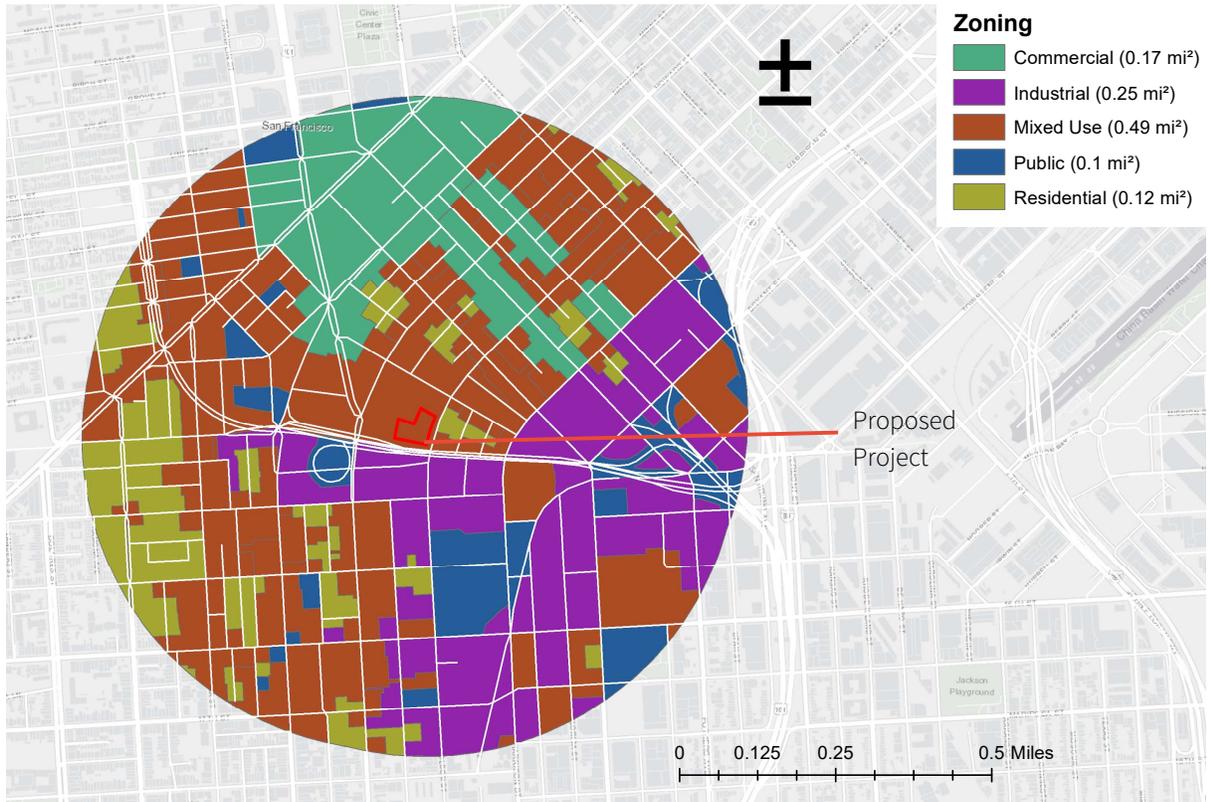
Source: Esri, Hatch 2018.

### Additional Data Observations: Half-mile radius around Proposed Project

- The site is not within any of the neighborhood commercial districts identified by the Mayor’s Office of Economic and Workforce Development. The nearest such district is the Central Market/Tenderloin district. The Action Plan for that district identifies the area around the Intersection of Market Street and Van Ness Ave (northwest of the Proposed Project) as an emerging cluster of new resident and employee-serving business emerging around new residential projects.<sup>26</sup>
- The site is in the Western SoMa Planning Area and Mission Planning Areas. The character of the area within a half-mile radius is primarily commercial in character.
  - As shown in Figure 15, the half-mile radius has a job density of 146 workers per acre, compared to 23 workers per acre citywide.
  - The area is primarily zoned Mixed Use, Industrial, and Commercial. These zoning categories account for nearly 80 percent of land within the half mile of the Proposed Project. See FIGURE 17.
  - Production, Distribution, and Repair (PDR) is the dominant use in the immediate neighborhood, accounting for 20 percent of current land use within a half mile of the site. Retail and Entertainment account for 14 percent of land use. FIGURE 14 in Chapter V for a map of land uses in the Neighborhood.
- According to Esri, within the a half mile of the site there are 292 retail businesses which employ approximately 3,350 workers. The retail sector accounts for a similar share of number of firms and jobs as the rest of the City. See FIGURE 18 and Figure 19.

<sup>26</sup> <http://investsf.org/wordpress/wp-content/uploads/2015/05/Action-Zone-and-Game-Changer-Map.pdf>

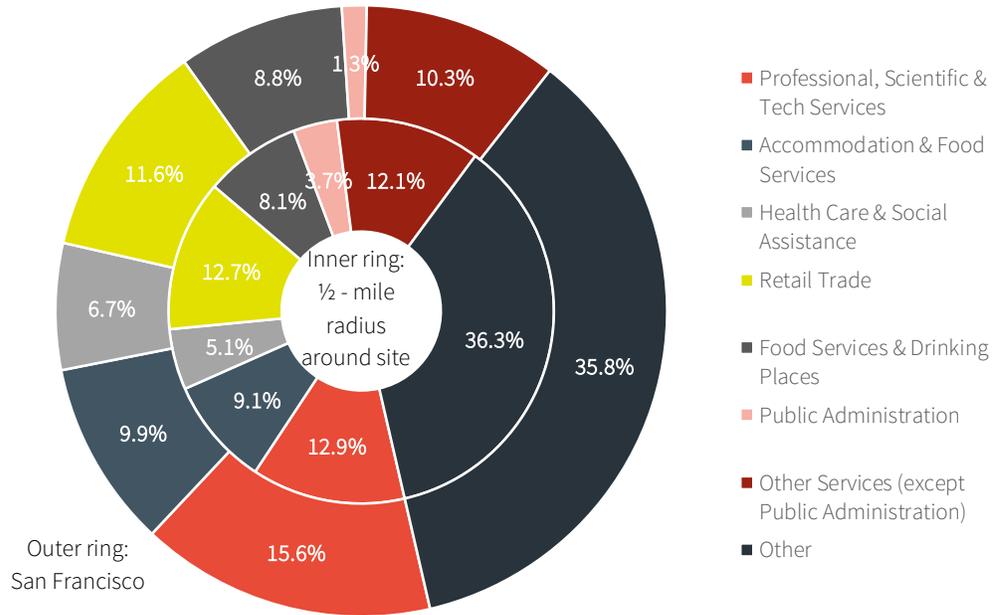
FIGURE 17 – HALF-MILE RADIUS ZONING MAP



Note: The amount of area occupied by each land use is shown as square miles in parentheses above. The location of the site relative to the City is shown in FIGURE 8.

