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## SF retail on the ropes

By LARA KORTE and ALEXANDER NIEVES | 05/04/2023 06:39 PM EDT

**DOWNTOWN DISTRESS:** San Francisco is having a rough go of things lately.

**The latest messenger of malaise this week was retailer giant Nordstrom,** which announced it would not renew its lease on two downtown stores, saying the the neighborhood had “changed dramatically over the past several years, impacting customer foot traffic to our stores and our ability to operate successfully.”

**The owner of Westfield malls, which houses one of the stores, put a finer point on it** — telling the San Francisco Chronicle that the closure was due to the city’s “lack of enforcement against rampant criminal activity.”

**Nordstrom is not the first company to dip out of its downtown SF digs.** Whole Foods halted operations at its massive 8th and Market flagship store last month after just one year in business. Dozens of other downtown retailers have followed a similar fate since the pandemic, including Crate & Barrel and Office Depot.

**The successive closures — combined with unnerving reports** about a growing fentanyl problem and the shocking stabbing of a tech exec — have renewed outrage about public safety in San Francisco. Several factors have contributed to the backslide, including a pandemic-induced drop in foot traffic and inflation, but crime seems to be the recurring theme, and city leaders are under pressure to get a handle on things.

**Violent and property crime increased across California in 2021** (the latest available data) but overall remained low compared to the peak in the 1990s, according to the Public Policy Institute of California. Property crime rose in two dozen counties in 2021, with San Francisco topping the list at a nearly 17 percent increase.

**Supervisor Matt Dorsey, who represents parts of downtown including the Westfield mall,** is crafting a ballot measure that would carve out funds in the city budget to hire hundreds of new police officers. It’s unclear whether he can get the backing of his progressive colleagues to put the charter amendment on the March 2024 ballot. But the former San Francisco Police Department communications director said he’s ready to spearhead a signature-gathering effort, telling the Chron he’s willing to “stand in front of Safeway myself.”

**San Francisco Mayor London Breed and Board of Supervisors President Aaron Peskin** announced legislation in March to loosen regulations on projects aimed at converting downtown office space into housing. They also want to change zoning rules in Union Square, where upper floors are often retail only, making them difficult to rent out.

**Robbie Silver, executive director of the Downtown San Francisco Partnership,** said the closures seem to track with a greater trend of how retail is changing post-pandemic. He said the partnership has been working on ways to draw residents downtown in light of the slump. Even though Covid no longer threatens in-person activity, it has meant a serious loss of daily workers, whose companies have decided to forgo the overhead cost of a permanent office space.

**“Yes, we’ve seen an increase overall in people coming back to work,”** he said.

“But operating a restaurant or a bar with the majority of people only coming in three days a week is not a sustainable model.”

***HAPPY THURSDAY AFTERNOON!*** Welcome to *California Playbook PM*, a POLITICO newsletter that serves as an afternoon temperature check of California politics and a look at what our policy reporters are watching. Got tips or suggestions? Shoot an email to [anieves@politico.com](mailto:anieves@politico.com) or send a shout on Twitter. DMs are open!

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### WHAT YOU NEED TO KNOW TODAY

**STRIKE’S ON:** More than 34,000 students are missing class today in Oakland after their school district and the Oakland Education Association failed to avert a looming strike. Teachers hit the picket lines this morning after negotiations with the district broke down yesterday, spurring an open-ended work stoppage that was set in motion earlier this week. It’s the second major schools strike in California this year after Los Angeles teachers walked out in solidarity with striking support staffers in March. Unlike in Los Angeles, other staff members have crossed picket lines and allowed Oakland schools to stay open – but learning has been brought to a standstill with just weeks remaining in the school year.

