



Memorandum

AGENDA ITEM 13

DATE: July 24, 2020, Revised July 27, 2020
TO: Transportation Authority Board
FROM: Eric Cordoba - Deputy Director for Capital Projects
SUBJECT: 07/28/20 Board Meeting: Major Capital Project Update - Better Market Street

<p>RECOMMENDATION <input checked="" type="checkbox"/> Information <input type="checkbox"/> Action</p> <p>None. This is an information item.</p> <p>SUMMARY</p> <p>Led by San Francisco Public Works (SFPW), 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. The project just completed the National Environmental Policy Act (NEPA) public comment period review process and may receive final certification of NEPA in August. The preliminary cost estimate based on 10% design 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 (\$372 million). SFPW has developed a proposed phasing plan that could enable construction of Phase 1A (the segment between 5th and 8th streets) to start in 2021. Phase 1A, currently at 35% design, has \$86 million in secured funds, \$81 million in planned city agency contributions, and \$28 million to be identified funds out of an estimated \$195 million cost. The interagency BMS team is working closely with relevant City departments to prioritize essential scope and re-consider certain design features for this phase in an effort to reduce costs and close the funding gap; minimize business impacts; and ensure sufficient capacity of the bike facility given the larger than expected volumes already being experienced with the introduction of car free Market Street in January. Cristina Calderón Olea, SFPW project manager, will provide an update to the Board.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input checked="" type="checkbox"/> Capital Project Oversight/Delivery <input type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____
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BACKGROUND

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, bike lanes, 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 SFPW, which is the lead agency, the Transportation Authority, the San Francisco Municipal Transportation Agency (SFMTA), San Francisco Public Utilities Commission (SFPUC), and the San Francisco Planning Department, which led the environmental review.

DISCUSSION

Status and Key Activities. *Environmental Clearance:* BMS completed environmental review for California Environmental Quality Act (CEQA) and is currently undergoing environmental review for NEPA. The Planning Commission certified the EIR at a noticed hearing on October 10, 2019. SFPW and the SFMTA approved the project on October 15, 2019.

The California Department of Transportation (Caltrans) on behalf of Federal Highway Administration (FHWA) is overseeing the NEPA environmental review, consultation, and any other actions required by applicable federal environmental laws. Caltrans published the Notice of Availability and the Draft Environmental Assessment for BMS on May 29, and accepted public comment until July 14. SFPW anticipates final certification of NEPA Environmental Assessment in August.

Project Phasing and Potential Scope Changes: 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. 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.

The design team has completed 15% plans for the entire project corridor, and 35% design for the Phase 1A improvements (5th-8th streets). However, the project team and partner agencies are reevaluating the scope of the project to reduce the project cost and construction impact to businesses and residents. The project may only consider replacing or upgrading critical state of good repair work. SFTMA is determining the state of good repair scope and available funding for track, overhead lines, and traffic signals. The SFPUC is reevaluating sewer, water, and power duct banks which may be contingent on track replacement scope. SFPW is determining paving, sidewalk refurbishing, landscaping and other elements. The project team will maintain the existing curbline which will lead to considerable project savings since it will eliminate or reduce utility relocation. Partner agencies are in the process of drafting an updated project charter which will describe roles and responsibilities of the project team, determining the revised scope, confirming the construction budget, conducting community outreach, and value engineering to deliver a cost-effective project.

Quick-Build: To improve safety and transit performance, SFMTA implemented its Quick-Build program on Market Street on January 29. This program which consists of parking and traffic modifications that are fast and relatively cheap to implement such as painted safety zones, bike lanes, adjustments to parking regulations, parking and loading changes, and traffic lanes configuration changes. Quick-Build made Market Street car-free eastbound from 10th to Main streets, and westbound from Steuart Street to Van Ness Avenue. Vehicles are still allowed to cross Market street at intersections. The project has improved transit performance with Muni lines running 6% faster on average. The volume of cyclists has also increased by 25% which may require an increase in capacity of bike lanes. However, vehicle traffic congestion has increased marginally on nearby streets. On Mission Street, southbound vehicle speeds decreased by 4% during the morning commute hours due to increase in car traffic. On other adjacent streets, car speeds declined by an average of 1%.

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. As noted above, the partner agencies are reevaluating the state of good repair scope of work which may reduce the total cost of the project.

