



Memorandum

AGENDA ITEM 6

DATE: November 25, 2020
TO: Transportation Authority Board
FROM: Anna LaForte - Deputy Director for Policy and Programming
SUBJECT: 12/02/2020 Board Meeting: Allocate \$22,726,605 in Prop K Sales Tax Funds and \$234,005 in Prop AA Vehicle Registration Fee Funds, with Conditions, for Six Requests

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Allocate \$22,726,605 in Prop K funds to the San Francisco Municipal Transportation Agency (SFMTA) for:</p> <ol style="list-style-type: none"> 1. Replace 30 30-foot Hybrid Motor Coaches (\$16,195,602) 2. Potrero Yard Modernization (\$5,848,403) (tentative) 3. District 7 FY20 Participatory Budgeting Priorities [NTIP Capital] (\$132,600) 4. Excelsior Neighborhood Traffic Calming (\$550,000) <p>Allocate \$144,005 in Prop AA funds to the SFMTA for:</p> <ol style="list-style-type: none"> 5. Page Street Neighborway (Webster to Market) <p>Allocate \$90,000 in Prop AA funds to San Francisco Public Works (SFPW) for:</p> <ol style="list-style-type: none"> 6. Joice Alley Lighting Improvements <p>SUMMARY</p> <p>Attachment 1 lists the requests, including phase(s) of work and supervisorial district(s). Attachment 2 provides a brief description of the projects. Attachment 3 contains the staff recommendations. The recommendation to fund the Potrero Yard Modernization project is tentative pending demonstration of a business case analysis to support the use of the proposed joint development project delivery method via a presentation at an upcoming Transportation Authority Board meeting. The project involves replacement of the Potrero Facility by 2026 with a modern, efficient bus maintenance facility. The new facility would serve SFMTA’s electric trolley and future battery-electric bus fleets. This Bus Yard Component will be a multi-level bus facility structure including capacity for bus storage and maintenance. The project concept also includes a Residential and Commercial Component with up to 7 additional levels above the bus facility with up to 575 mixed-income and market rate units and active uses at the ground floor. SFMTA staff will attend the December 2 CAC meeting to present on the proposed project and project delivery approach.</p>	<p><input checked="" type="checkbox"/> Fund Allocation</p> <p><input checked="" type="checkbox"/> Fund Programming</p> <p><input type="checkbox"/> Policy/Legislation</p> <p><input type="checkbox"/> Plan/Study</p> <p><input type="checkbox"/> Capital Project Oversight/Delivery</p> <p><input type="checkbox"/> Budget/Finance</p> <p><input type="checkbox"/> Contract/Agreement</p> <p><input type="checkbox"/> Other:</p> <p>_____</p> <p>—</p>
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DISCUSSION

Attachment 1 summarizes the subject allocation requests, including information on proposed leveraging (i.e. stretching Prop K sales tax dollars further by matching them with other fund sources) compared with the leveraging assumptions in the Prop K Expenditure Plan. Attachment 2 includes brief project descriptions. Attachment 3 summarizes the staff recommendations for each request, highlighting special conditions and other items of interest. An Allocation Request Form for each project is enclosed, with more detailed information on scope, schedule, budget, funding, deliverables and special conditions.

Potrero Yard Modernization (SFMTA): The SFMTA's objectives for the Potrero Yard Modernization joint development project objectives are dual - to modernize the bus facility and contribute to the City's housing goals, particularly by delivering affordable housing. This is a once in a lifetime opportunity given the need to replace the 105-year old facility and that SFMTA believes this is the best way to achieve both in the near term.

SFMTA began the planning phase in October 2019, and the following tasks are now substantially complete:

- CEQA Project Application, Notice of Preparation, and Public Scoping Meeting
- Potrero Yard bus facility design criteria document
- Site constraints analysis and site plan/program
- Conceptual project, referred to in joint development procurement documents as the Reference Project or Reference Concept
- Request for Qualifications for a partnering development team
- Considerable public outreach and engagement, including six major public in-person or online events

The new facility would be equipped to serve the projected future capacity and needs of the SFMTA's new electric trolley fleet and future battery-electric fleet. The facility is planned to store 213 buses, which is a nearly 50 percent increase in capacity from the current operation. Together with Planning, the Office of Economic and Workforce Development, Mayor's Office of Housing and Community Development, and Public Works, the project team arrived at a concept to provide housing above Potrero Yard. Extensive Potrero Yard Neighborhood Working Group and community input has resulted in support for 525-575 rental housing units 50% threshold for affordable units with a goal to increase, even up to 100%.