**State superintendent Tony Thurmond — who represented Oakland in the statehouse** — offered to mediate contract talks earlier today. He has been meeting with both sides throughout the week and was also at the bargaining table during an Oakland teachers strike in 2019 and during the Los Angeles walkout earlier this year. — **Blake Jones**

### ON THE BEATS

**CASH INFUSION:** The Senate and Assembly both passed a budget proposal to quickly get money to distressed hospitals. The proposal sets aside \$150 million to be distributed in interest-free loans that ailing public non-profit hospitals have 72 months to pay back. State agencies will be tasked with writing criteria to assess which hospitals exactly are “distressed.” While legislators were willing to approve the loan program, they did so with the understanding that a longer-term fix to hospitals’ financial difficulty needs to come next. — **Rachel Bluth**

**TIMEOUT OVER:** A moderate Democrat is out of the doghouse after breaking with her caucus last month. Assembly Speaker Anthony Rendon reinstated Assembly member

Jasmeet Bains on the Business and Professions Committee on Thursday, ending what a Rendon spox called a “temporary removal” that began days after Bains was the only Democrat to vote against Gov. Gavin Newsom’s oil profits penalty and voted with Republicans seeking to add amendments suspending the state’s gas tax. — **Jeremy B. White**

**SOLAR SUIT:** California still buys extra power from homeowners with solar panels, but environmental groups say the state isn’t paying enough after a recent change to the program. The Center for Biological Diversity and two other groups filed suit Wednesday against the Public Utilities Commission over changes to the state’s longrunning “net metering” program.

The plaintiffs object to changes enacted in December partly to give people incentives to store solar energy for use in the evening. But the changes mean lower subsidies for new solar panels – and the critics say that will hurt the broader effort to shift California toward 100 percent renewable energy. — **Wes Venteicher**

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## AROUND CALIFORNIA

— **“How free trips for California legislators lead to bills,” by CalMatters’**

**Jeremia Kimelan and Alexei Koseff:** “All of these tours were organized and paid for by the California Foundation on the Environment and the Economy, a San Francisco-based nonprofit that for the past four decades has been taking legislators and other state officials on free trips to learn about policy issues — trips funded and attended by representatives of companies and interest groups with business before the state.

The foundation’s study tours and conferences — which take place everywhere from Napa to the Netherlands, Lake Tahoe to Iceland — are by far the biggest source of sponsored travel that lawmakers annually report. They accounted for about 40% of the nearly \$1 million in trips that California legislators took in 2022, according to a CalMatters analysis of their statements of economic interest.

The foundation organizes several two-day policy conferences across California each year, but it gets more attention for its lengthier study trips to international destinations, including Mexico, Switzerland and France, Chile, Germany and the Czech Republic, Australia and Singapore over the past decade.”

— **“After the collapse of two California banks, what can the state do?”** by CalMatters’ Grace Gedye: “There are two things state regulators could do, said Columbia’s Todd Baker. One would be to require that state-chartered banks of a certain size have one or more people with risk management experience on the risk management committee of the bank’s board. Already, banks are required to have a financial expert on their audit committee, or publicly explain why they don’t.

Second, California regulators could put in place new rules surrounding bank executives’ compensation, so that they are rewarded for prudent management, and are not incentivized to pursue risky strategies. Executive pay at Silicon Valley Bank rose as bank leaders pursued profits by buying risky assets.”

— **“Times investigation: LAFD almost never fires firefighters, even those who commit crimes,”** by the Los Angeles Times’ Paul Pringle: “The LAFD almost never terminates firefighters, even those who have committed crimes or other types of egregious wrongdoing, a Times investigation has found. Their misconduct is detailed in the department’s own disciplinary files as well as court records and other public documents.

Not a single firefighter was fired in 2021, the last year for which comprehensive disciplinary information is publicly available, according to department records. Not for domestic violence. Not for falsifying medical records. Not for making racially offensive remarks or publicly promoting an alleged hate group.”

#### MIXTAPE

— **“Here’s how large Yosemite’s waterfalls are compared to last year,”** by the San Francisco’s Chronicle’s Kurtis Alexander

— **“California tourism is roaring back — and spending could reach historic highs,”** by the San Francisco Chronicle’s Gregory Thomas

— **“California farmworker union bill is on the verge of being available for use. What will it do?”** by the Sacramento Bee’s Mathew Miranda.

*Compiled by Ramon Castaños*

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