Attachment 1 shows the current funding plan for the BMS Project. The BMS project has identified \$186 million from the federal BUILD grant program, One Bay Area Grant, BART, Prop K, Prop A General Obligation bond, and other funding sources (including \$81 million in planned city agency contributions), leaving an overall project funding gap of \$372 million. The estimated cost for Phase 1A is \$195 million. Phase 1A is funded through the design phase but has \$81 million in planned city agency contributions (SFMTA and PUC) a \$36 million gap in to be identified sources to fully fund construction. Phase 1B, includes the F- Loop streetcar



turnaround along McAllister Street and Charles J. Brenham Place, and is estimated to cost \$54 million. These estimates are based on the current scope which is being re-evaluated by the project team, in part, to reduce cost.

Current Issues and Risks: The COVID-19 pandemic and the subsequent stay-at-home orders issued in March by Bay Area public health agencies may delay the schedule of the project. These stay-at-home orders have impeded staff capacity and availability, not just at City departments, but also at Caltrans and the State Historic Preservation Office. The BMS team had to hold virtual public hearings for the Draft Environmental Assessment on June 17.

The BMS team had planned on 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. However, the pandemic has also delayed this project.

Another major complication is the economic recession resulting from the pandemic and the stay-at-home orders. The freeze in economic activity has affected City department revenues and budgets. City departments are now focused on providing core services to residents and businesses. The project team was always determined to limit any construction impacts to businesses prior to COVID-19 but is even more committed to do so now.

As noted earlier, to help meet financial challenges and to reduce the impacts to businesses during project construction, SFPW and the partner departments are re-evaluating the scope implementation of the BMS project in order to reduce the impacts to businesses. They are also looking for other Quick-Build opportunities to realize more of the project benefits sooner and trying to accommodate the higher bicycle volumes after Market Street went car-free. This means that the first phase of construction may be delayed. The current schedule is to advertise the construction contract in early 2021. The BMS team will also get the project shovel ready in order to qualify for federal stimulus funds.

FINANCIAL IMPACT

None. This is an information item.

SUPPLEMENTAL MATERIALS

- Attachment 1 – Better Market Street Project Funding Plan (Revised July 27, 2020)

BETTER MARKET STREET FUNDING PLAN
(Updated July 24, 2020), Revised July 27, 2020

ALL DOLLARS IN THOUSANDS

ENVIRONMENTAL AND PHASE 1A FUNDING

Funding Source	Status	Full Corridor Env. Review & 30% Design	Design Ph. 1A	Construction Ph. 1A	Future Phases	Total by Fund Source
General Fund	Allocated	5,100				5,100
Octavia Land Sales	Allocated	3,050				3,050
Market Octavia Impact Fees	Allocated	1,000				1,000
Transit Center Impact Fees	Allocated				2,000	2,000
Prop A GO Bond	Allocated	13,078	11,545			24,623
SFMTA Operating Funds	Allocated	3,000				3,000
Affordable Housing and Sustainable Communities (AHSC)	Allocated			2,700		2,700
Prop A GO Bond	Programmed			72,123		72,123
Market Octavia Impact Fees	Programmed				500	500
BART (8th/Grove/Hyde/Market)	Programmed		225	410		635
One Bay Area Grant (OBAG)	Programmed			3,366		3,366
Prop K sales tax (EP 22 & 44)	Programmed		2,230	11,634		13,864
BUILD (federal)	Programmed			15,000		15,000
PUC Sewer and Water Funds	Programmed		3,500			3,500
PUC Sewer and Water Funds	Planned			36,500		36,500
Other SFMTA Funds	Planned			44,574		44,574
Total Identified Funding		25,228	17,500	186,307	2,500	231,535
Phase 1A Funding						167,307
Phase 1A Design + Construction Cost						195,359
Phase 1A Design + Construction Need (Net of \$81.074 M in planned PUC/SFMTA funds)						(28,052)
Project Total (All Phases)						603,720
Project Total Need (All Phases)						(372,185)

OTHER POTENTIAL FUNDING SOURCES

Funding Source	Funding Requested	
Federal	FTA 5309 (New Starts, Small Starts, Core Capacity)	
Federal	FTA 5337 Fixed Guideway	
Federal	BUILD	
Federal	OBAG 3 (FYs 2022/23-2026/27)	
State	Senate Bill (SB) 1, Cap & Trade (ATP, LPP)	
Regional	Regional Measure 3 (bridge tolls): Phase 1	4,872
Regional	Regional Measure 3 (bridge tolls)	20,128
Local	SFMTA Prop B General Fund set-aside	

Local	New Funding (vehicle license fee, bonds, sales tax, TNC tax)	
Local	Prop K current/reauthorization	
Local	Transit Center Impact Fees	