

Memorandum

Date: June 28, 2019
To: Transportation Authority Board
From: Eric Cordoba – Deputy Director for Capital Projects
Subject: July 9, 2019 Board Meeting: Major Capital Project Update - Better Market Street

RECOMMENDATION **Information** **Action**

None. This is an information item.

SUMMARY

Led by the San Francisco Public Works (Public Works), the Better Market Street (BMS) project is comprised of various streetscape enhancements, transit capacity and reliability improvements, and state of good repair infrastructure work along a 2.2-mile stretch of Market Street between Steuart Street and Octavia Boulevard. It includes construction of sidewalk-level bicycle lanes, pavement renovation, utilities relocation and upgrades, turn restrictions implementation, and improvements on sidewalk; way-finding; lighting; landscaping; transit boarding islands; transit connections; and traffic signals. The BMS team is currently conducting a study at Pier 38 to determine the tactile surface to be used to separate the sidewalk level bikeway and pedestrian area. The project team hosted two open houses on May 29 and June 1, 2019 to update the public on the project, to announce Phase 1A, to present the Design Alternative on Market St between Hayes and Gough, and to solicit input on urban design elements, such as paving, seating, and greening. In late February, the San Francisco Planning Department released the BMS Draft Environmental Impacts Report (DEIR) for Public Circulation. The public comment period is closed and the Planning Department is now preparing a Response to Comments Document, with publication expected in Fall 2019. The preliminary cost estimate for all phases of the project is \$604 million. Like most projects of this size at this stage of development, BMS has a significant funding gap (\$479 million). Public Works has developed a proposed phasing plan that could enable construction of Phase 1A (the segment between 5th and 8th streets) to start in Summer 2020, pending environmental clearance and funding availability. Cristina Calderón Olea, Public Work's BMS Project Manager, will present this item and answer questions from the Board.

- Fund Allocation
 - Fund Programming
 - Policy/Legislation
 - Plan/Study
 - Capital Project Oversight/Delivery
 - Budget/Finance
 - Contract/Agreement
 - Other:
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DISCUSSION

Background.

OBAG Reporting Condition: The Transportation Authority Board programmed \$15.98 million in OBAG Cycle 2 funds to the BMS for the project's design phase. As a condition of receiving OBAG funds, all project sponsors are required to provide quarterly progress reports to the Transportation Authority through our grants portal to assist with project delivery oversight and compliance with OBAG timely-use-of-funds requirements. In addition, the Board action required Public Works to provide quarterly reports and semi-annual updates on the BMS to the Board, addressing any changes in project schedule and cost, in particular.

BMS: Market Street is San Francisco's premier boulevard and an important local and regional transit corridor. The BMS project will completely reconstruct 2.2 miles of the corridor, from Steuart Street to Octavia Boulevard. It is a multi-modal project that includes among other features, a new sidewalk-level cycle track, pavement renovation, landscaping, Muni track replacement and a new F-Line loop that would enable the streetcars to turnaround along McAllister Street and Charles J. Brenham Place, providing increased operational flexibility. In addition to its transportation-focused goals supporting the City's Transit First and Vision Zero policies, the project is also intended to help revitalize Market Street as the City's premier pedestrian boulevard. Although not part of the BMS project, the project team is coordinating with BART on its efforts to construct escalator canopies at BART/Muni entrances and to perform state of good repair work on BART ventilation grates.

The BMS project is a partnership between Public Works, which is the lead agency, the Transportation Authority, the San Francisco Municipal Transportation Agency (SFMTA), San Francisco Public Utilities Commission (SFPUC), and the Planning Department, which is leading the environmental review.

Given the cost of the project and the length of the corridor, Public Works plans to design and construct the project in phases. Public Works has identified Phase 1A as the segment between 5th and 8th streets. As discussed below, pending funding availability, Public Works is proposing a phasing plan for design and construction that could allow them to advertise Phase 1A construction in Spring 2020 and begin construction by Summer 2020. The estimated cost for Phase 1 is \$127 million, including the F- Loop streetcar turnaround along McAllister Street and Charles J. Brenham Place in Phase 1B.

