

Certificate of Determination EXEMPTION FROM ENVIRONMENTAL REVIEW

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Case No.:

2007.1337E

Project Title:

138 New Montgomery Street; Pacific Telephone and Telegraph

Co. Building

Zoning:

C-3-O (Downtown Office District)

150-S Height and Bulk District

Block/Lot:

3722/008

Lot Size:

23,544 square feet

Project Sponsor

Stockbridge 140 New Montgomery LLC

Jon Knropp - (415) 905-5393

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Staff Contact:

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PROJECT DESCRIPTION:

The proposed project is a seismic retrofit and a conversion of the historic Pacific Telephone and Telegraph Co. Building from office to residential use. The proposed project would involve conversion of approximately 370,000 total square feet of office space to 118 residential units and approximately 8,700 square feet of ground-floor commercial space.

EXEMPT STATUS:

Categorical Exemption, Class 32 [State CEQA Guidelines Section 15332]

REMARKS:

Please see the next page.

DETERMINATION:

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

Bill Wycko

Acting Environmental Review Officer

Date

CC:

Jon Knorpp, Project Contact

Supervisor Daly, District 6

Angela Heitter, Preservation Planner

Virna Byrd, M.D.F. / Bulletin Board Historic Preservation Distribution List

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Distribution List

2007.1337E

REMARKS (continued):

The 436-foot, 28-story Pacific Telephone and Telegraph Co. (PT&T) building is bound by New Montgomery Street on the east, Natoma Street on the south, and Minna Street on the north. The building is located on a relatively flat 23,544-square-foot lot and occupies the entire block's New Montgomery Street frontage. The building is constructed in an "E" shape with a porte-cochere and an entrance to the basement parking area fronting Natoma Street and the main pedestrian entrance fronting New Montgomery Street.

The proposed project would convert the historic PT&T building from an office to a residential use with ground-floor commercial use (restaurant/bar and retail space).\(^1\) As part of the proposed conversion, portions of the 27th floor (added in 1951) would be demolished and replaced with a one-story vertical addition. Additionally, a one-story glazed canopy would be constructed at the rear façade to improve the existing porte-cochere. The conversion would also include a seismic retrofit of the existing building. The proposed project would preserve and rehabilitate the exterior of the structure while removing most of the interior spaces in order to install the seismic improvements and accommodate the residential and commercial uses.

The existing basement would accommodate up to 24 off-street parking spaces, 42 bicycle parking spaces, and a fitness/spa area accessory to the residential use. The sub-basement level below the parking garage would contain building storage/mechanical rooms and residential storage units. The ground floor would include 5,960 square feet of restaurant use, 2,740 square feet of retail/bar use, a reconfigured portecochere fronting Natoma Street, and the historic lobby. The second through the 26th floors would accommodate 118 dwelling units. While the exact unit types and mix has yet to be finalized, the project would include approximately 22 studio and one–bedroom units, 55 two-bedroom units and 41 three-bedroom units. The 27th floor would include a library and a dining room for building residents. The top floor would feature a roof-top terrace. Mechanical space would be located throughout the building. The primary pedestrian entrance to the residential units and restaurant uses would be on New Montgomery Street. A secondary pedestrian entrance to the residential units would be provided via the porte-cochere on Natoma Street. The porte-cochere would serve as a passenger loading/unloading area for the residential uses, as well as a delivery drop-off zone.

California Environmental Quality Act (CEQA) State Guidelines Section 15332, or Class 32, provides an exemption from environmental review for in-fill development projects that meet the following conditions:

a) The project is consistent with applicable general plan designations and policies as well as with applicable zoning designations.

The proposed project would be consistent with the San Francisco General Plan and with applicable zoning designations.

Hornberger + Worstell, September 2008 Project Plans. This document is available for review by appointment at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 2007.1337E.

The project site is located within the boundaries of the Downtown Plan, an Area Plan of the City's *General Plan*. The Downtown Plan is centered around Market Street and covers an area roughly bounded by Van Ness Avenue to the west, The Embarcadero to the east, Folsom Street to the south, and the northern edge of the Financial District to the north. The Downtown Plan is a policy document that has guided growth and development in San Francisco's downtown area for more than two decades. It encourages the expansion of residential uses in and adjacent to downtown because it contributes greatly to downtown vitality, helping to ensure that it remains active after working hours. Currently, the City is undertaking a comprehensive planning effort for the portion of the downtown area around the Transbay Terminal, located 1,200 feet east of the project site. The proposed Transit Center District Plan will build on the City's 1985 Downtown Plan. This new planning effort will analyze land use and urban form responses to the maturation of the southern side of downtown since 1985 and the infrastructure investments now planned. The preliminary boundaries of the Transit Center District Plan are roughly Market Street to the north, Main Street to the east, Clementina Street to the south, and Third Street to the west. The project site is within the proposed Transit Center District Plan.

The site is located within Downtown Office District (C-3-O) where residential and commercial uses are permitted. Residential uses are principally permitted in the C-3-O district up to a dwelling unit density threshold of one unit per 125 square feet of site area. The 23,544-square-foot project area would allow for up to 188 dwelling units. At 118 dwelling units, the proposed project is within the allowable density. The existing building is a legally nonconforming structure because it exceeds the maximum allowable Floor Area Ratio (FAR) of 9:1 and the maximum allowable height of 150 feet. Section 134(a) of the *Planning* Code provides that the minimum rear yard depth for residential uses in C districts shall be equal to 25 percent of the total depth of the lot on which the building is situated, but in no case less than 15 feet. The proposed project would not conform to the rear yard requirement and would require an exception pursuant to *Planning Code* Section 309. Further, *Planning Code* Section 152.1 requires that residential projects between 200,001 and 500,000 square feet provide two off-street loading spaces. The proposed project would not provide any off-street loading spaces and thus, would seek an exception per Section 309 of the *Planning Code*.

The development occurs within city limits on a site of less than five acres surrounded by urban uses.