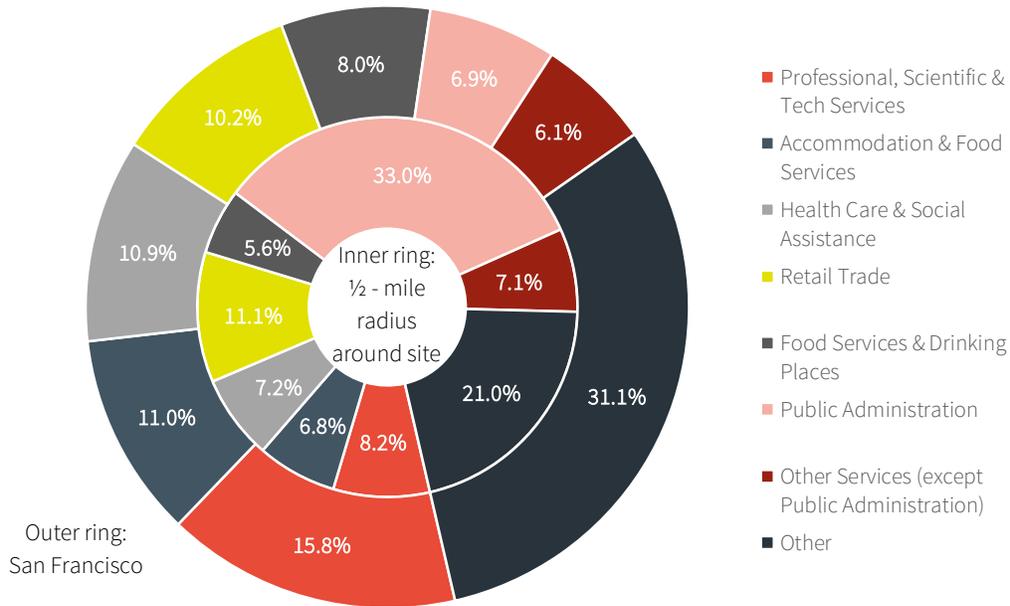
Source: City of San Francisco Open Data, 2018 and Hatch, 2018.

FIGURE 18 – NUMBER OF BUSINESSES BY INDUSTRY



Source: Esri, Inc.

FIGURE 19 – NUMBER OF JOBS BY INDUSTRY



Source: Esri, Inc.

## Appendix 4 – Esri Leakage Methodology

The leakage/surplus is based on retail demand and supply estimates by Esri. Esri's methodology for each factor is described below.

### Market Supply (Retail Sales)

Estimates of retail sales begin with the benchmark, the 2002 and 2007 CRT from the US Census Bureau. Trends from the economic censuses are used to update the base along with Esri's extensive portfolio of demographic and business databases. These include commercial and government sources such as the Dun & Bradstreet business database and economic statistics from the Bureau of Labor Statistics. Supply estimates also incorporate data from the Census Bureau's Non-Employer Statistics (NES) division. Smaller establishments without payrolls, such as self-employed individuals and unincorporated businesses, account for a small portion of overall sales. However, these businesses represent more than half of all retailers in the United States. Their inclusion completes the report of industry sales.

Esri's model captures economic change by first differentiating employer and non-employer sales growth. Multivariate statistical techniques are used to model data that is subject to disclosure issues in CRT and NES. Sales estimates have been recalibrated against the Monthly Retail Trade (MRT) survey and independent sources to address the disparities that can exist between independent input data sources. This methodological improvement yields a more precise estimate of the retail sales attributable only to domestic households.

Esri licenses Dun & Bradstreet's business database, which also provides sales for the retail market. Although Esri utilizes this database in the derivation of small-area estimates, the methods differ. Esri estimates retail sales only to households for implementation within the Retail Marketplace data. Additionally, Esri relies heavily on data from both the CRT and MRT to improve estimation. Furthermore, the Dun & Bradstreet business data file is reviewed and cleaned to improve data content. All estimates of market supply are in nominal terms and are derived from receipts (net of sales taxes, refunds, and returns) of businesses that are primarily engaged in the retailing of merchandise. Excise taxes paid by the retailer or the remuneration of services are also included (for example, installation and delivery charges that are incidental to the transaction).

### Market Demand (Retail Potential)

To complete the profile of a retail market, Esri estimates consumer demand, or retail potential. That is the amount expected to be spent by consumers on products in the retail market. Esri's 2014 consumer spending data provides expenditure estimates for more than 700 products and services consumed by US households.

Esri draws estimates of consumer spending from the Bureau of Labor Statistics' annual Consumer Expenditure Surveys, which provide consumer spending information for hundreds of goods and services by households but not by source. The 2014 consumer spending model incorporates Esri's new generation of the Tapestry™ Segmentation system. This yields improved differentiation of spending, particularly for smaller markets where distinctions can be difficult to measure and for big-ticket items where consumer preferences are more pronounced.

The product line sales from the Census of Retail Trade are the basis for the crosswalk to market demand by establishment from the consumer expenditure data. The impact of the economic downturn on business activity in recent years has shifted the structure of the retail market in small areas. Spending habits of consumers have shifted drastically in many areas, with consumers preferring to shop at discount stores, local shops, and Internet retailers.

# **Project Sponsor Submittal Formula Retail Affidavits for: Target, Starbucks, and CVS Pharmacy**

# AFFIDAVIT FOR Formula Retail Establishments

## 1. Location and Classification

STREET ADDRESS OF PROJECT: 1690 Folsom Street		
ASSESSORS BLOCK/LOT: 3515 / 040	ZONING DISTRICT: WMUG/WSOMA SUD	HEIGHT/BULK DISTRICT: 55/65-X

## 2. Proposed Use Description

PROPOSED USE (USE CATEGORY PER ARTICLE 7 OR 8): Retail - Target Store with Starbucks kiosk and CVS Pharmacy	
PROPOSED BUSINESS NAME: Target	
DESCRIPTION OF BUSINESS, INCLUDING PRODUCTS AND/OR SERVICES: Target would provide a broad selection of goods and everyday necessities in one convenient location. In addition, the store would contain a full-service CVS Pharmacy use, which will provide access to prescription goods, pharmacy services, and health information; and a Starbucks kiosk, serving the beloved brand's high-quality coffee, beverages, and bakery goods.	
BUILDING PERMIT APPLICATION NO.: (if applicable) N/A	CONDITIONAL USE CASE NO.: (if applicable) Pending

## 3. Quantity of Retail Locations

		TOTAL
3.a	How many retail locations of this business are there worldwide? Please include any property for which a land use permit or entitlement has been granted.	>1,816
3.b	How many of the above total locations are in San Francisco?	5

If the number entered on Line 3.a above is 11 or more, then the proposed use *may* be a Formula Retail Use. *Continue to section 4 below.*

If the number entered on Line 3.a above is 10 or fewer, no additional information is required. Proceed to section 5 on the next page and complete the Applicant's Affidavit.