As currently conceived, if the SFMTA and developer successfully negotiate a Project Agreement, the Project Agreement would require the developer to assume full development responsibility for all components and phases of the Potrero Yard Modernization Project, including both the bus facility and the residential and the commercial component. The SFMTA would retain ownership of the land and bus facility, and the private developer would lease the housing and commercial development from the SFMTA. The agreement for the developer's use of the housing and commercial development would specify all project programming details, including the housing unit affordability structure.



There are tremendous benefits to obtaining the new facility and the housing, but also risks. A public-private partnership is a good way to allocate and manage those risks between the City and a development partner, where SFMTA's/City's objective is to have a new yard and housing with budget and schedule certainty and return of the yard in a state of good repair in the future at hand-back.

We believe this approach is innovative and promising, and offer a tentative recommendation with conditions:

- The recommendation is tentative pending demonstration of a business case analysis (e.g. value for money, risk/benefit analysis) to support the use of the proposed joint development project delivery method via a presentation at an upcoming Transportation Authority Board meeting.
- We will provide an enhanced oversight and advisory role (with potential need for budgetary support) through execution of the Project Development Agreement

SFMTA will need legislation approved by the Board of Supervisors to allow them to proceed with the joint development approach. The presentation of the business case analysis is a key step to support consideration of the legislation by the Board of Supervisors. Fully reviewing project financial and risk management plans up front, can help mitigate the project risks and lower the cost of delivery for all parties.

The enclosed allocation request form contains a considerable amount of detail of the proposed joint development approach. Staff from the SFMTA will attend the CAC meeting to provide a presentation on the project and answer any questions the CAC may have.

FINANCIAL IMPACT

The recommended action would allocate \$22,960,610 in Prop K and Prop AA funds. The allocations would be subject to the Fiscal Year Cash Flow Distribution Schedules contained in the enclosed Allocation Request Forms.

Attachment 4 shows the approved Prop K and Prop AA Fiscal Year 2020/21 allocations and appropriations to date, with associated annual cash flow commitments as well as the recommended allocation and cash flow amounts that are the subject of this memorandum.

Sufficient funds are included in the adopted Fiscal Year 2020/21 annual budget. Furthermore, sufficient funds will be included in future budgets to cover the recommended cash flow distributions for those respective fiscal years.

CAC POSITION

The CAC will consider this item at its December 2, 2020 meeting.

SUPPLEMENTAL MATERIALS

- Attachment 1 - Summary of Requests
- Attachment 2 - Project Descriptions
- Attachment 3 - Staff Recommendations



- Attachment 4 - Prop K and Prop AA Allocation Summaries - FY 2020/21
- Enclosure - Allocation Request Forms (6)

Attachment 1: Summary of Requests Received

Source	EP Line No./ Category ¹	Project Sponsor ²	Project Name	Current Prop K Request	Current Prop AA Request	Total Cost for Requested Phase(s)	Leveraging		Phase(s) Requested	District(s)
							Expected Leveraging by EP Line ³	Actual Leveraging by Project Phase(s) ⁴		
Prop K	17M	SFMTA	Replace 30 30-foot Hybrid Motor Coaches	\$ 16,195,602		\$ 34,440,000	84%	53%	Construction	Citywide
Prop K	20U, 20M	SFMTA	Potrero Yard Modernization	\$ 5,848,403		\$ 11,490,024	90%	49%	Planning, Environmental	10
Prop K	38	SFMTA	District 7 FY20 Participatory Budgeting Priorities [NTIP Capital]	\$ 132,600		\$ 382,600	51%	65%	Design, Construction	7
Prop K	38	SFMTA	Excelsior Neighborhood Traffic Calming	\$ 550,000		\$ 550,000	51%	0%	Design, Construction	11
Prop AA	Ped	SFMTA	Page Street Neighborway (Webster to Market)		\$ 144,005	\$ 2,215,000	NA	93%	Construction	5
Prop AA	Ped	SFPW	Joice Alley Lighting Improvements		\$ 90,000	\$ 90,000	NA	0%	Design	3
TOTAL				\$ 22,726,605	\$ 234,005	\$ 49,167,624	81%	53%		

Footnotes

¹ "EP Line No./Category" is either the Prop K Expenditure Plan line number referenced in the 2019 Prop K Strategic Plan or the Prop AA Expenditure Plan category referenced in the 2017 Prop AA Strategic Plan, including: Street Repair and Reconstruction (Street), Pedestrian Safety (Ped), and Transit Reliability and Mobility Improvements (Transit) or the Traffic Congestion Mitigation Tax (TNC Tax) category referenced in the Program Guidelines.