The 0.54-acre (23,544-squre-foot) project site is located within a fully developed area of San Francisco. The surrounding properties to the north, east and south are generally office buildings with ground floor retail, with a few residential buildings within the project site vicinity. To the north of the site is a mid-rise office building at 116 New Montgomery Street known as the "Rialto Building". Further north, at the intersection of New Montgomery Street and Market Street, is the Sheraton Palace hotel. To the east of the site, across New Montgomery Street, is an office building with ground floor retail and a residential building (199 New Montgomery Street). To the south of the site, is a mid-rise building owned by the Academy of Art University. To the west, the project site is adjacent to the San Francisco Museum of Modern Art (MOMA) parking garage and beyond that the MOMA itself. Southwest and northwest of the project site are the W hotel (corner of Third

and Howard Streets) and the St. Regis hotel (corner of Third and Minna Streets), respectively. The proposed project would be properly characterized as in-fill development surrounded by urban uses.

c) The project site has no habitat for endangered, rare or threatened species.

The proposed adaptive reuse project involves converting an exiting office building to residential and retail uses. The project site is within a fully developed urban area and is completely covered with the existing building and paved surfaces and as such, does not provide habitat for any endangered, rare or threatened species.

d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

<u>Transportation</u>: The 138 New Montgomery Transportation Study analyzed transportation impacts of the proposed project.² The following section presents the findings of this analysis. Overall, during the PM peak hour, the proposed project is anticipated to result in 68 net-new auto person-trips, 223 net-new walk/other trips, and a net decrease of 43 transit trips.³ During the PM peak hour, the proposed project would generate 45 net new vehicle trips and would result in a demand for 196 off-street parking spaces. The project would also generate a demand for three loading spaces during the peak hour and two loading spaces during the average hour.

Traffic Impacts: Under Existing Conditions, seven of the ten study intersections in the immediate vicinity of the project site operate at an acceptable Level of Service (LOS) of D or better during the weekday PM peak hour.^{4,5} The intersections of Third/Kearny/Market Streets, First/Mission Streets, and New Montgomery/Howard Streets operate at LOS E. In general, the addition of project-generated traffic would result in relatively small changes in the average delay per vehicle at the study intersections, and all study intersections would continue to operate at the same LOS as under the Existing Conditions. Vehicle trips generated by the proposed project would travel through tjese three intersections that currently operate at LOS E conditions; however, the proposed project traffic would not represent a considerable contribution to the Existing plus Project intersection operating conditions. Therefore, the proposed project would result in less-than-significant traffic impacts.

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LCW Consulting, 138 New Montgomery Transportation Study, October 28, 2008. This document is available for review by appointment at the Planning Department, 1650 Mission Street, Suite 400, in Case File No. 2007.1337!.

The net reduction in transit trips is a result of the transit mode share for the previous office use being higher than for the proposed residential use.

Level of service is a qualitative description of the operational performance of an intersection, based on the average delay per vehicle, ranging from LOS A (free flow or excellent conditions with short delays per vehicle) to LOS F (congested or overloaded conditions with extremely long delays per vehicle). Typically, LOS A through D are considered excellent to satisfactory service levels, LOS E is undesirable, and LOS F conditions are unacceptable.

⁵ Seven of the study intersections are signalized and three of the study intersections are not signalized.

Under the 2030 Cumulative Conditions, eight of the ten study intersections would operate at LOS E or LOS F during the PM peak hour (as compared to three intersections operating at LOS E under Existing Conditions). The proposed project's share of future traffic growth at signalized intersections that would operate at LOS E or LOS F under 2030 Cumulative Conditions would be less than 5 percent. The project would generally add traffic to movements that would continue to operate satisfactorily. Based on an examination of the traffic volumes that determine overall LOS performance at these intersections, the project's contributions to adverse cumulative conditions would not be cumulatively considerable and thus not significant at the six signalized intersections operating at unacceptable LOS. Two of the unsignalized intersections, Second/Natoma Streets and New Montgomery/Natoma Streets, would operate at LOS E and LOS F, respectively, during the PM peak hour under the 2030 Cumulative Conditions. At the unsignalized intersection of Second/Natoma Streets, the project would not add any new trips. At the unsignalized intersection of New Montgomery/Natoma Streets, the project would result in a net reduction in vehicle trips at the eastbound approach that would operate at LOS F. Therefore, the project's contributions to adverse cumulative conditions would not be cumulatively considerable and thus not significant at the two unsignalized intersections.

Transit Impacts: With the numerous Muni lines operating in the vicinity of the project, it is anticipated that most Muni riders traveling to and from the project site would use the closest and least-crowded lines, and that riders would be distributed over a number of lines. The proposed project would result in a net decrease in transit riders traveling to and from the project site, and therefore would not adversely affect transit conditions.

Pedestrian and Bicycle Impacts: Pedestrian trips generated by the proposed project would include walk trips to and from the residential and restaurant uses, plus walk trips to and from the local and regional transit operators. Overall, the project would add about 180 net-new pedestrian trips to the surrounding streets during the weekday PM peak hour. The addition of pedestrian and vehicular traffic generated by the proposed project would not substantially affect pedestrian walkway conditions.

The project site is within convenient bicycling distance of office and retail buildings in the downtown San Francisco and the Financial District and major transit hubs. There are several bicycle routes nearby, including along Howard, Folsom and Second Streets. Although the proposed project would result in an increase in the number of vehicles in the vicinity of the project site, this increase would not be substantial enough to affect bicycle travel in the area.

Parking Impacts: The proposed project would generate a long-term residential parking demand for about 168 spaces, and a restaurant short-term and long-term demand for 28 spaces, for a total of 196 spaces. The demand for 168 spaces would not be accommodated within the residential parking supply of 24 parking spaces, which would result in a shortfall of 144 spaces. This overnight shortfall could be accommodated on-street, or within overnight off-street parking facilities in the study area, where the evening parking occupancy is 58 percent. During the weekday midday, there would be a parking shortfall of between 138 and 172 parking spaces. Since the project would generate additional parking demand during the weekday midday, the midday parking occupancy in the

study area garage facilities would be expected to increase from 77 percent to 79 percent. It is anticipated that some of the midday demand would be accommodated within the adjacent SFMOMA parking garage, which generally has a midday peak occupancy level of 75 percent.

San Francisco does not consider parking supply as part of the permanent physical environment. Parking conditions are not static, as parking supply and demand varies from day to day, from day to night, from month to month, etc. Hence, the availability of parking spaces (or lack thereof) is not a permanent physical condition, but changes over time as people change their modes and patterns of travel.