## 4. Standardized Features

Will the proposed business utilize any of the following Standardized Features?

	FEATURES	YES	NO
A	Array of Merchandise	<input checked="" type="checkbox"/>	<input type="checkbox"/>
B	Trademark	<input checked="" type="checkbox"/>	<input type="checkbox"/>
C	Servicemark	<input type="checkbox"/>	<input type="checkbox"/>
D	Décor	<input checked="" type="checkbox"/>	<input type="checkbox"/>
E	Color Scheme	<input checked="" type="checkbox"/>	<input type="checkbox"/>
F	Façade	<input checked="" type="checkbox"/>	<input type="checkbox"/>
G	Uniform Apparel	<input checked="" type="checkbox"/>	<input type="checkbox"/>
H	Signage	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	TOTAL	7	

Enter the total number of Yes/No answers above.

If the total YES responses is **two (2) or more**, then the proposed use is a Formula Retail Use.

5. Applicant's Affidavit

NAME: Melinda A. Sarjapur		<input type="checkbox"/> Property Owner	<input checked="" type="checkbox"/> Authorized Agent
MAILING ADDRESS: (STREET ADDRESS, CITY, STATE, ZIP) Reuben, Junius & Rose, LLP - One Bush Street, Suite 600, San Francisco, CA 94104			
PHONE: ( 415 ) 567-9000	EMAIL: msarjapur@reubenlaw.com		

Under penalty of perjury the following declarations are made:

- a: The undersigned is the owner or authorized agent of the owner of this property.
- b: The information presented is true and correct to the best of my knowledge.
- c: Other information or applications may be required.

Applicant's Signature:  Date: October 11, 2017

PLANNING DEPARTMENT USE ONLY			
PLANNING CODE SECTION(S) APPLICABLE:			
HOW IS THE PROPOSED USE REGULATED AT THIS LOCATION?			
<input type="checkbox"/> Principally Permitted <input type="checkbox"/> Principally Permitted, Neighborhood Notice Required (Section 311/312) <input type="checkbox"/> Not Permitted <input type="checkbox"/> Conditional Use Authorization Required (Please list Case Number below)			
CASE NO.	MOTION NO.	EFFECTIVE DATE	NSR RECORDED? <input type="checkbox"/> Yes <input type="checkbox"/> No
COMMENTS:			
VERIFIED BY:			
Signature: _____		Date: _____	
Printed Name: _____		Phone: _____	



**FOR MORE INFORMATION:**  
Call or visit the San Francisco Planning Department

<p><b>Central Reception</b> 1650 Mission Street, Suite 400 San Francisco CA 94103-2479</p> <p>TEL: <b>415.558.6378</b> FAX: <b>415 558-6409</b> WEB: <a href="http://www.sfplanning.org">http://www.sfplanning.org</a></p>	<p><b>Planning Information Center (PIC)</b> 1660 Mission Street, First Floor San Francisco CA 94103-2479</p> <p>TEL: <b>415.558.6377</b></p> <p><i>Planning staff are available by phone and at the PIC counter. No appointment is necessary.</i></p>
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# AFFIDAVIT FOR Formula Retail Uses

## 1. Location and Classification

STREET ADDRESS OF PROJECT: 1690 Folsom Street		
ASSESSORS BLOCK/LOT: 3515 / 040	ZONING DISTRICT: WMUG/WSOMA SUD	HEIGHT/BULK DISTRICT: 55/65-X

## 2. Proposed Use Description

PROPOSED USE (USE CATEGORY PER ARTICLE 7 OR 8): Retail - Starbucks kiosk within proposed Target Store	
PROPOSED BUSINESS NAME: Starbucks	
DESCRIPTION OF BUSINESS, INCLUDING PRODUCTS AND/OR SERVICES: The proposed Target store would include a Starbucks kiosk, serving the beloved brand's high-quality coffees, beverages, and bakery goods.	
BUILDING PERMIT APPLICATION NO.: (if applicable) N/A	PLANNING DEPARTMENT CASE NO.: (if applicable) Pending

## 3. Quantity of Retail Locations

		TOTAL
3.a	How many retail locations of this business are there worldwide? Please include any property for which a land use permit or entitlement has been granted.	Approx. 24,000
3.b	How many of the above total locations are in San Francisco?	73

If the number entered on Line 3.a above is 11 or more, then the proposed use *may* be a Formula Retail Use. *Continue to section 4 below.*

If the number entered on Line 3.a above is 10 or fewer, no additional information is required. Proceed to section 5 on the next page and complete the Applicant's Affidavit.

## 4. Standardized Features

Will the proposed business use any of the following Standardized Features?

	FEATURES	YES	NO
A	Array of Merchandise	<input checked="" type="checkbox"/>	<input type="checkbox"/>
B	Trademark	<input checked="" type="checkbox"/>	<input type="checkbox"/>
C	Servicemark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
D	Décor	<input checked="" type="checkbox"/>	<input type="checkbox"/>
E	Color Scheme	<input checked="" type="checkbox"/>	<input type="checkbox"/>
F	Façade	<input checked="" type="checkbox"/>	<input type="checkbox"/>
G	Uniform Apparel	<input checked="" type="checkbox"/>	<input type="checkbox"/>
H	Signage	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	TOTAL	7	1

Enter the total number of Yes/No answers above.

If the total YES responses are **two (2) or more**, then the proposed use is a Formula Retail Use.

## 5. Applicant's Affidavit

NAME: Melinda A. Sarjapur		<input type="checkbox"/> Property Owner	<input checked="" type="checkbox"/> Authorized Agent
MAILING ADDRESS: (STREET ADDRESS, CITY, STATE, ZIP) One Bush Street, Suite 600, San Francisco, CA 94104			
PHONE: ( 415 ) 567-9000		EMAIL: msarjapur@reubenlaw.com	

Under penalty of perjury the following declarations are made:

- a: The undersigned is the owner or authorized agent of the owner of this property.
- b: The information presented is true and correct to the best of my knowledge.
- c: Other information or applications may be required.

