



**San Francisco  
County Transportation  
Authority**

BD041426

RESOLUTION NO. 26-50

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RESOLUTION AMENDING THE PROP K STANDARD GRANT AGREEMENT FOR THE POTRERO YARD MODERNIZATION PROJECT TO ALLOW USE OF \$1,000,000 IN PROP K FUNDS FOR MILESTONE PAYMENT 1 COSTS UNDER THE INFRASTRUCTURE FACILITY PROJECT AGREEMENT

WHEREAS, SFMTA's Potrero Yard, which serves a large share of the Muni trolleybus fleet and has been in continuous operation since 1915, is functionally obsolete and vulnerable to an earthquake; and

WHEREAS, The Potrero Yard Modernization Project (Project) will replace the Potrero bus yard with a modern bus maintenance and storage facility; and

WHEREAS, In March 2021, the San Francisco Board of Supervisors adopted Ordinance #38-21, which granted SFMTA authority to use an integrated joint development procurement approach for the Project; and

WHEREAS, In September 2022, SFMTA selected Potrero Neighborhood Collective LLC (PNC) as the Project's lead developer through an open and competitive procurement process; and

WHEREAS, In November 2022, SFMTA and PNC entered into a Predevelopment Agreement to advance planning, design, and certain other pre-construction activities for the Project; and

WHEREAS, In March 2026, the SFMTA Board authorized the execution of the Project Agreement, for the design, construction, and long-term financing of the Project; and

WHEREAS, The Project Agreement will be with PRG Potrero Properties LLC (PRG), which is a special purpose non-profit entity that will serve as the contractual counterparty to SFMTA, in order to facilitate access to tax-exempt bond financing; and

WHEREAS, Under the terms of the Project Agreement, SFMTA will be obligated to make several payments to PRG, including Milestone Payment 1 (MP1) at



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financial close, Milestone Payment 2 (MP2) during construction, and Annual Payments over the 30-year financing term commencing approximately one year after substantial completion; and

WHEREAS, In February 2021, through approval of Resolution 21-30, the Transportation Authority allocated and appropriated a total of \$5,923,403 in Prop K funds for the Project, including \$1,000,000 to be used by SFMTA only for compensation to proposers not selected to serve as the Project's lead developer through the Project procurement process; and

WHEREAS, SFMTA used non-Prop K funds to compensate the unsuccessful proposer(s); and has requested amendment of the Prop K Standard Grant Agreement (SGA) for the Project (120-910070) to allow use of \$1,000,000 in Prop K funds for MP1 costs under the Infrastructure Facility Project Agreement; and

WHEREAS, Transportation Authority staff has reviewed and recommended approval of the requested SGA amendment summarized in Attachment 1 and detailed in the attached revised allocation request form (Attachment 2) for the Project which updates the scope, schedule, budget and funding plan to reflect the proposed SGA amendment; and

WHEREAS, There is no impact on the adopted Fiscal Year 2025/26 budget since these funds were previously allocated and sufficient funds are included in the budget to accommodate the recommended action; and

WHEREAS, At its March 25, 2026 meeting, the Community Advisory Committee considered the staff recommendation and unanimously adopted a motion of support for its adoption; now, therefore, be it

RESOLVED, That the Transportation Authority hereby amends the Prop K SGA (120-910070) for the Project to allow use of \$1,000,000 in Prop K funds for MP1 costs under the Infrastructure Facility Project Agreement, as summarized in Attachment 1 and detailed in Attachment 2; and be it further



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RESOLVED, That the Capital Expenditures line item for subsequent fiscal year annual budgets shall reflect the maximum reimbursement schedule amounts adopted and the Transportation Authority does not guarantee reimbursement levels higher than those adopted; and be it further

RESOLVED, That as a condition of this authorization for expenditure, the project sponsor shall provide the Transportation Authority with any other information it may request regarding the use of the funds hereby authorized.