Parking deficits are considered to be social effects, rather than impacts on the physical environment as defined by CEQA. Under CEQA, a project's social impacts need not be treated as significant impacts on the environment. Environmental documents should, however, address the secondary physical impacts that could be triggered by a social impact (CEQA Guidelines § 15131(a)). The social inconvenience of parking deficits, such as having to hunt for scarce parking spaces, is not an environmental impact, but there may be secondary physical environmental impacts, such as increased traffic congestion at intersections, air quality impacts, safety impacts, or noise impacts caused by congestion. In the experience of San Francisco transportation planners, however, the absence of a ready supply of parking spaces, combined with available alternatives to auto travel (e.g., transit service, taxis, bicycles or travel by foot) and a relatively dense pattern of urban development, induces many drivers to seek and find alternative parking facilities, shift to other modes of travel, or change their overall travel habits. Any such resulting shifts to transit service in particular, would be in keeping with the City's "Transit First" policy. The City's Transit First Policy, established in the City's Charter Section 16.102 provides that "parking policies for areas well served by public transit shall be designed to encourage travel by public transportation and alternative transportation." The proposed project is located in an area well served by public transit, bicycle routes and off-street parking facilities.

The transportation analysis accounts for potential secondary effects, such as cars circling and looking for a parking space in areas of limited parking supply, by assuming that all drivers would attempt to find parking at or near the project site and then seek parking farther away if convenient parking is unavailable. Moreover, the secondary effects of drivers searching for parking is typically offset by a reduction in vehicle trips due to others who are aware of constrained parking conditions in a given area. Hence, any secondary environmental impacts which may result from a shortfall in parking in the vicinity of the proposed project would be minor, and the traffic assignments used in the transportation analysis, as well as in the associated air quality, noise and pedestrian safety analyses, reasonably addresses potential secondary effects.

Loading Impacts: The loading demand generated by the proposed project would be accommodated within the reconfigured porte-cochere on Natoma Street, within existing commercial vehicle spaces adjacent to the project site on New Montgomery Street, and within existing commercial vehicle spaces along Natoma and Minna Streets. Therefore, the proposed project would not result in significant loading impacts.

Noise: An approximate doubling of traffic volumes in the area would be necessary to produce an increase in ambient noise levels noticeable to most people. The project would not cause a doubling in traffic volumes and therefore, would not cause a noticeable increase in the ambient noise level in the project vicinity. The noise generated by the occupants of the proposed new use would be considered common and generally acceptable in an urban area, and would not be considered a significant impact. The proposed construction could generate noise and possibly vibration that may be considered an annoyance by occupants of nearby properties. Construction noise is regulated under Article 29 of the City's Police Code, and would be temporary and intermittent in nature. Considering the above discussion, the proposed project would not result in a significant impact with respect to noise.

Air Quality: The Bay Area Air Quality Management District (BAAQMD) has established thresholds for projects requiring its review for potential air quality impacts. These thresholds are based on the minimum size of projects that the BAAQMD considers capable of producing air quality problems due to vehicle emissions or stationary sources of pollution. The BAAQMD considers residential projects greater than 510 apartment units, office projects greater than 280,000 gross square feet, and retail development greater than 87,000 gross square feet to result in potentially significant vehicular emission impacts. The proposed project would create 118 residential units with approximately 8,700 square feet of ground floor commercial space and would not exceed the minimum standards. Therefore, no significant air quality impacts would be generated by the proposed project.

The Air Resources Board (ARB) established its statewide comprehensive air toxics program in the early 1980's. The ARB created California's program in response to the Toxic Air Contaminant Identification and Control Act (AB 1807, Tanner 1983) to reduce exposure to air toxics. The ARB identifies 244 substances as Toxic Air Contaminants (TACs) that are known or suspected to be emitted in California and have potential adverse health effects. Recent air pollution studies have shown an association between proximity to high traffic roadways and respiratory and other non-cancer health effects. Other studies have shown that diesel exhaust and other cancer-causing chemicals emitted from cars and trucks are responsible for much of the overall cancer risk from airborne toxics in California. In response to this recent research, the ARB published its Air Quality and Land Use Handbook in 2005, with the recommendation that local agencies "avoid siting new sensitive land uses within 500 feet of a freeway [or other] urban roads with volumes of more than 100,000 vehicles/day." This recommendation is based on studies that show health risk from traffic generated pollutants evident within 500 feet of major roadways (particularly for downwind receptors).

The roadways within 500 feet of the project site collectively carry 101,091 vehicles per day.⁶ Since the proposed project intends to locate sensitive residential receptors within an area exposed to over 100,000 vehicles per day, an evaluation of whether the project could result in adverse health impacts

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State of California Environmental Health Investigations Branch, California Environmental Health Tracking Program Distance-Weighted Traffic Volume Tool, Accessed online at http://www.ehib.org/traffic_tool.jsp on May 5th, 2008.

related to air quality was conducted by the San Francisco Department of Public Health (DPH).⁷ Specifically, the DPH performed an analysis of annual exposure to roadway-related particulate matter less than 2.5 microns in aerodynamic diameter (PM2.5). The analysis concluded that the maximum average annual exposure to PM2.5 would be approximately 0.02 micrograms per cubic meter (ug/m³) at the New Montgomery side of the building. This level of exposure is below the threshold of 0.2 ug/m³ of PM2.5. Therefore, the proposed project would not result in potentially significant human health effects.

Water Quality: The proposed project would not generate wastewater or result in discharges that would have the potential to degrade water quality or contaminate a public water supply. Project-related wastewater and storm water would flow to the City's combined sewer system and would be treated to standards contained in the City's National Pollutant Discharge Elimination System (NPDES) Permit for the Southeast Water Pollution Control Plant prior to discharge. Therefore, the proposed project would not result in significant water quality impacts.

e) The site can be adequately served by all required utilities and public services.

The project site is located in a dense urban area where all public services and facilities are available; no expansion of public services or utilities is anticipated.