Applicant's Signature:  Date: 10/11/17

PLANNING DEPARTMENT USE ONLY	
PLANNING CODE SECTION(S) APPLICABLE:	
HOW IS THE PROPOSED USE REGULATED AT THIS LOCATION?	
<input type="checkbox"/> Principally Permitted <input type="checkbox"/> Principally Permitted, Neighborhood Notice Required (Section 311/312) <input type="checkbox"/> Not Permitted <input type="checkbox"/> Conditional Use Authorization Required	
COMMENTS:	
VERIFIED BY:	
Signature: _____	Date: _____
Printed Name: _____	Phone: _____



SAN FRANCISCO  
PLANNING  
DEPARTMENT

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No appointment is necessary.*

# AFFIDAVIT FOR Formula Retail Uses

## 1. Location and Classification

STREET ADDRESS OF PROJECT: 1690 Folsom Street		
ASSESSORS BLOCK/LOT: 3515 / 040	ZONING DISTRICT: WMUG/WSOMA SUD	HEIGHT/BULK DISTRICT: 55/65-X

## 2. Proposed Use Description

PROPOSED USE (USE CATEGORY PER ARTICLE 7 OR 8): CVS Pharmacy within a proposed Target Store	
PROPOSED BUSINESS NAME: CVS Pharmacy	
DESCRIPTION OF BUSINESS, INCLUDING PRODUCTS AND/OR SERVICES: CVS Pharmacy would be located within a proposed Target store at this location and would provide access to prescription goods, pharmacy services, and related health information.	
BUILDING PERMIT APPLICATION NO.: (if applicable) N/A	PLANNING DEPARTMENT CASE NO.: (if applicable) Pending

## 3. Quantity of Retail Locations

		TOTAL
3.a	How many retail locations of this business are there worldwide? Please include any property for which a land use permit or entitlement has been granted.	Approx. 9,600
3.b	How many of the above total locations are in San Francisco?	19

If the number entered on Line 3.a above is 11 or more, then the proposed use *may* be a Formula Retail Use. *Continue to section 4 below.*

If the number entered on Line 3.a above is 10 or fewer, no additional information is required. Proceed to section 5 on the next page and complete the Applicant's Affidavit.

## 4. Standardized Features

Will the proposed business use any of the following Standardized Features?

	FEATURES	YES	NO
A	Array of Merchandise	<input checked="" type="checkbox"/>	<input type="checkbox"/>
B	Trademark	<input checked="" type="checkbox"/>	<input type="checkbox"/>
C	Servicemark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
D	Décor	<input checked="" type="checkbox"/>	<input type="checkbox"/>
E	Color Scheme	<input checked="" type="checkbox"/>	<input type="checkbox"/>
F	Façade	<input checked="" type="checkbox"/>	<input type="checkbox"/>
G	Uniform Apparel	<input checked="" type="checkbox"/>	<input type="checkbox"/>
H	Signage	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	TOTAL	7	1

Enter the total number of Yes/No answers above.

If the total YES responses are **two (2) or more**, then the proposed use is a Formula Retail Use.



# Public Comment

## **United Way Bay Area Letter of Support**



September 14, 2018

San Francisco Planning Commission  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

550 Kearny Street  
Suite 1000  
San Francisco, CA 94108

1400 Parkmoor Ave  
Suite 250  
San Jose, CA 95126

[www.uwba.org](http://www.uwba.org)  
415.808.4300

Dear Members of the San Francisco Planning Commission,

It is with great pleasure that I write to express to you the high esteem in which we hold Target Corporation as a business partner in the City and County of San Francisco and the Bay Area at large. Target has been an outstanding partner with United Ways across the nation. Here in the Bay Area they have supported and partnered with us in many ways including sponsoring the San Francisco Mayor's Youth Jobs Plus Initiative, volunteering at the Mayor's Youth Jobs Plus Youth Resource Fair, and taking part in youth hiring events in San Francisco. They model good corporate citizenship, giving back five percent of their revenue to the community.

Target employees respond to the needs in the San Francisco and Bay Area communities by actively volunteering. Local senior leaders of Target search for ways to engage in the work United Way is doing in the Bay Area. They grant money to support programs, provide volunteer service, and make corporate gifts to be spent on local needs.

It is part of Target's culture to give back to the communities in which they operate. We continually see strong support from upper management to the individual employees in modeling this culture. Target has demonstrated that they deepen this type of engagement in their locales, and they would be a valuable addition to San Francisco.

Please do not hesitate to reach out with any questions. I can be reached at [awilson@uwba.org](mailto:awilson@uwba.org).

Sincerely,

A handwritten signature in blue ink that reads "Anne Wilson".

Anne Wilson  
Chief Executive Officer

CC: John Dewes, Senior Development Manager, Target  
Julia Pon, Corporate Responsibility Lead, Target

## **Yerba Buena Gardens Festival Letter of Support**

YERBA BUENA  
GARDENS  
FESTIVAL  
SAN FRANCISCO

September 12, 2018

San Francisco Planning Commission  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

Dear Members of the San Francisco Planning Commission,

Writing on behalf of the Yerba Buena Gardens Festival, it is my great pleasure to speak to the value and commitment of the Target Corporation to the San Francisco community.

The Yerba Buena Gardens Festival has worked with Target for almost 10 years in support of our mission to enhance the quality of life in the parks and open spaces of Yerba Buena Gardens through the curated presentation of free artistic, community, and cultural programs.

We are very grateful for Target's community involvement and contributions which help us to program family friendly events that are free and open to the public, including some of the most successful large-scale celebrations our history. As demonstrated by the Target Team's philanthropic efforts and volunteerism, we believe Target takes its responsibility seriously and is committed to improving the quality of life for all people. Without question, Target is a proven leader in corporate responsibility.

Thank you,



Linda L. Lucero  
Executive/Artistic Director

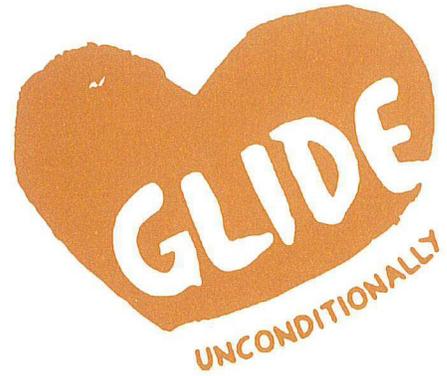
Cc: John Dewes, Senior Development Manager, Target;

Julia Pon, Corporate Responsibility, Target

## **GLIDE Letter of Support**

September 18, 2018

San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, CA 94103



Dear Commissioners,

It is my sincere pleasure to offer a letter of support attesting to the many ways in which Target helps GLIDE to care for the residents of the Tenderloin, and serves as an invaluable asset to the larger community.

Target has been a valued partner to GLIDE since 2005. To date, we have received \$275,000 in grants, event sponsorships, and in-kind support for a range of programs providing essential services to the working poor and their families, including the Janice Mirikitani Family, Youth and Childcare Center (FYCC). Target's most recent grant to FYCC for \$25,000 helps GLIDE serve 516 children (ages 18 months through 5<sup>th</sup> grade) and their parents, providing the stability that working parents need to support their families in this very expensive city. Last year, Target also provided \$100 gift cards to 50 FYCC families for a school-supply shopping spree at Target Metreon. This annual expense can be beyond the reach of parents struggling to afford food and rent; with Target's assistance, more area children are ready to learn.