Attachments:

1. Proposed SGA Amendment (120-910070)
2. Revised Prop K Allocation Request Form



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The foregoing Resolution was approved and adopted by the San Francisco County Transportation Authority at a regularly scheduled meeting thereof, this 28th day of April 2026, by the following votes:

**Ayes:** Commissioners Chen, Dorsey, Mahmood, Mandelman, Melgar, Sauter, Sherrill, Walton, and Wong (9)

**Absent:** Chan and Fielder (2)

DocuSigned by:  
*Myrna Melgar* 4/29/2026  
C3882B7D874248C...  
Myrna Melgar Date  
Chair

ATTEST: DocuSigned by:  
*Tilly Chang* 4/30/2026  
FFD2528AB8BE49B...  
Tilly Chang Date  
Executive Director

**Attachment 1**

**Proposed Standard Grant Agreement (SGA) Amendment - Potrero Yard Modernization - Professional Services Reimbursement**

Resolution	Prop K SGA Number	Project Name (Project Sponsor)	Need for Amendment and Project Description	Recommendations
21-30	120-910070	Potrero Yard Modernization - Professional Services Reimbursement (20M) (SFMTA)	<p>SFMTA's Potrero Yard services a large share of Muni's trolleybus fleet. The facility is more than 100 years old, is well past its useful life, and is vulnerable to an earthquake. The Potrero Yard Modernization Project will replace the existing facility with a modern, efficient transit yard that will serve SFMTA's electric trolley and future battery-electric bus fleets. The original project concept also included a Residential and Commercial component with 365 mixed-income housing units.</p> <p>In 2025, due to a lack of funding for developing affordable housing and budget constraints facing the agency, the SFMTA reduced the scope of the project to lower construction costs. Within the reduced scope, the SFMTA has preserved the ability for future construction of up to 100 units of affordable housing at the project site along Bryant Street.</p> <p>In February 2021, the Transportation Authority allocated \$1,000,000 in Prop K funds to compensate unsuccessful design-build proposers during the procurement process. SFMTA used non-Prop K funds for this compensation. In March 2026, the San Francisco Board of Supervisors is expected to approve the Final Project Agreement, moving the project to construction. Financial close is expected April 17, 2026. SFMTA requests amending the 2021 Prop K allocation to apply the unspent \$1,000,000 to Milestone Payment 1 – a \$65 million payment due at financial close for design, due diligence, underwriting, contract assembly, and other pre-construction work under the Infrastructure Facility Project Agreement.</p>	Amend the Prop K Standard Grant Agreement (SGA)(120-910070) for the Potrero Yard Modernization Project to Allow Use of \$1,000,000 in Prop K funds for Milestone Payment 1 Costs Under the Infrastructure Facility Project Agreement.

**ATTACHMENT 2**

**San Francisco County Transportation Authority  
Allocation Request Form**

<b>FY of Allocation Action:</b>	FY2025/26
<b>Project Name:</b>	Potrero Yard Modernization - Professional Services Reimbursement (20M) - Amendment - NEW
<b>Primary Sponsor:</b>	San Francisco Municipal Transportation Agency

**EXPENDITURE PLAN INFORMATION**

<b>PROP L Expenditure Plans</b>	Muni Maintenance
<b>Current PROP K Request:</b>	\$1,000,000
<b>Supervisorial District</b>	Citywide

**REQUEST**

**Brief Project Description**

The Potrero Yard Modernization Project (Project) will replace SFMTA's Potrero bus yard with a modern four-story bus maintenance and storage facility. The Project will use a Design-Build-Finance (DBF) delivery method, with completion planned for 2030, followed by a 30-year financing term. The Project's total estimated costs, including financing costs, are approximately \$1.4B. The new facility will expand storage capacity by ~68%, support SF's electric trolley and future zero-emission fleet, improve transit reliability, consolidate operations, and provide a safe and climate-resilient workspace.

**Detailed Scope, Project Benefits and Community Outreach**

**Scope to be amended**

In February 2021, the Transportation Authority Board allocated \$5.8 million in Prop K sales tax funds to SFMTA to support the development of the Project. Of this amount, \$1.0 million in Prop K sales tax funding was designated for Professional Services Reimbursement, to compensate the proposer(s) not selected by SFMTA to serve as the Project's lead developer through a competitive procurement process conducted beginning in 2020. The Request for Proposals (RFP) process required proposers to undertake design work, cost estimating, and financial modeling. The Professional Services Reimbursement mechanism helped to incentivize high-quality proposal deliverables from the proposing teams.