Historical Resources: Impacts of the proposed project on the historic PT&T building were analyzed in the Planning Department's Historic Resource Evaluation Response, which is informed by the Historic Resource Evaluation Report and information prepared by the project architects for the Landmark Preservation Advisory Board. Francisco architects J.R. Miller, T.L. Pflueger, and A.A. Cantin in the High Rise Art Deco architectural style and constructed in 1925 for the Pacific Telephone and Telegraph Company to house their Pacific coast division offices. The building is rated as Category 1 (Significant) under the Downtown Plan, a contributor to the New Montgomery-Second Street Conservation District, was included in the 1976 Architectural Survey, and was assigned a rating of "A", the highest possible rating, in the 1978 Downtown Survey. Although the property is not included on the National Register of Historical Places or the California Register of Historic Resources, it is eligible for an individual listing and therefore, is considered an historical resource under CEQA.

Thomas H. Rivard, Senior Environmental Health Specialist, San Francisco Department of Public Health, 140 New Montgomery Street Exposure Analysis, June 11, 2008. This document is available for review by appointment at 1650 Mission Street, Suite 400 as part of File No. 2007.1337E.

Angela Heitter, Planning Department Preservation Technical Specialist, *Historic Resource Evaluation Response*, October 3, 2008. This document is available for review by appointment at 1650 Mission Street, Suite 400 as part of File No. 2007.1337E and is attached to this Certificate of Determination.

Page & Turnbull, Inc., Historic Resource Evaluation Report, 140 New Montgomery Street, November 2, 2007. This document is available for review by appointment at 1650 Mission Street, Suite 400 as part of File No. 2007.1337E.

The property's conversion from office to residential use with street level commercial space in the manner proposed would retain the majority of the building's infrastructure and distinctive architecture. Some exterior and interior alterations to the building are necessary to convert the property to a residential use. The major alterations to occur to the exterior are: addition of a one-story glazed canopy at the rear façade to improve the existing porte-cochere; demolitions of portions of an addition constructed in 1951 and construction of a one-story vertical addition at the 27th floor; new entrances inserted at the ground floor for commercial uses; window replacements at the third level and at each level above; and roof decks.

Exterior materials would be protected and maintained, and repaired where necessary. Analysis shows that the existing terra cotta tile exterior skin of the building has experienced surface deterioration, such as glaze spalling, biological growth beneath the glaze, limited bisque spalling, cracking and deteriorated mortar joints. Cosmetic repairs to the terra cotta and brick glaze, and bisque – both the original 1925 tiles and the 1980s replacement tiles – would take place using acceptable practices and methods for masonry repair; no major terra cotta block replacement would be anticipated. The historic steel windows were thoroughly analyzed. The windows would require replacement because of the severity of their deterioration. The project proposed to retain the historic windows closest to the street on the first and second floors. All the remaining windows from the third floor up would be replaced. The new windows would match the old in muntin design, color, and frame dimensions; however, due to the vulnerable composition of steel, the new material would be aluminum. The operability of the new windows would appear as double-hung, but the lower sash would be hinged to allow easier maneuverability of the heavy sash and easier cleaning ability for residents. The Planning Department's preservation specialist concluded that the proposed window replacement would be an acceptable option that is compatible with the original steel windows, and also takes into account the new residential use.

Interior alterations would include seismic strengthening, upgrades to mechanical systems, reconfiguration of the circulation pattern, and general alterations associated with residential conversion. Interior space attributed as publicly accessible, and thus subject to CEQA, is the historic lobby at the ground floor accessed via New Montgomery Street. The lobby maintains a high degree of architectural and artistic integrity. The lobby is characterized by it's "I"-shape configuration with ten centralized elevators, Italian marble wall paneling and flooring, and the Michael Goodman painted plaster ceiling. The lobby concludes at the rear of the building with a glazed bronze entry. Minimal alterations to the space would include a new elevator opening at the rear corner of the lobby to service the below-grade garage, enclosure of six elevator entrances keeping the lobby doors and finishes intact, and replacement of non-original light fixtures and glazing at the rear lobby entry. The glazing in the lobby, a characterdefining feature, both above the main entry and at the rear lobby entry, were found not to be original to the date of construction, but rather installed in the 1930s. While not original, the glazing alterations have acquired significance in their own right. The proposed replacement of the rear lobby glazing with clear glass is judged to be a viable, less intrusive alternative after evaluation of other security options. The alterations to the public interior lobby space would, therefore, not have an adverse impact that materially impairs the significance or integrity of the historical resource.

Hornberger + Worstell and Wilson, Meany and Sullivan, 138 New Montgomery Landmark Preservation Advisory Board, October 15, 2008. This document is available for review by appointment at 1650 Mission Street, Suite 400 as part of File No. 2007.1337E.

Overall, the project would be consistent with the relevant Secretary of the Interior's Standards for Rehabilitation, specifically Standards #1, #2, #3, #5, #9, and #10. The proposed repairs and replacement of historic features of the historic building would also meet the relevant Secretary of the Interior's Standards for Restoration, specifically Standards #2, #3, #4, #5, #6, #7, and #8. Since the proposed project would be consistent with all the applicable Secretary of the Interior's Standards, it would not cause a substantial adverse change in the significance of the resource. Therefore, the proposed project would result in a less-than-significant historical resources impact.

Hazards and Hazardous Materials: A Phase I Environmental Site Assessment (ESA) was prepared for the 138 New Montgomery Street project in June of 2007. The Phase I ESA reviews and summarizes previous environmental documents prepared for other sites in close proximity to the project site, lists current and past operations, reviews environmental agency databases and records, reports site reconnaissance observations, and discusses potential contamination issues. The information presented in the Phase I ESA is summarized below.

Historical listings for the subject property indicate that prior to construction of the existing building in 1925 the site was used for residential dwellings, a blacksmith shop, a livery, a horse market, stables, a coal gasification plant identified as "Palace Hotel Gas Works", and Pacific Bell office/storage. The coal gasification plant was used to obtain gas for fuel for the Palace Hotel. It generated waste sludge and oils that were likely deposited on site. However, any waste materials below the building site would have been excavated for the construction of the basement and foundation of the existing building.

