BUILDING PROGRESS
Potrero Yard Modernization Project

SFMTA

SAN FRANCISCO PUBLIC WORKS

ARUP

San Francisco County Transportation Authority
December 15, 2020

Core Transportation Objectives

Rebuild and modernize Potrero Yard **by 2026**

Improve **safety and working conditions** for the SFMTA workforce

Provide infrastructure for **battery electric buses**

Consolidate functions for **efficiencies** (Training + Street Operations)

Building/Site Objectives

Enhance architecture and urban design

Enhance streetscape to ensure public safety and reduce conflicts

Maximize housing on the site, including a substantial % of affordable units

Ensure that project demonstrates leadership in sustainability

Commitment to:

A responsible public investment

A joint development that is financially feasible

Inclusive and transparent community participation

Initial Project Concept Feasibility Determination

Bus Yard Component

1) Concept design with level 4 cost estimate
2) Cost validation
3) Availability of additional SFMTA funding above current Potrero O&M cost
4) Financial study of Milestone and Availability Payments (in progress)

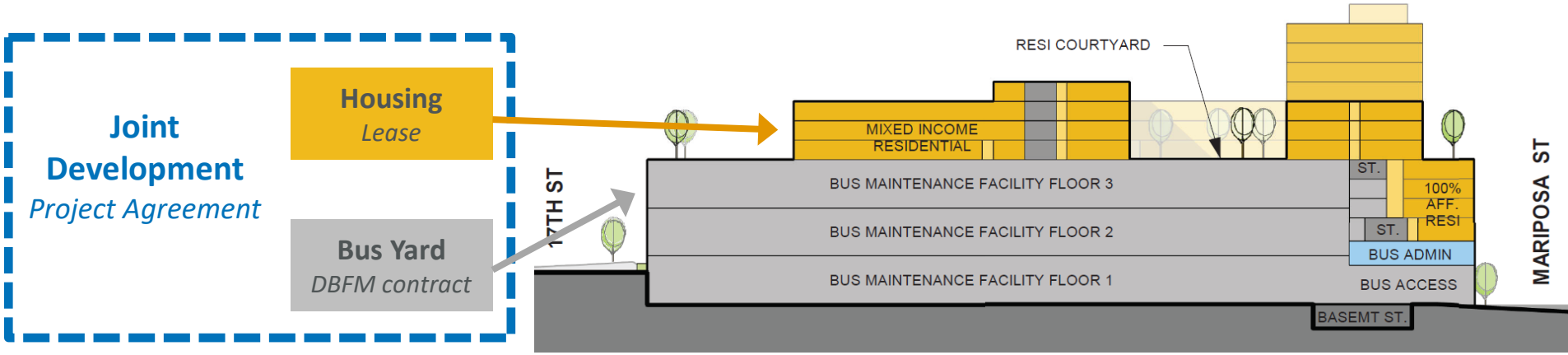
Housing Component

1) Concept design (560 units, min 50% affordability) with level 4 cost estimate
2) Assessment of cost allocation for Common Infrastructure
3) Pro-forma demonstrated market and financial feasibility (Pre-Covid market conditions, update in process)

The financial and pro-forma analysis was reviewed and accepted by the Office of Economic and Workforce Development

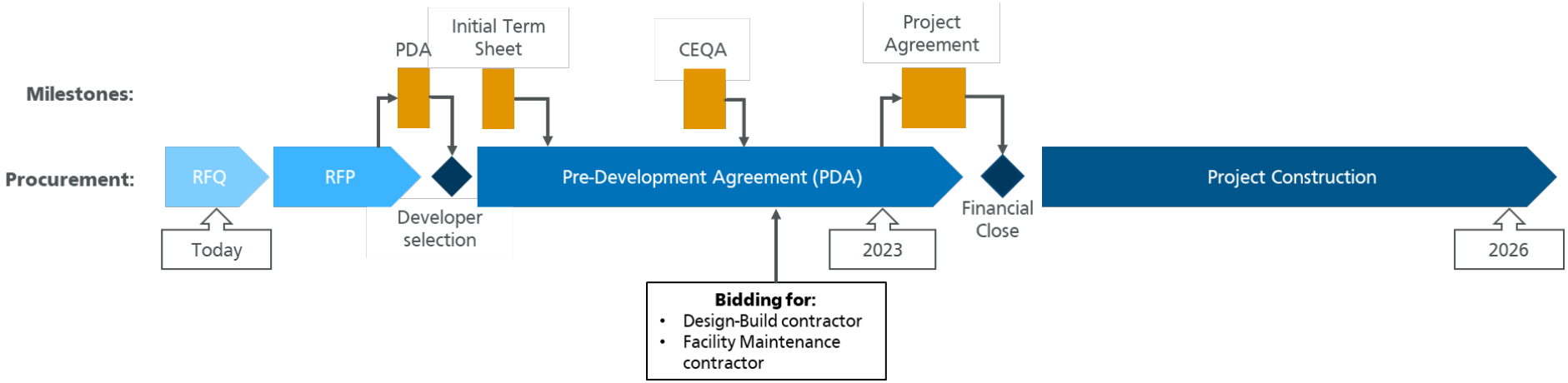
Infrastructure-led Joint Development only feasible way forward