² Acronyms: SFMTA (San Francisco Municipal Transportation Agency); SFPW (San Francisco Public Works)

³ "Expected Leveraging By EP Line" is calculated by dividing the total non-Prop K funds expected to be available for a given Prop K Expenditure Plan line item (e.g. Pedestrian Circulation and Safety) by the total expected funding for that Prop K Expenditure Plan line item over the 30-year Expenditure Plan period. For example, expected leveraging of 90% indicates that on average non-Prop K funds should cover 90% of the total costs for all projects in that category, and Prop K should cover only 10%.

⁴ "Actual Leveraging by Project Phase" is calculated by dividing the total non-Prop K or non-Prop AA funds in the funding plan by the total cost for the requested phase or phases. If the percentage in the "Actual Leveraging" column is lower than in the "Expected Leveraging" column, the request (indicated by yellow highlighting) is leveraging fewer non-Prop K dollars than assumed in the Expenditure Plan. A project that is well leveraged overall may have lower-than-expected leveraging for an individual or partial phase.

Attachment 2: Brief Project Descriptions ¹

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Requested	Prop AA Funds Requested	Project Description
17M	SFMTA	Replace 30 30-foot Hybrid Motor Coaches	\$ 16,195,602	\$ -	Replacement of 30 30-foot Orion hybrid diesel motor coaches that have reached the end of their useful lives. The new low-emissions buses will improve reliability and reduce maintenance costs for the fleet serving community routes, such as the 35 Eureka, 36 Teresita, 37 Corbett, 39 Coit, and 56 Rutland. To procure these vehicles, SFMTA will form a consortium with a state or municipality that has an existing FTA-eligible procurement contract for 30-foot hybrid buses. As a relatively small vehicle fleet, this contract-design method will allow the SFMTA to cut costs on bid/award and design costs and abbreviate the production schedule. The SFMTA expects to approve the consortium in early 2021 and take delivery of the vehicles from July 2021 through March 2022.
20U, 20M	SFMTA	Potrero Yard Modernization	\$ 5,848,403	\$ -	Requested funds will be used for the planning and environmental phases for redeveloping the bus facility at 2500 Mariposa Street into a modern, efficient bus maintenance facility by 2026. The new facility would serve SFMTA's electric trolley and future battery-electric bus fleets. This Bus Yard Component will be a structure with 6 levels of bus facility support spaces, including 3 levels for bus storage and maintenance. The project concept also includes a Residential and Commercial Component with up to 7 additional levels above the bus facility with up to 575 mixed-income units and active uses at the ground floor. The SFMTA proposes to deliver the project through a joint development project delivery method. The SFMTA plans to receive development concepts from potential partners by June 2021, select a preferred bidder by August 2021, and complete the Draft Environmental Impact Report by October 2021. SFMTA expects the facility to be operational by Fall 2026.
38	SFMTA	District 7 FY20 Participatory Budgeting Priorities [NTIP Capital]	\$ 132,600	\$ -	Funds will be used to design and construct traffic calming and pedestrian safety improvements that were prioritized through the District 7 Fiscal Year 2019/20 Participatory Budgeting process. The scope includes: enhanced crosswalks on Ocean Ave at Frida Kahlo Way/Geneva Avenue, Granada Avenue and Miramar Avenue; traffic calming in Lakeside One neighborhood, which is bounded by 19th Avenue, Junipero Serra Boulevard, Ocean Avenue and Sloat Boulevard; reconfigure 5-way intersection of Madrone Avenue, Vicente Street and Wawona Street (design only); and, a rectangular rapid flashing beacon on 10th Avenue at Pacheco Street. All work will be open for use by March 2023.