The City has adopted an ordinance (Ordinance 253-86, signed by the Mayor on June 27, 1986), which requires analyzing soil for hazardous wastes within specified areas, known as the Maher area, when over 50 cubic yards of soil is to be disturbed and on sites specifically designated by the Director of Public Works. ¹² According to the DPH, the subject site was constructed on fill materials placed on-site in 1907 and is located within the boundaries of the Maher area. The proposed project would not result in the disturbance of 50 cubic yards of soil or more.¹³

Storage Tanks. Two underground storage tanks (USTs) were previously located on the Pacific Bell parking garage property adjacent to the project site. These included a 5,000-gallon diesel UST (1971-1999) and a 10,000-gallon gasoline UST (1988-1997). The diesel UST was removed in 1999 and, based on reviewed documentation, no evidence of tank leaks or spills were observed during its closure. The gasoline tank

Strata Environmental, *Phase I Environmental Site Assessment for Pacific Bell Telephone Company Building*, June 2007. This document is available for review by appointment at 1650 Mission Street, Suite 400 as part of File No. 2007.1337E.

The Maher Ordinance applies to that portion of the City bayward of the original high tide line, where past industrial uses and fill associated with the 1906 earthquake and bay reclamation often left hazardous waste residue in soils and groundwater. The ordinance requires that soils must be analyzed for hazardous wastes if more than 50 cubic yards of soil are to be disturbed.

Scott Mattoch, Project Sponsor, electronic communication with Viktoriya Wise, Planning Department staff, September 11, 2008.

was removed in 1997. Observed soil contamination during the closure of the gasoline UST was excavated and property disposed of in a Class III landfill facility. Both tanks were removed in accordance with applicable regulations and received notices of completion from the DPH stating that no further action was required.

The project site currently maintains two diesel fuel aboveground storage tanks (ASTs) for backup of mechanical equipment. A 5,000-gallon AST is located outside of the building (in the porte-cochere) and an approximately 50-gallon AST is located in the basement of the building. The 5,000-gallon tank is used to supply the 800 KW emergency generator and the diesel from the 50-gallon tank is used to fuel the emergency water pumps as part of the fire protection system. The project site also contains an approximately 4,400-gallon underground storage tank (UST) in a vault under the floor of the subbasement and New Montgomery Street. This tank had supplied fuel oil for the boiler and had been abandoned in the mid 1970s. Based on the investigation conducted for the Phase I ESA, the tank appeared to contain fuel oil, indicating that the tank was not emptied when it was taken out of service. In June of 2007, it was determined that over 4,000 gallons of fuel oil was present within the UST.14 In October of 2007 six soil samples were collected around the UST and piping. Total petroleum hydrocarbons as diesel (TPH-D) was detected in five of the samples at concentrations ranging from 1.5 milligrams per kilogram (mg/kg) to 27 mg/kg. No BTEX constituents were detected in any of the samples. Several attempts were made to rinse the UST in June and October of 2007 through the fill pipe leading into the UST. In July of 2008, the UST sump was uncovered and the UST re-rinsed. Following rinsing, inspection of the interior of the UST indicated the tank had been satisfactorily cleaned. In August of 2008, the UST was closed in place and piping removed and transported to Ecology Control Industries facility in Richmond, California. On October 24, 2008, DPH issued a Notice of Completion for the removal of this tank, which states, "Based on the analytical results of the soil and/or water sampling, further site investigation and cleanup is not required at this time."15

Building Asbestos. Due to the age of the existing structures, asbestos-containing materials may be found within the existing on-site structure proposed to be altered. Phase I ESA states that suspect asbestos containing materials were observed in the building in the following materials: vinyl floor tiles, ceiling tiles, cementitious transite panels, and thermal system insulation. Section 19827.5 of the California Health and Safety Code, adopted January 1, 1991, requires that local agencies not issue demolition or alteration permits until an applicant has demonstrated compliance with notification requirements under applicable Federal regulations regarding hazardous air pollutants, including asbestos. The BAAQMD is vested by the California legislature with authority to regulate airborne pollutants, including asbestos, through both inspection and law enforcement, and is to be notified ten days in advance of any proposed demolition or abatement work.

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Shaw Environmental, Inc., *Underground Storage Tank Closure Report, Former AT&T Facility, 140 New Montgomery Street, San Francisco, California,* September 2008. This document is available for review by appointment at 1650 Mission Street, Suite 400 as part of File No. 2007.1337E.

San Francisco Department of Public Health, *Notice of Completion - Underground Storage Tank Closure*, October 24, 2008. This document is available for review by appointment at 1650 Mission Street, Suite 400 as part of File No. 2007.1337E.

Notification includes the names and addresses of operations and persons responsible; description and location of the structure to be demolished/altered including size, age and prior use, and the approximate amount of friable asbestos; scheduled starting and completion dates of demolition or abatement; nature of planned work and methods to be employed; procedures to be employed to meet BAAQMD requirements; and the name and location of the waste disposal site to be used. The District randomly inspects asbestos removal operations. In addition, the BAAQMD will inspect any removal operation concerning which a complaint has been received.

The local office of the State Occupational Safety and Health Administration (OSHA) must be notified of asbestos abatement to be carried out. Asbestos abatement contractors must follow state regulations contained in 8CCR1529 and 8CCR341.6 through 341.14 where there is asbestos-related work involving 100 square feet or more of asbestos containing material. Asbestos removal contractors must be certified as such by the Contractors Licensing Board of the State of California. The owner of the property where abatement is to occur must have a Hazardous Waste Generator Number assigned by and registered with the Office of the California Department of Health Services in Sacramento. The contractor and hauler of the material is required to file a Hazardous Waste Manifest which details the hauling of the material from the site and the disposal of it. Pursuant to California law, the Department of Building Inspection (DBI) would not issue the required permit until the applicant has complied with the notice requirements described above.

These regulations and procedures, already established as a part of the permit review process, would insure that any potential impacts due to asbestos would be reduced to a less-than-significant level.

Lead-Based Paint. Because of the age of the existing building, of which portions would be demolished as part of the proposed project, it may contain lead-based interior or exterior paint. Demolition must comply with Chapter 34, Section 3407 of the San Francisco Building Code, Work Practices for Lead-Based Paint on Pre-1979 Buildings and Steel Structures. Where there is any work that may disturb or remove lead paint on any building built on or before December 31, 1978, or any steel structures to which lead-based paint disturbance or removal would occur, and exterior work would disturb more than 100 sf or 100 linear feet of lead-based paint, Chapter 34 requires specific notification and work standards, and identifies prohibited work methods and penalties.