**Amended scope**

SFMTA paid the unsuccessful bidder(s) using non-Prop K funds and requests an amendment to allow the \$1 million in Prop K funds to be used to support SFMTA's fulfillment of the first Milestone Payment to the Project developer, as described in the DBF Project Agreement. This first Milestone Payment will compensate the developer's costs during the predevelopment phase, including but not limited to advancing the design of the bus yard, performing due diligence site investigation, community outreach and engagement, financial modeling and lender underwriting, contract assembly, and design-build contractor procurement.

**1.0 INTRODUCTION**

On March 24, 2026, the San Francisco Board of Supervisors will consider authorizing the execution of the Potrero Yard Modernization Project Infrastructure Facility Project Agreement (Project Agreement) for the design, construction, and financing of the Project. Below is a summary of the Project background, scope of work, and financial structure.

## 2.0 PROJECT BACKGROUND

The Project is SFMTA's first initiative under the Building Progress Program to repair, renovate, and modernize outdated transit facilities. The Project site is the existing Potrero Division bus yard at 2500 Mariposa Street, bounded by Bryant, 17th, Hampshire, and Mariposa streets, occupying 4.4 acres in the Mission District. The facility has been in continuous operation since 1915 and currently houses approximately 158 electric trolley buses in a two-story structure that is functionally obsolete and operating beyond capacity. The facility is more than 100 years old, well past its useful life, and vulnerable to earthquake damage.

SFMTA selected Potrero Neighborhood Collective LLC (PNC), led by Plenary Americas US Holdings Inc., as its private partner for delivery of the Project, through a full and open competitive procurement process. This process consisted of a Request for Qualifications (RFQ) issued in 2020, followed by the RFP issued to the three teams shortlisted through the RFQ. SFMTA and PNC entered into a Predevelopment Agreement (PDA) in November 2022, under which PNC was required to advance design, environmental review, financing analysis, and negotiation of project agreements at its own expense. Predevelopment work is now complete, and the Project is now planned to advance to the delivery phase.

The approval of the Project Agreement by the SFMTA Board and the Board of Supervisors will formally move the Project into delivery and will obligate SFMTA to a set of financial obligations to the developer partner. The Project Agreement will be with PRG Potrero Properties LLC (PRG), which is a flow-through non-profit entity that will serve as the contractual counterparty to SFMTA, in order to facilitate access to tax-exempt bond financing. The lead developer (PNC) will be responsible for design and construction, under a Project Implementation Agreement with PRG.

In March 2021, the Board of Supervisors adopted Ordinance #38-21, which granted SFMTA the authority to use an integrated joint development procurement approach for the Potrero Yard Modernization Project. This was the City's first legislation authorizing major project delivery through a public-private partnership approach. The Project will be delivered using a Design-Build-Finance (DBF) delivery model. Under the DBF arrangement, SFMTA will be responsible for all facility operations and maintenance; the developer's role following construction will be limited to financing a portion of the Project's costs.

## 3.0 SCOPE OF WORK

The Project will deliver a modern, four-story bus storage and maintenance facility through a DBF delivery model. The fixed design and construction price is \$612,107,000, with substantial completion planned for 2030. The Project will:

1. Replace the existing seismically deficient two-story structure and expand maintenance and storage capacity at the site by approximately 68%;
2. Support the SFMTA's electric trolley bus fleet and enable future transition to battery-electric vehicles, advancing the agency's zero-emission fleet goals;
3. Consolidate Muni operator training functions on-site and provide adequate working space for transit maintenance support functions;
4. Provide safe, naturally lit, and well-ventilated workspaces resilient to climate change and seismic events;
5. Improve transit service reliability by reducing breakdowns, increasing on-time performance, and reducing overcrowding; and
6. Comply with LEED sustainability standards.

A separate Lease Development and Disposition Agreement will provide for continued predevelopment of an affordable housing component adjacent to the bus facility, with approximately 104 affordable residential units and approximately 2,800 square feet of ground-floor commercial space. SFMTA is prohibited by Charter from funding housing design or construction; the housing component is contingent on the developer securing independent financing.