Attachment 2: Brief Project Descriptions ¹

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Requested	Prop AA Funds Requested	Project Description
38	SFMTA	Excelsior Neighborhood Traffic Calming	\$ 550,000	\$ -	Requested funds are for the design and construction of near-term traffic calming measures in the Excelsior, Mission Terrace, and Crocker-Amazon neighborhoods as identified and recommended through the Excelsior Neighborhood Traffic Calming Planning Project. The scope includes 27 speed cushions, 4 raised crosswalks, 3 median islands, and 28 new continental crosswalks. The list of locations is shown on page 63 of the enclosure. The project is designed to protect and preserve quieter neighborhood streets, and promote safety for all street users. The SFMTA anticipates that all of the improvements will be open for use by June 2022.
Ped	SFMTA	Page Street Neighborway (Webster to Market)	\$ -	\$ 144,005	Construction of six sidewalk bulb-outs along Page Street at Gough, Laguna, and Buchanan streets to shorten crossing distances, slow turning vehicle traffic, and improve overall pedestrian safety and comfort. Four of these sidewalk bulb-outs would also include landscaped raingardens (to be maintained by the SF Public Utilities Commission) that capture and slow stormwater runoff while enhancing pedestrian comfort and neighborhood aesthetics. The project will also construct San Francisco's first raised intersection at Page and Buchanan streets with vertical deflection for vehicles, special paving to enhance pedestrian priority, and seating opportunities. These improvements are designed to calm traffic and enhance safety for people walking and biking along Page Street. The SFMTA anticipates the project will be open for use by December 2021.
Ped	SFPW	Joice Alley Lighting Improvements	\$ -	\$ 90,000	This request will fund the design phase for 4 new pedestrian-scale streetlights and sidewalk and roadway improvements on Joice Alley, between Clay Street and Sacramento Street in the Chinatown neighborhood. This project is intended to make walking more inviting and safe along this pedestrian path directly across from Gordon J. Lau Elementary and close to the Powell Street cable car line, several Muni bus stops and the new Chinatown subway station. The scope of work includes potential adjustment of utility vaults, potential sub-sidewalk basement work, restoring brick exteriors of the adjacent buildings and protection/restoration of special historical concrete letter plaques in the sidewalk. SFPW anticipates completing design by June 2021 and having the project open for use by December 2021.
TOTAL			\$22,726,605	\$234,005	

¹ See Attachment 1 for footnotes.

Attachment 3: Staff Recommendations ¹

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Recommended	Prop AA Funds Recommended	Recommendations
17M	SFMTA	Replace 30 30-foot Hybrid Motor Coaches	\$ 16,195,602	\$ -	<p>5-Year Prioritization Program (5YPP) Amendment: The recommended allocation is contingent upon amendment of the the Prop K Vehicles-Muni 5YPP. See the enclosed allocation request form for details.</p> <p>The recommendation is also contingent upon a commitment by the SFMTA to maintain the new motor coaches in a state of good repair, including a mid-life overhaul program to allow them to meet or exceed expectations for their useful lives per FTA guidelines.</p>
20U, 20M	SFMTA	Potrero Yard Modernization	\$ 5,848,403		<p>Up-to allocation: The recommended allocation of \$1 million for Professional Services Reimbursement is an "up to" amount. SFMTA shall deobligate any funds not required for reimbursement of unsuccessful bidders.</p> <p>Enhanced oversight: In recognition of the scale and impact of this project, as well as the Joint Development project delivery method which SFMTA has not used before, our recommendation includes an enhanced level of oversight on this project. Transportation Authority Project Management and Oversight staff shall be invited to all critical meetings, including monthly project development meetings, SFMTA Board meetings, etc. and be provided project management activity reports.</p> <p>Retroactive reimbursement: Recommendation is conditioned on Board approval of a waiver of the Prop K Strategic Plan policy that costs incurred prior to the date of execution of a grant agreement shall be ineligible for reimbursement, allowing reimbursement of costs incurred since November 17, 2020.</p>
38	SFMTA	District 7 FY20 Participatory Budgeting Priorities [NTIP Capital]	\$ 132,600		<p>Multi-phase Allocation: We are recommending a multi-phase allocation given the straightforward nature of the scope (e.g. speed humps) and the overlapping design and construction phases as work is conducted at multiple locations.</p>

The recommendation to fund the Potrero Yard Modernization project is **tentative** pending demonstration of a business case analysis to support the use of the proposed joint development project delivery method via a presentation at an upcoming

Attachment 3: Staff Recommendations ¹

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Recommended	Prop AA Funds Recommended	Recommendations
38	SFMTA	Excelsior Neighborhood Traffic Calming	\$ 550,000		Multi-phase Allocation: We are recommending a multi-phase allocation since design and construction work will occur on overlapping schedules at different locations within the project area.
Ped	SFMTA	Page Street Neighborway (Webster to Market)	\$ -	\$ 144,005	<p>Special Conditions: Construction Support Reserve. We are recommending that these funds be placed on Board reserve, to be released pending receipt of updated budget and expenditure details justifying the need for additional construction support funding beyond the \$545,995 already budgeted for construction support. (See Major Line Item Budget section of the allocation request form for justification of the support costs.)</p> <p>Our recommendation is contingent upon Board approval of a resolution approving \$1 million from the Octavia Boulevard Special Fund (Central Freeway parcels) for this project, which is a separate item on this meeting's agenda. At its November 16, 2020 meeting, the Market Octavia Community Advisory Committee unanimously approved a resolution recommending \$1 million from the Octavia Boulevard Special Fund for this project.</p>
Ped	SFPW	Joice Alley Lighting Improvements	\$ -	\$ 90,000	
TOTAL			\$ 22,726,605	\$ 234,005	