Chapter 34 contains performance standards, including establishment of containment barriers, at least as effective at protecting human health and the environment as those in the Department of Housing and Urban Development (HUD) Guidelines (the most recent Guidelines for Evaluation and Control of Lead-Based Paint Hazards) and identifies prohibited practices that may not be used in disturbance or removal of lead-based paint. Any person performing work subject to the ordinance shall make all reasonable efforts to prevent migration of work debris beyond containment barriers during the course of the work, and any person performing regulated work shall make all reasonable efforts to remove all visible lead paint contaminants from all regulated areas of the property prior to completion of the work.

The ordinance also includes notification requirements, contents of notice, and requirements for signs. Notification includes notifying bidders for the work of any paint inspection reports verifying the presence or absence of lead-based paint in the regulated area of the proposed project. Prior to

commencement of work, the responsible party must provide written notice to the Director of the Department of Building Inspection of the location of the proposed project; the nature and approximate square footage of the painted surface being disturbed and/or removed; anticipated job start and completion dates for the work; whether the responsible party has reason to know or presume that lead-based paint is present; whether the building is residential or nonresidential, owner-occupied or rental property, approximate number of dwelling units, if any; the dates by which the responsible party has or will fulfill any tenant or adjacent property notification requirements; and the name, address, telephone number, and pager number of the party who will perform the work. (Further notice requirements include Sign When Containment is Required, Notice by Landlord, Required Notice to Tenants, Availability of Pamphlet related to protection from lead in the home, Notice by Contractor, Early Commencement of Work [by Owner, Requested by Tenant], and Notice of Lead-Contaminated Dust or Soil, if applicable.) The ordinance contains provisions regarding inspection and sampling for compliance by DBI, and enforcement, and describes penalties for non-compliance with the requirements of the ordinance.

These regulations and procedures established by the San Francisco Building Code would ensure that potential impacts associated with lead-based paint disturbance during construction activities would be reduced to a level of insignificance.

CEQA State Guidelines Section 15300.2 states that a categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. There are no unusual circumstances surrounding the current proposal that would suggest a reasonable possibility of a significant effect. The proposed project would have no significant environmental effects and therefore, is appropriate exempt under Class 32 of the CEQA Guidelines.

PLANNING DEPARTMENT

MEMO

Historic Resource Evaluation Response

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

Reception:

MEA Planner:

Viktoriya Wise

Project Address:

134-140 New Montgomery Street

Block/Lot:

3722/008

Case No.:

2007.1337E

Date of Review:

October 3, 2008

Planning Dept. Reviewer: Angela Heitter

Angela Heitter

(415) 558-6602 | angela.heitter@sfgov.org

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PROPOSED PROJECT

Demolition

New Construction

PROJECT DESCRIPTION

Based on plans submitted September 2008, the proposal is the conversion of the historic Pacific Telephone and Telegraph Co. Building located at 134-140 New Montgomery Street from an existing office use to 118 residential units with ground-floor restaurant and retail uses. The existing structure contains approximately 369,380 total square feet (sq. ft.) comprised of approximately 300,000 sq. ft. of residential use from the 2nd floor to the 26th floor; approx. 8,700 sq. ft. of restaurant/retail use on the ground floor; approx. 17,600 sq. ft. of residential amenities at the basement and 27th floor; approx. 9,900 sq. ft. for a below-grade parking garage to accommodate up to 24 off-street parking spaces accessible from Natoma Street; and 33,000 sq. ft. of general circulation, storage rooms, elevator machine rooms, and other mechanical rooms throughout all levels. As part of the proposed conversion, a one-story glazed canopy will be constructed at the rear façade to improve the existing porte cochere; portions of the 27th floor constructed in 1951 will be demolished; a one-story vertical addition at the 27th floor will be constructed; introduction of seismic upgrades; and preservation and rehabilitation the existing structure for residential use, including window replacement and repairs to the terra cotta, brick walls, roof decking, and parapets.

PRE-EXISTING HISTORIC RATING / SURVEY

The subject steel-frame building was designed by San Francisco architects J.R. Miller, T.L. Pflueger, and A.A. Cantin in the High Rise Art Deco architectural style and constructed in 1925 for the Pacific Telephone and Telegraph Company (PT&T) to house their Pacific coast division offices. The building is rated as Category 1 (Significant) under the Downtown Plan, a contributor to the New Montgomery-Second Street Conservation District, was included in the 1976 Architectural Survey, and was assigned a rating of "A", the highest possible rating, in the 1978 Downtown Survey completed by the Foundation for San Francisco's Architectural Heritage and their consultants Charles Hall Page & Associates. The Pacific Telephone and Telegraph building is also noted in numerous architectural publications, including Splendid Survivors. Although the property is not included on the National or the California Registers, it is eligible for an individual listing.

HISTORIC DISTRICT / NEIGHBORHOOD CONTEXT

The parcel is located on the west side of New Montgomery, between Minna and Natoma Streets, within the New Montgomery-Second Street Conservation District, and is within the C-3-O (Downtown Office) Zoning District and 150-S Height and Bulk District. The PT&T building is located on a 160'-4" x 146'-11" rectangular parcel in a character-defining "E"-shape, and sitting among the City's densely urban office district of the South of Market neighborhood.

As a result of the City's continued growth and need for newer and larger commercial buildings from the 1880s to the 1920s, much of the need was found south of Market Street. Initially planned as an extension of the ever-popular Montgomery Street, New Montgomery Street was the southern extension of this commercial corridor. Between 1907 and 1929, several large-scale office and commercial buildings were constructed along New Montgomery Street, characterized by large footprints occupying the entire parcel, if not the entire block, monumental massings, and fine terracotta and stone detailing. Examples include the Palace Hotel (reconstructed in 1909), the Sharon Building (1912), the Furniture Exchange Building (1920), and the subject PT&T Building (1925).