As Target shifts its corporate responsibility model away from more traditional strategies toward deeper engagement with the community, the company is taking cues from its employees who live and work in those communities. In San Francisco, Target staff have identified homelessness as a major area of concern, and they currently volunteer with local organizations, including GLIDE, to address the needs of the city's large homeless population. As Target increases its focus on volunteerism, we look forward to welcoming even greater numbers of volunteers.

We are grateful for our long-standing relationship with Target, and value the company's partnership as we work together to lift up our community.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rita Shimmin", with a long, sweeping underline that extends across the width of the page.

Rita Shimmin  
Executive Director

**SF Marin Food Bank Letter of Support**



September 24, 2018

San Francisco Planning Commission  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

Dear Members of the San Francisco Planning Commission,

The SF/Marin Food Bank is pleased to speak to the value and commitment to the San Francisco community demonstrated by the Target Corporation. The San Francisco-Marin Food Bank has been a partner with Target since 2010, receiving support for our programs aimed to end hunger in San Francisco. Over the course of our relationship, we estimate that Target has donated funds that allowed us to provide enough food for over 1,875,000 meals in the community!

Not only has Target generously provided grants in support of our pantries and mission, but they have also donated food products for us to distribute. They have encouraged their employees to give back as well. In fact, over 300 Target employees have volunteered over 880 hours of service to sort, glean, and repack food to get out to those in need.

We are grateful for Target's community involvement and contributions, which help us to continue providing food to those facing hunger locally every day.

Together, we are transforming lives every day – and taking steps to build a community where no one goes hungry. San Francisco is fortunate to have Target and its employees as active community members and participants in making the city a better place to live for all of us.

Sincerely,

Paul Ash  
Executive Director

CC: John Dewes, Senior Development Manager, Target;  
Julia Pon, Corporate Responsibility, Target

*Federal tax ID number: 94-3041517.*

## **SF LGBT Center Letter of Support**



September 13, 2018

San Francisco Planning Commission  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

Dear Members of the San Francisco Planning Commission,

It is with great pleasure that we are able to speak to the value and commitment to the San Francisco community demonstrated by the Target Corporation. The SF LGBT Center has worked with Target for almost 20 years in support of our mission to connect our diverse community to opportunities, resources, and each other in order to create a stronger, healthier, and more equitable world for LGBT people and our allies.

In addition to providing community building activities such as arts & culture, volunteerism, civic engagement, and cultural programs, we serve over 12,000 low to moderate income people each year, providing employment and financial literacy services as well as information and referral, and access to safety net services. Our programs are tailored to meet the needs of those most marginalized and/or economically challenged, including LGBT seniors, youth, people of color, people living with HIV/AIDS, and transgender individuals.

Target has been a longtime partner with the Center, providing financial support, and acting as a true partner to the LGBTQ community. Their financial support stretches back almost 20 years to a gift to our capital campaign when the Center first started. Over the years, they have provided financial support to our economic development program (providing access to jobs for job seekers with barriers to employment, supporting LGBTQ small business owners to start or grow their businesses, and asset building and financial capacity building for low income LGBT individuals and families) and our youth program (providing drop in and structured programming for homeless and marginally housed LGBTQ youth ages 18 - 24).

As demonstrated by their philanthropic efforts and volunteerism, we believe Target takes their responsibility seriously and are committed to improving the quality of life for all people.

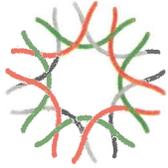
Thank you,

A handwritten signature in black ink, appearing to read 'Rebecca Rolfe'.

Rebecca Rolfe

Cc: John Dewes, Senior Development Manager, Target;  
Julia Pon, Corporate Responsibility, Target

**California Academy of Sciences Letter of Support**



CALIFORNIA  
ACADEMY OF  
SCIENCES

September 7, 2018

San Francisco Planning Commission  
San Francisco Planning Department  
1650 Mission Street, Suite 400  
San Francisco, CA 94103

Dear Members of the San Francisco Planning Commission:

The California Academy of Sciences has partnered with the Target Corporation for seven years in support of our mission to explore, explain, and sustain life. I am pleased to speak to the commitment that Target has demonstrated to the Academy and to San Francisco's diverse communities.

One of the Academy's highest priorities is to ensure that all San Francisco Bay Area residents are able to enjoy the offerings of our world-renowned museum and realize the civic and economic benefits of improved scientific literacy. We are grateful for Target's generous support of our San Francisco Neighborhood Free Weekends program, which offers city residents free admission to the Academy on designated weekends each spring and fall, according to zip code. As proven by Target's multi-year investment in our efforts to provide this important access and inclusion opportunity for all residents, we believe that Target takes its responsibility to be a good neighbor to the San Francisco community seriously.

Sincerely,

[Mike McGee \(Sep 6, 2018\)](#)

Mike McGee  
Interim Executive Director and Chief Financial Officer

cc: John Dewes, Senior Development Manager, Target  
Julia Pon, Corporate Responsibility, Target

# Categorical Exemption: Class 1



# SAN FRANCISCO PLANNING DEPARTMENT

## CEQA Categorical Exemption Determination

### PROPERTY INFORMATION/PROJECT DESCRIPTION

<b>Project Address</b>		<b>Block/Lot(s)</b>
1690 FOLSOM ST		3515040
<b>Case No.</b>		<b>Permit No.</b>
2017-012974PRJ		
<input checked="" type="checkbox"/> <b>Addition/ Alteration</b>	<input type="checkbox"/> <b>Demolition (requires HRE for Category B Building)</b>	<input type="checkbox"/> <b>New Construction</b>
<p><b>Project description for Planning Department approval.</b></p> <p>The proposal is a request for Condition Use Authorization pursuant to Planning Code Sections: 303, 303.1, 823, and 844.46 to establish three formula retail uses (DBA: Target, CVS, and Starbucks) within an existing retail sales and service building measuring approximately 40,427 square feet at 1690 Folsom Street.</p>		

### STEP 1: EXEMPTION CLASS

<b>*Note: If neither class applies, an <i>Environmental Evaluation Application</i> is required.*</b>	
<input checked="" type="checkbox"/>	<b>Class 1 - Existing Facilities.</b> Interior and exterior alterations; additions under 10,000 sq. ft.
<input type="checkbox"/>	<b>Class 3 - New Construction.</b> Up to three new single-family residences or six dwelling units in one building; commercial/office structures; utility extensions; change of use under 10,000 sq. ft. if principally permitted or with a CU.
<input type="checkbox"/>	<p><b>Class 32 - In-Fill Development.</b> New Construction of seven or more units or additions greater than 10,000 sq. ft. and meets the conditions described below:</p> <p>(a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.</p> <p>(b) The proposed development occurs within city limits on a project site of no more than 5 acres substantially surrounded by urban uses.</p> <p>(c) The project site has no value as habitat for endangered rare or threatened species.</p> <p>(d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.</p> <p>(e) The site can be adequately served by all required utilities and public services.</p> <p><b>FOR ENVIRONMENTAL PLANNING USE ONLY</b></p>
<input type="checkbox"/>	<b>Class _____</b>

## STEP 2: CEQA IMPACTS

### TO BE COMPLETED BY PROJECT PLANNER

If any box is checked below, an *Environmental Evaluation Application* is required.