## 4.0 CONTRACTUAL AND FINANCING STRUCTURE

The estimated cost of the Project is approximately \$1.4 billion, including the developer's cost of borrowing. Under the Project Agreement, the developer will be compensated through the following structure:

#### **4.1 Milestone Payment 1 - \$65,000,000**

This payment is due at Financial Close, soon after approval of the Project Agreement. The payment will be funded from multiple sources, including the \$1,000,000 in SFCTA Prop K sales tax funds that are the subject of this request, as well as \$42,393,000 in MTC Regional Measure 3 Bridge Toll Funds; \$5,150,953 in Caltrans SB 1 State of Good Repair funds; \$5,750,000 in City General Fund (Prop B Transit); and \$10,706,047 in FTA Section 5307 Formula Funds.

#### **4.2 Milestone Payment 2 - \$250,000,000**

Of this amount, \$200 million is anticipated from a General Obligation (GO) Bond measure that will be before San Francisco voters in June 2026. Should the GO Bond not be approved, SFMTA will explore alternative revenue and/or financing options. The remaining \$50 million will be from other SFMTA sources, including from cost savings on other completed capital projects.

#### **4.3 Development Fee - \$5,000,000**

The development fee is payable to PNC, as compensation for managing and overseeing design and construction: \$4,000,000 at substantial completion and \$1,000,000 upon achievement of specified post-completion milestones. Funding for these amounts will be sourced from the borrowing issued by PRG.

#### **4.4 Annual Availability Payments - Approximately \$980,000,000 Cumulative Total**

Beginning in Fiscal Year 2032 and continuing for up to 30 years, the SFMTA will make annual availability payments to the developer. Payments are projected to be approximately \$33 million per year. The annual payments are planned to be funded from future capital funds programmed to SFMTA's Facilities Program in future Capital Improvement Programs (CIPs).

#### **5.0 APPROVALS AND NEXT STEPS**

The following approvals are required to advance the Project to construction:

1. SFMTA Board of Directors authorized the execution of the Project Agreement - March 3, 2026;
2. Board of Supervisors approval under Charter Section 9.118(b), required because the contract term exceeds 10 years - anticipated March 24, 2026;
3. Financial Close - approximately one month after commercial close; and
4. Substantial completion of the infrastructure facility - targeted June 2030, with a 30-year financing term expected to conclude in 2060.

The PDA expires March 31, 2026. The SFMTA Board has been authorized to amend the Predevelopment Agreement to extend its term, if necessary, to allow sufficient time to obtain the required approvals.

**Project Location**

2500 Mariposa Street, San Francisco (double block bound by Mariposa, Bryant, Hampshire and 17th Streets)

<b>Is this project in an Equity Priority Community?</b>	No
<b>Does this project benefit disadvantaged populations?</b>	No

**Project Phase(s)**

Design Engineering (PS&E)

**5YPP/STRATEGIC PLAN INFORMATION**

<b>Type of Project in the Prop L 5YPP/Prop AA Strategic Plan?</b>	Named Project
<b>Is requested amount greater than the amount programmed in the relevant 5YPP or Strategic Plan?</b>	Less than or Equal to Programmed Amount
<b>PROP K Amount</b>	\$1,000,000.00

# San Francisco County Transportation Authority Allocation Request Form

<b>FY of Allocation Action:</b>	FY2025/26
<b>Project Name:</b>	Potrero Yard Modernization - Professional Services Reimbursement (20M) - Amendment - NEW
<b>Primary Sponsor:</b>	San Francisco Municipal Transportation Agency

## ENVIRONMENTAL CLEARANCE

<b>Environmental Type:</b>	EIR/EIS
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## PROJECT DELIVERY MILESTONES