Status and Key Activities.

Environmental Clearance and Preliminary Engineering: BMS is currently undergoing environmental review under both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). The San Francisco Planning Department issued the DEIR for public circulation on February 27, 2019. The Planning Department accepted comments on the DEIR through April 15, 2019 at 5:00 pm, and the Planning Commission held a public hearing on the DEIR on April 4, 2019. The project team received 59 comments from public agencies, organizations, and individual persons, which were primarily focused on transportation, including transit stops/bus boarding islands, loading, and vehicle access. The Planning Department is now preparing a Response to Comments Document, with publication expected in Fall 2019.

The DEIR found that the implementation of the BMS project and the project variant would lead to project-level and cumulative impacts related to cultural resources, transportation and circulation, and noise. While a few of these impacts, such as to the Market Street Cultural Landscape District, are significant and unavoidable even with mitigation, most other impacts are less than significant with no mitigation required.

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As part of the environmental review process, the project team is proceeding with preliminary engineering design of the project. The design team has completed 15% plans for the entire project corridor, and 60% design for the Phase 1A improvements (5th-8th Street).

Public Works anticipates final certification of CEQA (EIR) documents in Fall 2019, pending public comment and input, and final certification of NEPA (CE/EA) in Winter 2019.

Project Phasing: Large projects such as BMS often are implemented in phases due to funding availability (both timing and amount) and a desire to minimize construction impacts and disruptions. While complete project phasing will be developed following the project's 30% design, the project team has identified Phase 1 as Market Street between 5th and 8th streets.

In addition to the improvements on and adjacent to Market Street itself, Phase 1 includes a new surface loop for use by SFMTA's F-Market historic streetcar service. This new loop (F-Loop), Phase 1B, entails the construction streetcar tracks along McAllister and Charles J. Brenham streets, passing in front of the Hibernia Bank and new Proper Hotel. The F-Loop will allow SFMTA to increase service on the busiest portion of the existing F-Market route by turning some vehicles at the new loop, rather than continuing to the current route terminus at Market and Castro streets.

Outreach:

Public Works, Planning and SFMTA conducted 2 open houses on May 29 and June 1, 2019. The open houses focused on soliciting input from the public about the urban design features of the project, such as paving, seating, and greening. The team also announced Phase 1A and presented a Design Alternative on Market Street between Hayes and Gough that proposes additional turn and access restrictions. The attendees were encouraged to fill out a survey with their input, and the team is currently compiling the survey results.

Bikeway Separation Study

The BMS team is currently conducting a research study with people with mobility disabilities and people with visual disabilities to identify detectable tactile material that will be used for separation between bike lanes and pedestrian area as part of the proposal for sidewalk-level bikeway on the project. The study will be evaluating six different materials. The optimal material will be used for implementation in the Better Market Street project. This separation material is intended to improve safety for pedestrians with disabilities, and also help deter bicyclists from riding in the pedestrian zone.

Project Schedule.

The revised project schedule through Phase 1A is included as Attachment 1. Upcoming project milestones for environmental review include anticipated final CEQA in Fall 2019 and NEPA certification in Winter 2019.

Preliminary design is progressing concurrently with the environmental review. Public Works anticipates completion of the final design for Phase 1A in Spring 2020 to allow advertisement for construction services at that time. Under this schedule, Phase 1A construction could start in Summer 2020, subject to funding availability.

As noted in prior updates, SFPW has developed a strategy to accelerate construction.. The strategy involves phased design and construction, where final design for later phases continues while earlier phases are under construction. As noted above, the schedule is contingent upon funding availability.

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Public Works will develop schedule milestones for construction of the remainder of the corridor as the funding is programmed.