- SFMTA selected Joint Development based on:
  - Analysis of a range of delivery options and commercial structures
  - Market sounding with infrastructure and real estate developers
  - Relevant US and international case studies
- Joint Development approach provides a platform for housing
- Infrastructure developer-led procurement ensures the Bus Yard's delivery regardless of fluctuations in the housing market
- Project Agreement provides cost and schedule certainty for the Bus Yard



Joint Development Case Studies

How the procurement process mitigates risks



Risk	Risk Mitigation Strategy
Schedule risks of CEQA process	• EIR will be released first half of 2021, mitigating schedule risk • Developer to work with SF Planning and SFMTA to complete Final EIR
Housing component financial feasibility	• At a minimum, affordable housing has strong demand & subsidy commitment • Procurement process enables Bus Yard to proceed even if housing is infeasible
Bus Yard cost and schedule certainty	• Project Agreement provides single point of responsibility for Project delivery • Design-Build-Finance-Maintain contract transfers most construction and long-term maintenance risks

Reimbursement payment is essential for a successful RFP

What it is: $500k reimbursement for each of the 2 unsuccessful Proposers who present responsive Proposals, with payment prioritized for LBE design firms. LBE design firms are required in the RFQ.

Why it's needed: The RFP process is 6 months and requires significant cost and effort by Proposers. The reimbursement payment encourages bidders to submit their best Proposals and ensures competition between bidders. Reimbursement offsets a fraction of expected Proposal costs, est. at $2M+ each.

Benefit to the City: By paying the reimbursement, City obtains full use of the designs and innovations submitted by the unsuccessful Proposers. Proposer also waives protest rights and agrees to pass reimbursement to design LBE's required by the RFQ/RFP.

Are there precedents? Reimbursement is common in similarly sized procurements and consistent with USDOT and FTA guidance. Precedent examples are provided later in this presentation.

Eligibility for Reimbursement Payment

1) Submit a responsive proposal per the Procurement schedule;
2) Document costs actually incurred in the Proposal preparation and submit an invoice to the City; and
3) Execute the Reimbursement Agreement, agreeing to these terms:
    - Deliver unique design documents to the City
    - Prioritize payment to LBE design firms, as required by the RFQ

Reimbursement Payment Precedents

	LAWA Rental Car Center	UC Merced 2020	Long Beach Civic Center	Long Beach Courthouse	Indianapolis Courthouse	Howard Co. Courthouse
State	CA	CA	CA	CA	IN	TX
Capital cost (millions)	$611	$1,200	$473	$495	$408	$178
Financial Close (year)	2018	2016	2016	2010	2014 (RFP)	2018
Reimbursement Payment	**$2M**	**$2M**	**$500k**	**$500k**	**$750K**	**$500k**

Current Projected Financing Plan: innovating SF public project delivery by leveraging private and public dollars to build vital infrastructure.

USES

Item	Amount (millions)
Bus Yard (BY) Construction	$ 316
Common Infrastructure (CI) Construction	$ 152
Housing Component (HC) Construction	$ 322
TOTAL	**$ 790**
E-bus Charging Infrastructure	$ 64

Figures based on Project's validated cost estimate, 8/23/2020

SOURCES

Item	Amount (millions)
SFMTA Milestone Payment (40% of BY + CI)*	$ 188
SFMTA Availability Payments**	$ 204
Housing Developer (100% of HC+50% CI)	$ 398
TOTAL	**$ 790**
E-bus Charging Infrastructure	$ 64

*SFMTA project funds required at Substantial Completion Milestone (or as approved by the BOS in the Project Agreement)

**cumulative amount, to be amortized over 30 years starting in 2026

Funding Plan – Current Work Effort/Phase

Funding Plan – For Current Request				
Fund Source	**Planned**	**Programmed**	**Allocated**	**Project Total**
PROP K: Facilities - MUNI	$75,000	$1,000,000	$0	$1,075,000
PROP K: Facilities – Undesignated	$0	$4,848,403	$0	$4,848,403
SFMTA OPERATING – FACILITY	$0	$1,442,188	$4,199,433	$5,641,621
Current Request Total:	$0	$7,290,591	$4,199,433	$11,565,024

Project Funding Plan (submitted with Allocation Request Form)

Fund Source	Planned	Programmed	Allocated	Project Total
PROP K	$75,000	$5,848,403	$0	$5,923,403
TSF Transit	$0	$3,129,088	$0	$3,129,088
TSF Maintenance	$0	$460,000	$0	$460,000
TBD (SFMTA FACILITY OPS, PROP B, TSF, SB1)	$425,168,764	$0	$0	$425,168,764
SFMTA OPERATING – FACILITY	$0	$1,442,188	$4,199,433	$5,641,621
SB1 – FY24, FY25 (STA-SGR REVENUE BASED)	$0	$9,499,192	$0	$9,499,192
RM3 FACILITY	$8,555,052	$0	$0	$8,555,052
PROP B	$0	$6,533,072	$0	$6,533,072
Funding Plan for Entire Project Total:	$433,798,816	$26,911,943	$4,199,433	$464,910,192