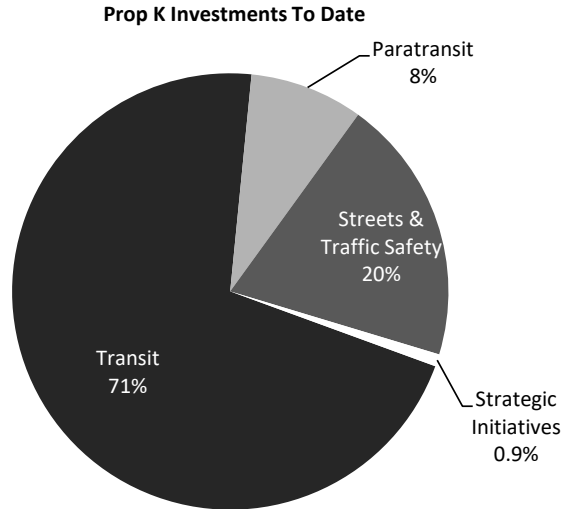
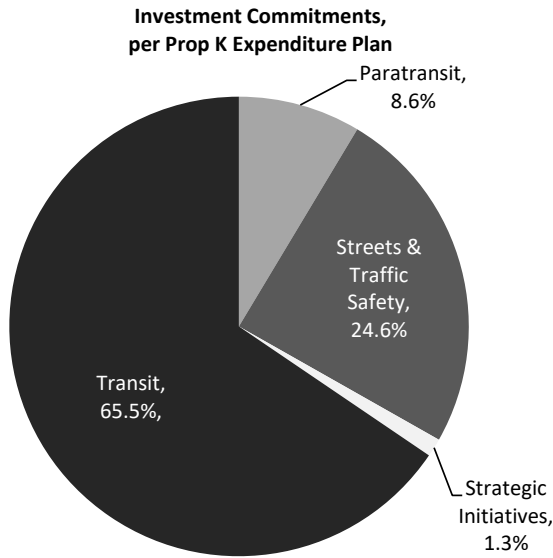
¹ See Attachment 1 for footnotes.

**Attachment 4.
Prop K Allocation Summary - FY2020/21**

PROP K SALES TAX

FY2020/21	Total	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Prior Allocations	\$ 32,302,905	\$ 14,301,264	\$ 12,013,288	\$ 4,810,941	\$ 1,177,412	\$ -	\$ -
Current Request(s)	\$ 22,726,605	\$ 1,362,729	\$ 13,150,775	\$ 8,213,101	\$ -	\$ -	\$ -
New Total Allocations	\$ 55,029,510	\$ 15,663,993	\$ 25,164,063	\$ 13,024,042	\$ 1,177,412	\$ -	\$ -

the current recommended allocation(s).

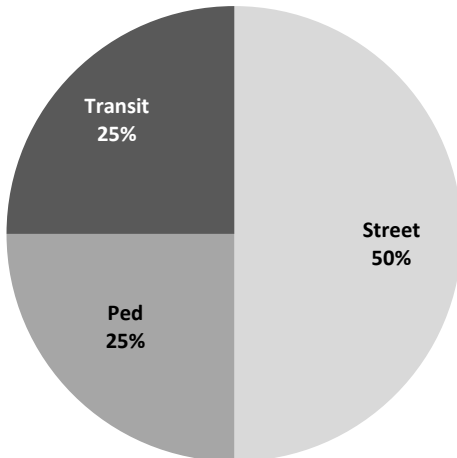


PROP AA VEHICLE REGISTRATION FEE

FY2020/21	Total	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Prior Allocations	\$ 5,086,429	\$ 2,732,401	\$ 2,354,029	\$ -	\$ -	\$ -
Current Request(s)	\$ 234,005	\$ 67,500	\$ 166,505	\$ -	\$ -	\$ -
New Total Allocations	\$ 5,320,434	\$ 2,799,901	\$ 2,520,534	\$ -	\$ -	\$ -

recommended allocation(s).

Investment Commitments, per Prop AA Expenditure Plan



Prop AA Investments To Date