As reported previously, in order to support the SFMTA's Central Subway project, the Transportation Authority Board approved a dollar-for-dollar fund exchange of \$15.98 million in BMS OBAG funds with Prop K funds. The BMS project was held harmless by the fund exchange which allowed us to program the OBAG funds to the Central Subway project to help backfill the outstanding \$61 million in Regional Transportation Improvement Program funds that we owed the project. At Public Works' request, BMS is proposed to participate in another OBAG/Prop K fund exchange, this time receiving OBAG funds from SFPW's John Yehall Chin safe routes to school project to retain the OBAG funds in San Francisco and help avoid further delays to the latter project which was struggling to comply with federal funding requirements. The fund exchange would also benefit the Better Market Street project by helping it avoid a schedule delay risk. Specifically, the \$15 million federal BUILD grant that was awarded to the project, which includes the new F-Loop streetcar turnaround along McAllister Street and Charles J. Brenham Place, would have triggered the need to switch from Caltrans to the Federal Transit Administration (FTA) as NEPA lead, causing delays to the project. Adding the OBAG funds, which are administered by the Federal Highway Administration, to the project gives SFPW the ability to retain Caltrans as NEPA lead consistent with funding guidelines and avoids unnecessary delays to federal environmental clearance.

This fund exchange is the subject of a separate agenda item at the July 9 Board meeting.

Project Cost and Funding

The total project cost estimate, based on 10% design, is \$604 million. A significant portion of the total project cost represents state of good repair and infrastructure renewal work that would be required regardless of the BMS project. Attachment 2 provides a project component summary of total project costs as shown in OBAG 2 request (rounded up). The current cost estimate is based on unit cost estimations of a typical design and will continue to be refined as engineering on the project progresses. Future cost estimates will also include a breakdown of project costs based on BMS streetscape, and transit costs; state of good repair work; and other infrastructure work that is being completed with the BMS project to maximize efficiency and minimize construction disruptions.

Attachment 3 shows the current funding plan for the BMS Project. The BMS project has secured \$144 million in funding from the federal BUILD grant program, OBAG, BART, Prop K, SFMTA's Prop A General Obligation bond, and other funding sources, fully funding the project through the design phase. The overall project funding gap is \$460 million.

The BMS project has received \$27 million in programmed or allocated funding for the current planning and environmental clearance phases. So far, 73% of the environmental budget has been expended, and Public Works indicates that the project is on track to complete these phases within this budget.

A total of \$42 million has been programmed for final design (enough to fully fund design) and \$82 million for construction which gets close to, but doesn't fully fund the project through Phase 1 construction estimated at \$127 million, including 5th to 8th streets and F-Loop at 10% design. Additionally, in 2018 we worked with Public Works and SFMTA to submit Initial Progress Reports to the MTC to indicate San Francisco's priorities for Regional Measure 3 bridge tolls, including BMS. Regional Measure 3 may be a good source to fill the Phase 1 funding gap given the revised anticipated

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advertisement date of Spring 2020 for Phase 1 construction. If RM3 funds are not awarded to Better Market Street, the project team will need to secure other funds to fully fund Phase 1 construction.

Current Issues and Risks

The BMS Project team is actively considering potential risks to the project scope, schedule, budget, and funding as the current environmental clearance and preliminary design stages advance. As project engineers acquire more information about utility locations, sub-sidewalk basements, and designs of other planned or ongoing projects in the project area, there is the potential that additional coordination and relocation work will be necessary, representing an increase in cost. Meanwhile, though the environmental review under CEQA has been conducted in close coordination with sponsor and reviewing agencies, the potential for significant public comment and feedback, which must be addressed, remains. Feedback that requires a revised design or re-evaluation of the environmental clearance could have schedule impacts.

The project team engaged an independent cost estimating firm to review the 15% design for the entire corridor, and 30% design for Phase 1A and provide an outside estimate of project costs at this phase for comparison and analysis. The BMS project team has also developed updated cost estimates for the project and project components for comparison against the independent cost estimate. The team found the result of the comparison between the two cost estimates are within the same order of magnitude, and the team has identified areas of larger discrepancy to double check on the cost in those areas. Following the cost estimating exercises, the team will work with the various design leads to identify areas for potential cost reduction through a value engineering process.

Larger trends also have the potential to impact the BMS project. A competitive construction environment exists across the Bay Area, resulting in construction bids on projects exceeding estimates developed in a slower market by close to 30%. Project cost engineers are aware of these challenges, and will be using the most up-to-date bids when developing the 30% cost estimate that coincides with the completion of the environmental clearance. Additionally, estimates based on the 10% design show a significant funding shortfall as described in the next section. The proposed phasing of final design and construction for the project is one strategy that the project team is using to address the uncertainty with the timing of availability of funds for the project.