<input type="checkbox"/>	<b>Air Quality:</b> Would the project add new sensitive receptors (specifically, schools, day care facilities, hospitals, residential dwellings, and senior-care facilities within an Air Pollution Exposure Zone? Does the project have the potential to emit substantial pollutant concentrations (e.g., backup diesel generators, heavy industry, diesel trucks, etc.)? (refer to EP_ArcMap > CEQA Catex Determination Layers > Air Pollution Exposure Zone)
<input type="checkbox"/>	<b>Hazardous Materials:</b> If the project site is located on the Maher map or is suspected of containing hazardous materials (based on a previous use such as gas station, auto repair, dry cleaners, or heavy manufacturing, or a site with underground storage tanks): Would the project involve 50 cubic yards or more of soil disturbance - or a change of use from industrial to residential? If yes, this box must be checked and the project applicant must submit an Environmental Application with a Phase I Environmental Site Assessment. <i>Exceptions: do not check box if the applicant presents documentation of enrollment in the San Francisco Department of Public Health (DPH) Maher program, a DPH waiver from the Maher program, or other documentation from Environmental Planning staff that hazardous material effects would be less than significant (refer to EP_ArcMap &gt; Maher layer).</i>
<input type="checkbox"/>	<b>Transportation:</b> Does the project create six (6) or more net new parking spaces or residential units? Does the project have the potential to adversely affect transit, pedestrian and/or bicycle safety (hazards) or the adequacy of nearby transit, pedestrian and/or bicycle facilities?
<input type="checkbox"/>	<b>Archeological Resources:</b> Would the project result in soil disturbance/modification greater than two (2) feet below grade in an archeological sensitive area or eight (8) feet in a non -archeological sensitive area? (refer to EP_ArcMap > CEQA Catex Determination Layers > Archeological Sensitive Area)
<input type="checkbox"/>	<b>Subdivision/Lot Line Adjustment:</b> Does the project site involve a subdivision or lot line adjustment on a lot with a slope average of 20% or more? (refer to EP_ArcMap > CEQA Catex Determination Layers > Topography)
<input type="checkbox"/>	<b>Slope = or &gt; 20%:</b> Does the project involve any of the following: (1) square footage expansion greater than 1,000 sq. ft. outside of the existing building footprint, (2) excavation of 50 cubic yards or more of soil, (3) new construction? (refer to EP_ArcMap > CEQA Catex Determination Layers > Topography) <b>If box is checked, a geotechnical report is required.</b>
<input type="checkbox"/>	<b>Seismic: Landslide Zone:</b> Does the project involve any of the following: (1) square footage expansion greater than 1,000 sq. ft. outside of the existing building footprint, (2) excavation of 50 cubic yards or more of soil, (3) new construction? (refer to EP_ArcMap > CEQA Catex Determination Layers > Seismic Hazard Zones) <b>If box is checked, a geotechnical report is required.</b>
<input type="checkbox"/>	<b>Seismic: Liquefaction Zone:</b> Does the project involve any of the following: (1) square footage expansion greater than 1,000 sq. ft. outside of the existing building footprint, (2) excavation of 50 cubic yards or more of soil, (3) new construction? (refer to EP_ArcMap > CEQA Catex Determination Layers > Seismic Hazard Zones) <b>If box is checked, a geotechnical report will likely be required.</b>

**If no boxes are checked above, GO TO STEP 3. If one or more boxes are checked above, an *Environmental Evaluation Application* is required, unless reviewed by an Environmental Planner.**

**Comments and Planner Signature (optional):** Esmeralda Jardines

Though within an air pollutant, maher, and seismic liquefaction zone, the project is not proposing any expansion, nor new construction, nor is it adding any sensitive receptors.

**STEP 3: PROPERTY STATUS - HISTORIC RESOURCE  
TO BE COMPLETED BY PROJECT PLANNER**

<b>PROPERTY IS ONE OF THE FOLLOWING:</b> (refer to Parcel Information Map)	
<input type="checkbox"/>	<b>Category A:</b> Known Historical Resource. <b>GO TO STEP 5.</b>
<input type="checkbox"/>	<b>Category B:</b> Potential Historical Resource (over 45 years of age). <b>GO TO STEP 4.</b>
<input checked="" type="checkbox"/>	<b>Category C:</b> Not a Historical Resource or Not Age Eligible (under 45 years of age). <b>GO TO STEP 6.</b>

**STEP 4: PROPOSED WORK CHECKLIST  
TO BE COMPLETED BY PROJECT PLANNER**

<b>Check all that apply to the project.</b>	
<input type="checkbox"/>	1. <b>Change of use and new construction.</b> Tenant improvements not included.
<input type="checkbox"/>	2. <b>Regular maintenance or repair</b> to correct or repair deterioration, decay, or damage to building.
<input type="checkbox"/>	3. <b>Window replacement</b> that meets the Department's <i>Window Replacement Standards</i> . Does not include storefront window alterations.
<input type="checkbox"/>	4. <b>Garage work.</b> A new opening that meets the <i>Guidelines for Adding Garages and Curb Cuts</i> , and/or replacement of a garage door in an existing opening that meets the Residential Design Guidelines.
<input checked="" type="checkbox"/>	5. <b>Deck, terrace construction, or fences</b> not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	6. <b>Mechanical equipment installation</b> that is not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	7. <b>Dormer installation</b> that meets the requirements for exemption from public notification under <i>Zoning Administrator Bulletin No. 3: Dormer Windows</i> .
<input type="checkbox"/>	8. <b>Addition(s)</b> that are not visible from any immediately adjacent public right-of-way for 150 feet in each direction; does not extend vertically beyond the floor level of the top story of the structure or is only a single story in height; does not have a footprint that is more than 50% larger than that of the original building; and does not cause the removal of architectural significant roofing features.
<b>Note: Project Planner must check box below before proceeding.</b>	
<input type="checkbox"/>	Project is not listed. <b>GO TO STEP 5.</b>
<input type="checkbox"/>	Project <b>does not conform</b> to the scopes of work. <b>GO TO STEP 5.</b>
<input type="checkbox"/>	Project involves <b>four or more</b> work descriptions. <b>GO TO STEP 5.</b>
<input checked="" type="checkbox"/>	Project involves <b>less than four</b> work descriptions. <b>GO TO STEP 6.</b>

**STEP 5: CEQA IMPACTS - ADVANCED HISTORICAL REVIEW  
TO BE COMPLETED BY PROJECT PLANNER**

<b>Check all that apply to the project.</b>	
<input type="checkbox"/>	1. Project involves a <b>known historical resource (CEQA Category A)</b> as determined by Step 3 and conforms entirely to proposed work checklist in Step 4.
<input type="checkbox"/>	2. <b>Interior alterations to publicly accessible spaces.</b>
<input type="checkbox"/>	3. <b>Window replacement</b> of original/historic windows that are not "in-kind" but are consistent with existing historic character.
<input type="checkbox"/>	4. <b>Façade/storefront alterations</b> that do not remove, alter, or obscure character-defining features.
<input type="checkbox"/>	5. <b>Raising the building</b> in a manner that does not remove, alter, or obscure character-defining features.
<input type="checkbox"/>	6. <b>Restoration</b> based upon documented evidence of a building's historic condition, such as historic photographs, plans, physical evidence, or similar buildings.