The building occupies the entire New Montgomery Street and Minna Street frontages without setbacks. The surrounding properties to the north, east and south are generally office buildings with ground floor retail or restaurant. Across New Montgomery (east) from the project building is an office building occupied by the Red Envelope Company and the 199 New Montgomery residential building. To the south is a mid-rise office building owned by the Academy of Art, and to the west is the San Francisco Museum of Modern Art and it's associated parking garage. To the north of the subject building is a mid-rise office building known as the Rialto Building. Generally, the subject block and the surrounding blocks within the Conservation District contain a high concentration of historic resources, whereupon modern structures are located farther west along Third Street or east along First Street.

l.	California Register Criteria of Significance: Note, a building may be an historical resource if it meets any of the California Register criteria listed below. If more information is needed to make such a determination please specify what information is needed. (This determination for California Register Eligibility is made based on existing data and research provided to the Planning Department by the preparer leads to the parties.)							
	Event: or Persons: or Architecture: or Information Potential: District or Context:		U	Unable to determine Unable to determine Unable to determine Unable to determine ation recommended. oute to a potential district or significant context				
	If Yes; Period of signification Notes: Below is an experience of the significant states of the s			eject property against the criteria for inclusion on the				

California Register; the subject property is eligible for the Register.

Criterion 1: It is associated with the events that have made a significant contribution to the broad patterns of local or regional history, or the cultural heritage of California or the United States.

The building is eligible for listing in the California Register as a resource associated with events that have made a significant contribution to the broad patterns of local or regional history. As noted above, the subject property was constructed in 1925, at a time that real estate financing and construction technology provided for a nationwide real estate development boom. The real estate boom was a particularly important event in San Francisco in establishing the City's financial core with numerous high rise structures. Examples include the Russ Building (1927), Shell Building (1929), and the Mills Tower (1931). The subject building was constructed in response to the Earthquake and Fire of 1906, when the telephone company's original building was destroyed and the South of Market area struck a second wave of reinvestment. The building also represents the development of the telephone in San Francisco and the greater Pacific region, as thoroughly researched in the historic resource evaluation prepared by Page & Turnbull. At the time of completion, the PT&T Building was the tallest building west of Chicago and was the first high rise building on the West Coast to be occupied entirely by one company, marking the importance of commerce in San Francisco.

Criterion 2: It is associated with the lives of persons important in our local, regional, or national past;

The PT&T Building does not appear to be eligible under Criterion 2 (Persons). As stated in the historic resource evaluation produced by Page & Turnbull, prominent persons have been associated with the Building, but the lack of intimate association does not justify its inclusion under this criterion.

Criterion 3: It embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of a master, or possesses high artistic values;

The PT&T Building is eligible under Criterion 3 (Architecture) as a building that embodies the distinctive characteristics of the Art Deco style in the Bay Area and represents the earliest type of skyscraper west of Chicago at the time of its completion. The PT&T is also representative of the work of three prominent Bay Area architects J.R. Miller, T.L. Pflueger and A.A. Cantin, as fully described in the historic resource evaluation.

The interior public spaces also exhibit high artistic values through the continued use of Art Deco detailing, such as the bronze screened entranceways and the first floor main lobby containing theatrical Chinese motif by artist Michael Goodman.

Criterion 4: It yields, or may be likely to yield, information in prehistory or history;

It does not appear the subject property is likely to yield information important to a better understanding of prehistory or history.

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2.	Integrity is the ability of a property to convey its significance. To be a resource for the purposes of CEQA, a property must not only be shown to be significant under the California Register criteria, but it also must have integrity. To retain historic integrity a property will always possess several, and usually most, of the aspects. The subject property has retained or lacks integrity from the period of significance noted above:						
	Location: Retains Lacks Association: Retains Lacks Design: Retains Lacks Workmanship: Retains Lacks Setting: Retains Retains Retains Lacks Materials: Retains Lacks Lacks						
Notes: The existing building was constructed on and has continuously occupied the same parland. While few parcels on the surrounding blocks contain contemporary construction, the surrounding property maintains its setting among many other historical resources which make up the Montgomery-Second Street Conservation District, thereby the property has been able to maintegrity of setting and association. Distinctive façade elements such as the terra cotta clad molded terra cotta forms at the parapet, ornament on the window spandrels and mullions, or steel windows, and bronze screened entry remain intact. Several terra cotta ornamental sculp and cladding have undergone significant repairs, replacement with composite materials or removal, but these are limited in number, thereby the Art Deco skyscraper retains the major original materials and the workmanship of its design. The property has retained sufficient into in all aspects and has the ability to convey its significance.							
3. Determination whether the property is an "historical resource" for purposes of CEQA							
	No Resource Present (Go to 6. below) Historical Resource Present (Continue to 4.)						
 4. If the property appears to be an historical resource, whether the proposed project is consisted with the Secretary of Interior's Standards or if any proposed modifications would material impair the resource (i.e. alter in an adverse manner those physical characteristics which justify the property's inclusion in any registry to which it belongs). \[\text{\text{The project appears to meet the Secretary of the Interior's Standards.} (\text{Go to 6. below}) \\ Optional: \[\text{\text{See attached explanation of how the project meets standards.} \] 							
	The project is NOT consistent with the Secretary of the Interior's Standards and is a significant impact as proposed. (Continue to 5. if the project is an alteration)						

5.	Character-defining features of the building to be retained or respected in order to be consistent with the Standards and/or avoid a significant adverse effect by the project, presently or cumulatively. Please recommend conditions of approval that may be desirable to avoid or reduce any adverse effects.							
6.	. Whether the proposed project may have an adverse effect on off-site historical resources, such as adjacent historic properties.							
	Yes No Unable to determine							
PR	ESERVATION COORDINATOR REVIEW							
Sig	mature: Date: 10-3-08 Mark Luellen, Preservation Coordinator							

Sonya Banks, *Recording Secretary*, Landmarks Preservation Advisory Board Virnaliza Byrd / Historic Resource Impact Review File

cc:

Section 4. Secretary of the Interior's Standards - Continuation Sheet

Notes: The property's conversion from office to residential with street level commercial space in the manner proposed will retain the majority of the building's infrastructure and distinctive architecture. Some exterior and interior alterations to the building are necessary to convert the property to a residential use. The major alterations to occur to the exterior is the addition of a one-story glazed canopy at the rear façade to improve the existing porte cochere; portions of the 27th floor constructed in 1951 will be demolished; a one-story vertical addition at the 27th floor will be constructed; new entrances inserted at the ground floor for commercial uses; window replacement at the third level and at each level above; and roof decks.