Lastly, if the aforementioned fund exchange is not approved by the Transportation Authority Board and the MTC Commission (anticipated to consider approval in September), there is a risk of schedule delay to the project if SFDPW is unable to retain Caltrans as NEPA lead and needs to switch to FTA as NEPA lead. There is also ongoing schedule risk related to state and federal environmental clearance until both are completed.

FINANCIAL IMPACT

None. This is an information item.

CAC POSITION

None. The CAC was briefed on this information item at its June 26 meeting.

SUPPLEMENTAL MATERIALS

Attachment 1 – Better Market Street Project Schedule

Attachment 2 – Project Component Cost Breakdown

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Attachment 3 – Better Market Street Funding Plan

Attachment 1: Better Market Street Project Schedule through Phase 1 Construction – As of March, 2019

Calendar Year

Activities	2015				2016				2017				2018				2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Planning + Environmental Review (current phases)																	*															
CEQA (EIR) Approval																			**													
NEPA (CE/EA) Approval																				***												
Preliminary Engineering (30% of design) - Full Corridor																																
Preliminary Engineering + Final Design (100% of design) - Phase 1 (5 th to 8 th streets)																																
Phase 1A Construction (5 th to 8 th streets) ¹																																

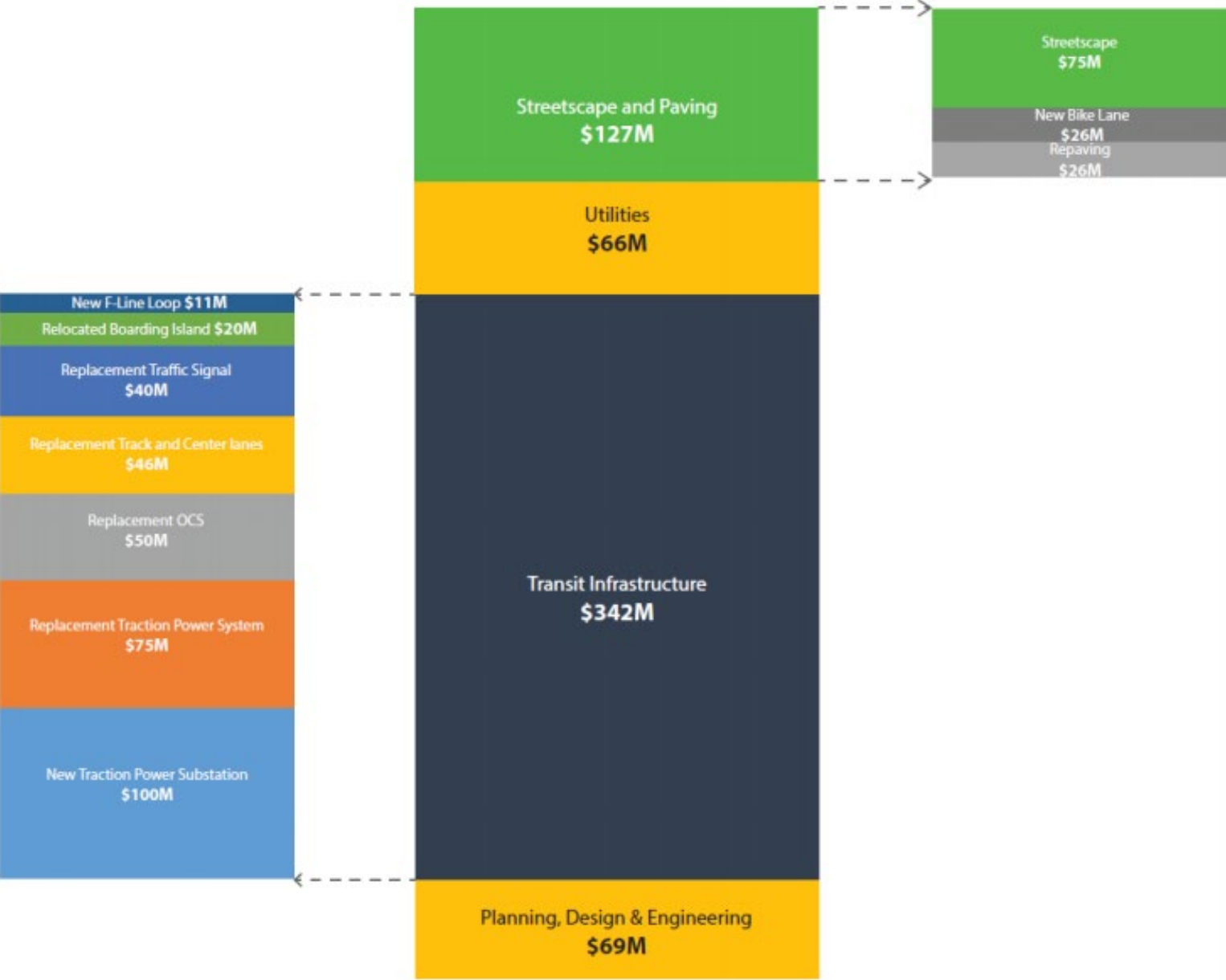
* Anticipated public release of the Draft EIR (CEQA).