<input type="checkbox"/>	7. <b>Addition(s)</b> , including mechanical equipment that are minimally visible from a public right-of-way and meet the <i>Secretary of the Interior's Standards for Rehabilitation</i> .
<input type="checkbox"/>	8. <b>Other work consistent</b> with the <i>Secretary of the Interior Standards for the Treatment of Historic Properties</i> (specify or add comments):
<input type="checkbox"/>	9. <b>Other work</b> that would not materially impair a historic district (specify or add comments):  (Requires approval by Senior Preservation Planner/Preservation Coordinator)
<input type="checkbox"/>	10. <b>Reclassification of property status.</b> (Requires approval by Senior Preservation Planner/Preservation <input type="checkbox"/> Reclassify to Category A <input type="checkbox"/> Reclassify to Category C a. Per HRER dated    (attach HRER) b. Other (specify):
<b>Note: If ANY box in STEP 5 above is checked, a Preservation Planner MUST check one box below.</b>	
<input type="checkbox"/>	<b>Further environmental review required.</b> Based on the information provided, the project requires an <i>Environmental Evaluation Application</i> to be submitted. <b>GO TO STEP 6.</b>
<input type="checkbox"/>	<b>Project can proceed with categorical exemption review.</b> The project has been reviewed by the Preservation Planner and can proceed with categorical exemption review. <b>GO TO STEP 6.</b>
<b>Comments (optional):</b>	
<b>Preservation Planner Signature:</b>	

**STEP 6: CATEGORICAL EXEMPTION DETERMINATION  
TO BE COMPLETED BY PROJECT PLANNER**

<input type="checkbox"/>	<b>Further environmental review required.</b> Proposed project does not meet scopes of work in either (check all that apply): <input type="checkbox"/> Step 2 - CEQA Impacts <input type="checkbox"/> Step 5 - Advanced Historical Review <b>STOP! Must file an <i>Environmental Evaluation Application</i>.</b>	
<input checked="" type="checkbox"/>	<b>No further environmental review is required. The project is categorically exempt under CEQA. There are no unusual circumstances that would result in a reasonable possibility of a significant effect.</b>	
	<b>Project Approval Action:</b> Commission Hearing	<b>Signature:</b> Esmeralda Jardines
	If Discretionary Review before the Planning Commission is requested, the Discretionary Review hearing is the Approval Action for the project.	09/27/2018
	Once signed or stamped and dated, this document constitutes a categorical exemption pursuant to CEQA Guidelines and Chapter 31 of the Administrative Code. In accordance with Chapter 31 of the San Francisco Administrative Code, an appeal of an exemption determination can only be filed within 30 days of the project receiving the first approval action. Please note that other approval actions may be required for the project. Please contact the assigned planner for these approvals.	

## STEP 7: MODIFICATION OF A CEQA EXEMPT PROJECT

### TO BE COMPLETED BY PROJECT PLANNER

In accordance with Chapter 31 of the San Francisco Administrative Code, when a California Environmental Quality Act (CEQA) exempt project changes after the Approval Action and requires a subsequent approval, the Environmental Review Officer (or his or her designee) must determine whether the proposed change constitutes a substantial modification of that project. This checklist shall be used to determine whether the proposed changes to the approved project would constitute a "substantial modification" and, therefore, be subject to additional environmental review pursuant to CEQA.

### PROPERTY INFORMATION/PROJECT DESCRIPTION

Project Address (If different than front page)		Block/Lot(s) (If different than front page)
1690 FOLSOM ST		3515/040
Case No.	Previous Building Permit No.	New Building Permit No.
2017-012974PRJ		
Plans Dated	Previous Approval Action	New Approval Action
	Commission Hearing	
Modified Project Description:		