The one-story glazed canopy at the rear of the building will be structurally independent from the building and serve to cover a portion of the existing porte cochere. The size and scale of the canopy, and its location on a secondary façade, create little intrusion on the building's historic character or site. Because it is structurally independent and designed in a manner that if removed in the future, the essential form and integrity of the historic property would be unimpaired.

The 27th floor was originally the roof deck and mechanical penthouse/tower of the building, but an expansion of the penthouse occurred in 1951 for storage and telephone equipment. This portion of the building was not constructed during the period of significance and considered non-contributory to the historical resource. The proposal is to demolish a portion of the 1951 expansion to install mechanical features. The proposed addition to the north side is to accommodate common space for the residents. The alteration, partial demolition of, and addition to the 1951 penthouse will not require removal of the existing parapet or features that characterize the property, and the proposed addition will be extensively screened by the height of the existing parapet.

The conversion of offices that flank each side of the lobby into ground floor commercial spaces necessitate service entries and commercial entries on the front façade and north façade of the ground floor. The proposal is to remove the recessed granite bases below select existing windows to install new metal framed doors with compatible light configurations. The additional means of access is limited to the width of the existing architectural framework and alters little character-defining features of the exterior. Cantilevered canopies constructed of steel and glass are aligned with the steel mullions and repeat the muntin pattern in a compatible, but differentiated, design. Business signage is limited to plaques affixed to the masory wall and attached to the proposed canopies.

Exterior materials will be protected and maintained, and repaired where necessary. Per analysis by Simpson, Gumpertz and Heger, Inc., the existing terra cotta tile exterior skin of the building has experienced surface deterioration, such as glaze spalling, biological growth beneath the glaze, limited bisque spalling, cracking and deteriorated mortar joints. Cosmetic repairs to the terra cotta and brick glaze, and bisque – both the original 1925 tiles and the 1980s replacement tiles - will take place using acceptable practices and methods for masonry repair; no major terra cotta block replacement is anticipated.

The building's architectural design steps in at several levels and as a result creating flat roof areas with decorative parapets; these levels are found at the 19th, 23rd, 27th, and 28th floors. The 19th floor has three roof areas at the southeast, northeast, and northwest corners with low-height parapets. The 23rd floor is recessed at each façade with a terra-cotta formed parapet with height suitable as a railing, but the forms have large voids. The 27th floor exists behind a large solid parapet with limited windows.

The 28th level is largely a roof deck on top of the 1951 expansion. The proposal is to provide common and private useable open space for the residents at each of the roof levels. Access will be provided at the 19th and 23rd floors from the residential units, which necessitates lengthening window openings for door openings. These access points are found to remove only minimal portions of masonry within the opening; the entrances do not widen the opening or affect the spandrels or vertical columns.

Where parapets do not exist or are of insufficient railing height, a clear glass guardrail will be installed. Additionally, where parapet voids exist at the 23rd floor, glass will be affixed within the void to meet safety codes. A 6-ft. tall clear windscreen will be added to the 28th roof level to accommodate the roof terrace and serve as a railing. Select recessed terra cotta panels within the parapet of the 27th floor will be replaced with glazing to provide natural light into the residential common use rooms. The addition of new glazed railings, windscreens, and glazings within the parapets do not significantly alter, obscure, change the interpretability or require large removal of character-defining features.

In the report prepared by Simpson Gumpertz & Heger, Inc., the documentation, conditions assessment, analysis and recommendations were performed for the windows, masonry (brick and terra cotta) facades, and waterproofing of roofs and terraces. The historic steel windows, in particular, were thoroughly analyzed and found that because of the severity of deterioration, the windows will require replacement. The project proposes to replace the windows of the 3rd floor and above, retaining the historic windows closest to the street on the first and second floors. The new windows will match the old in muntin design, color, frame dimensions, but due to the vulnerable composition of steel, the new material will be aluminum. The operability of the new windows will appear as double-hung, but the lower sash is hinged to allow easier maneuverability of the heavy sash and easier cleaning ability for residents. The proposed window replacement is an acceptable option that is compatible with the original steel windows, and also takes into account the new residential use.

Interior alterations include introduction of seismic upgrades; upgrades to mechanical systems; reconfiguration of the circulation pattern from double-loaded office hallways to single-loaded residential hallways; and general alterations associated with a residential conversion. Interior spaces attributed as publicly accessible is the historic lobby at the ground floor entered via New Montgomery Street and maintains a high-degree of architectural and artistic integrity. The lobby is characterized by it's "I"-shape configuration with ten centralized elevators, Italian marble wall paneling and flooring, and the Michael Goodman painted plaster ceiling. The lobby concludes at the rear of the building with a glazed bronze entry. Minimal alterations to the space include a new elevator opening at the rear corner of the lobby to service the below-grade garage, enclosure of six elevator entrances keeping the lobby doors and finishes intact, and replacement of non-original light fixtures and glazing at the rear lobby entry. The glazing in the lobby, a character-defining feature, both above the main entry and at the rear lobby entry, were researched and found not to be original to the date of construction, but rather installed in the 1930s. While not original, the glazing alterations have acquired significance in their own right. The proposed replacement of the rear lobby glazing with clear glass was judged to be a viable, less intrusive alternative after evaluation of other security solutions. The alterations to the public interior lobby space are deemed not to have an adverse impact that materially impairs the significance or integrity of the historical resource.

Historic Resource Evaluation Response October 3, 2008

Some exterior and interior alterations to a historic building are generally needed to assure its continued use, but it is most important that such alterations do not radically change, obscure, or destroy character-defining spaces, materials, features, or finishes. Overall, the project is found to meet the relevant Secretary of the Interior's Standards for Rehabilitation, specifically Standards #1, #2, #3, #5, #9, and #10. The approach to repairs and replacement of historic features of the historic building is found to meet the relevant Secretary of the Interior's Standards for Restoration, specifically Standards #2, #3, #4, #5, #6, #7, and #8.



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