**CEQA (EIR) Approval

***NEPA (CE/EA) Approval

¹Full corridor extends a 2.2 mile stretch of Market Street between Steuart Street and Octavia Boulevard. Phase 1A extends from 5th to 8th streets.

Attachment 2: Project Component Cost Breakdown
Based on 10% design



\$604M Cost Estimate

Attachment 3: Better Market Street Project Funding Plan

All amounts in \$1,000's of \$

2014 10% COST ESTIMATE ¹ (\$1000's of \$)	Project Phases					Total by Segment
Phase	PLAN	ENV	PS&E	ROW	CON	
Planning/Conceptual Engineering	15,287					
Environmental Studies		11,355				
Design Engineering			42,039			
Phase 1 Construction (5 th to 8 th streets and F-Loop)					126,698	
Construction for Remainder of the Corridor					408,341	
Project Total	15,287	11,355	42,039	0	535,039	603,720

¹As shown in the OBAG 2 grant application.

SECURED FUNDING (\$1000's of \$)		Project Phases					Total by Fund Source
Fund Source	Status	PLAN	ENV	PS&E	ROW	CON	
General Fund	Allocated	2,480	2,620				5,100
Octavia Land Sales	Allocated		3,050				3,050
Market Octavia Impact Fees	Allocated		1,000				1,000
Transit Center Impact Fees	Programmed			2,000			2,000
Prop A GO Bond	Programmed	12,807	4,685	12,589		66,665	96,746
SFMTA Operating Fund	Programmed	3,000					3,000
BART (8 th /Grove/Hyde/Market)	Programmed			225		410	635
OBAG 2/Prop K Central Subway Fund Exchange ¹	Programmed			15,980			15,980
Prop K	Programmed			1,250			1,250
BUILD						15,000	15,000
Total Identified Funding by Phase		18,287	11,355	42,264	0	82,075	143,761
Phase 1 Construction – Unfunded Need:							44,623
Total Unfunded							459,959
Project Total							603,720

¹See memo for details on OBAG / Prop K fund exchange.

OTHER POTENTIAL FUND SOURCES (\$1000's of \$)		Funding Requested
Federal	FTA 5309 (New Starts, Small Starts, Core Capacity)	
Federal	FTA 5337 Fixed Guideway	
Federal	OBAG 3 [FYs 2022/23-2026-27]	
State	Senate Bill 1 Programs, Cap and Trade (e.g. ATP, LPP)	
Regional	Regional Measure 3 (bridge tolls) – Phase 1 Construction	4,870
Regional	Regional Measure 3 (bridge tolls) – Future Phase Construction	15,130
Local	SFMTA Prop B General Fund set-aside	
Local	New Funding (vehicle license fee, bonds, sales tax, TNC tax)	
Local	Transit Center Impact Fees	60,000