Phase	Start		End	
	Quarter	Calendar Year	Quarter	Calendar Year
Planning/Conceptual Engineering (PLAN)	Jan-Feb-Mar	2018	Oct-Nov-Dec	2021
Environmental Studies (PA&ED)	Jan-Feb-Mar	2018	Oct-Nov-Dec	2024
Right of Way				
Design Engineering (PS&E)	Apr-May-Jun	2026	Apr-May-Jun	2027
Advertise Construction				
Start Construction (e.g. Award Contract)	Jan-Feb-Mar	2027		
Operations (OP)	Apr-May-Jun	2030		
Open for Use			Apr-May-Jun	2030
Project Completion (means last eligible expenditure)			Oct-Nov-Dec	2030

### SCHEDULE DETAILS

- Upcoming Milestones:
- Financial Close and NTP 1 Apr 17, 2026
  - NTP 2 Jul 16, 2026
  - Site Access Jul 16, 2026
  - PGE Service Application (new service) Sep 15, 2026
  - 100% design submittal Apr 01, 2027
  - Site Permits May 27, 2027
  - Demo Structure Jul 08, 2027
  - Substantial Completion / Occupancy Jun 26, 2030
  - Final Completion Dec 23, 2030

# San Francisco County Transportation Authority Allocation Request Form

<b>FY of Allocation Action:</b>	FY2025/26
<b>Project Name:</b>	Potrero Yard Modernization - Professional Services Reimbursement (20M) - Amendment - NEW
<b>Primary Sponsor:</b>	San Francisco Municipal Transportation Agency

## FUNDING PLAN - FOR CURRENT REQUEST

Fund Source	Planned	Programmed	Allocated	Project Total
EP-206: Muni Maintenance	\$0	\$0	\$3,118,982	\$3,118,982
FTA Formula Funds	\$0	\$0	\$11,056,047	\$11,056,047
General Fund Population Baseline	\$0	\$0	\$8,095,846	\$8,095,846
MTC Regional Measure 3	\$0	\$0	\$45,896,055	\$45,896,055
Prop K: EP-120M: Facilities - MUNI	\$0	\$1,000,000	\$4,773,403	\$5,773,403
SB1 State of Good Repair	\$0	\$0	\$8,281,609	\$8,281,609
SFMTA Operating Funds	\$0	\$0	\$1,000,000	\$1,000,000
<b>Phases In Current Request Total:</b>	\$0	\$1,000,000	\$82,221,942	\$83,221,942

## FUNDING PLAN - ENTIRE PROJECT (ALL PHASES)

Fund Source	Planned	Programmed	Allocated	Project Total
PROP L	\$0	\$0	\$12,500,000	\$12,500,000
APs: SFMTA Capital Funds (multiple sources)	\$980,351,548	\$0	\$0	\$980,351,548
FTA Formula Funds	\$0	\$30,401,378	\$11,056,047	\$41,457,425
General Fund Population Baseline	\$0	\$21,442,773	\$8,095,846	\$29,538,619
MP2: GO Bond & SFMTA Capital Funds	\$0	\$250,000,000	\$0	\$250,000,000
MTC Regional Measure 3	\$0	\$0	\$45,896,055	\$45,896,055
Prop K: EP-120M: Facilities - MUNI	\$0	\$1,000,000	\$4,773,403	\$5,773,403
SB1 State of Good Repair	\$0	\$22,155,849	\$8,281,609	\$30,437,458
SFMTA Operating Funds	\$0	\$0	\$1,000,000	\$1,000,000
<b>Funding Plan for Entire Project Total:</b>	\$980,351,548	\$325,000,000	\$91,602,960	\$1,396,954,508

<b>COST SUMMARY BY PHASE</b>		
<b>Phase</b>	<b>Total Cost</b>	<b>Prop K Amendment - Current Request</b>
PDA Phase - SFMTA Costs	\$18,221,942	
PDA Phase - Developer Costs	\$65,000,000	\$1,000,000
Delivery Phase - SFMTA Costs	\$83,381,018	
Delivery Phase - Facility Construction	\$612,107,000	
Delivery Phase - Other Developer Costs	\$54,667,751	
Developer's Cost of Borrowing	\$563,576,797	
<b>Total:</b>	<b>\$1,396,954,508</b>	<b>\$1,000,000</b>

<b>% Complete of Design:</b>	30.0%
<b>As of Date:</b>	12/17/2025
<b>Expected Useful Life:</b>	70 years