### DETERMINATION IF PROJECT CONSTITUTES SUBSTANTIAL MODIFICATION

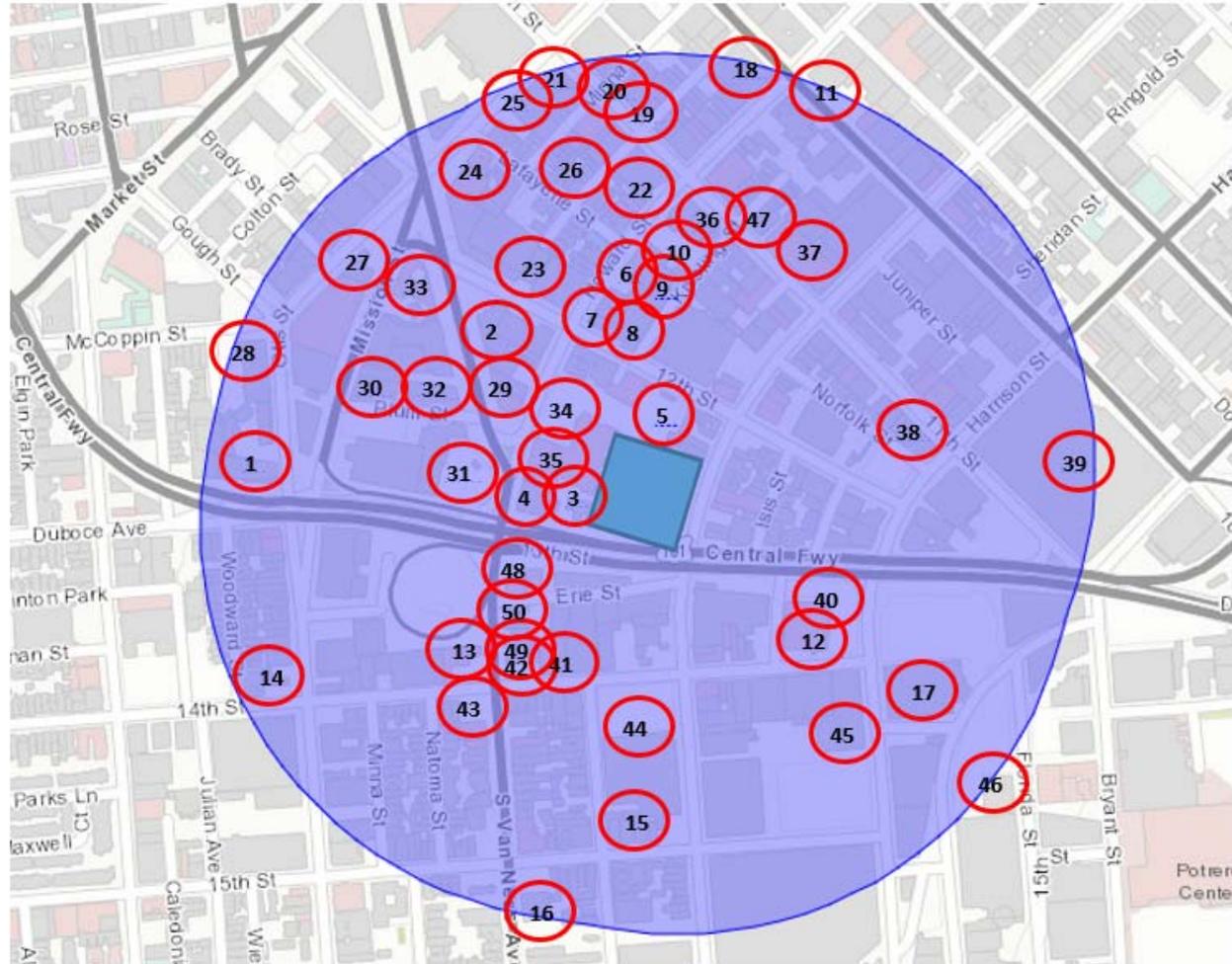
Compared to the approved project, would the modified project:	
<input type="checkbox"/>	Result in expansion of the building envelope, as defined in the Planning Code;
<input type="checkbox"/>	Result in the change of use that would require public notice under Planning Code Sections 311 or 312;
<input type="checkbox"/>	Result in demolition as defined under Planning Code Section 317 or 19005(f)?
<input type="checkbox"/>	Is any information being presented that was not known and could not have been known at the time of the original determination, that shows the originally approved project may no longer qualify for the exemption?
<b>If at least one of the above boxes is checked, further environmental review is required.</b>	

### DETERMINATION OF NO SUBSTANTIAL MODIFICATION

<input type="checkbox"/>	The proposed modification would not result in any of the above changes.
If this box is checked, the proposed modifications are categorically exempt under CEQA, in accordance with prior project approval and no additional environmental review is required. This determination shall be posted on the Planning Department website and office and mailed to the applicant, City approving entities, and anyone requesting written notice.	
Planner Name:	Signature or Stamp:

## Project Site - 1690 Folsom Street - Quarter Mile Formula Retail Map

Key #	Retailer
1	Extra Space Storage - 190 Otis
2	Dainese Store - 131 S. Van Ness
3	BMW Service Cntr. - 170 13 <sup>th</sup>
4	BMW Service Cntr. - 172 13 <sup>th</sup>
5	BMW Service Cntr. - 252 12 <sup>th</sup>
6	Audi San Francisco - 1559 Howard
7	Audi San Francisco - 1585-1591 Howard
8	Audi San Francisco - 160 Kissling
9	Royal Auto Grp. SF - 160 Kissling
10	Volkswagen SF - 160 Kissling
11	Kelly Paper - 1375 Howard
12	Office Max - 1750 Harrison
13	Volkswagen SF - 280 S. Van Ness
14	Arco - 1798 Mission
15	Gumas Advertising - 1446 15 <sup>th</sup>
16	Herc Rentals - 423-433 S. Van Ness
17	Best Buy - 1717 Harrison
18	Public Storage - 170 10 <sup>th</sup>
19	American Refrigeration - 147 11 <sup>th</sup>
20	American Refrigeration - 145 11 <sup>th</sup>
21	Firestone - 1513 Mission
22	The Arc of SF - 1500 Howard
23	Luxe Valet - 155 12 <sup>th</sup>
24	Health Right 360 - 1563 Mission
25	Firestone - 1517 Mission
26	Public Storage - 40 Lafayette
27	Enterprise Rent-a-Car - 1600 Mission
28	AT&T - 1 McCoppin
29	Big O Tires - 165 S. Van Ness
30	Greenpeace - 1661 Mission
31	Cash&Carry - 170 S. Van Ness
32	Tap Plastics - 154 S. Van Ness
33	Chevron - 1601 Mission
34	BMW of SF - 1675 Howard
35	BMW Wholesale Parts - 1699 Howard
36	Royal Auto Grp. SF - 160 Kissling
37	Mercedes SF - 1480 Folsom
38	Cycle Gear - 398 11 <sup>th</sup>
39	Costco Wholesale - 450 10 <sup>th</sup>
40	Office Max - 1750 Harrison
41	GLASSALL - 174 14 <sup>th</sup>
42	Volvo SF - 285 S. Van Ness
43	Audi SF - 300 S. Van Ness
44	Foods Co - 1800 Folsom
45	Mills Uniform Company - 1830 Harrison
46	PACE Supply - 201 Alabama
47	Goodwill Career Center - 245 11 <sup>th</sup>
48	Sherwin Williams - 245 South Van Ness
49	VCA All Pets Hospital - 275 South Van Ness
50	VCA All Pets Hospital - 269 Van Ness



## **Jardines, Esmeralda (CPC)**

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**From:** CatHead's BBQ <catheadsbbq@hotmail.com>  
**Sent:** Wednesday, September 12, 2018 2:35 PM  
**To:** Jardines, Esmeralda (CPC)  
**Subject:** architectural plans for 1690 Folsom Street

Hi,

My name is Richard Park. I'm the owner of CatHead's BBQ. We are directly across the street from the proposed Target. I'm going to try and make the public hearing but unsure if I will actually make it. The Public notice said that if I am interested in seeing the drawings, that I could reach out to you.

I would love to see and get as much info on this project as possible. This will directly impact my business(hopefully for the better)

The recored# is 2017-012974CUA

Thank you,

Richard Park  
CatHead's BBQ  
1665 Folsom St.  
San Francisco, CA 94103  
415-861-4242 restaurant  
415-599-6298 cell

## **Jardines, Esmeralda (CPC)**

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**From:** Gina Batelli <GBatelli@hotmail.com>  
**Sent:** Saturday, September 22, 2018 12:11 PM  
**To:** Jardines, Esmeralda (CPC)  
**Subject:** 1690 Folsom St.

Hi Esmeralda,  
I am the owner of Ultimate Cookie, located at 1640 Folsom St.  
We are concerned about a business as large and as busy as a Target on our little street.  
What do they propose as far as parking goes?  
I look forward to your response

Thank you  
Gina Batelli