

1 [Predevelopment Agreement Amendment - Retroactive - Potrero Neighborhood Collective
2 LLC - 2500 Mariposa - Potential Termination Payment Not to Exceed \$15,546,566]

3 **Resolution retroactively approving a Second Amendment to the Predevelopment**
4 **Agreement between Potrero Neighborhood Collective LLC and the City and County of**
5 **San Francisco, acting by and through the San Francisco Municipal Transportation**
6 **Agency, dated for reference purposes as of October 1, 2024, and retroactively effective**
7 **as of October 17, 2024, to increase the potential termination payment by \$5,556,566 for**
8 **a total potential termination payment that will not exceed \$15,546,566; and making**
9 **environmental findings under the California Environmental Quality Act.**

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11 WHEREAS, The San Francisco Municipal Transportation Agency (“SFMTA”) has
12 determined it is critical to replace its outdated Potrero Yard facility at 2500 Mariposa Street in
13 the Mission District (“Project Site”) to provide the best quality transit service for all of San
14 Francisco, one of the most important tools we have to fight climate change; and

15 WHEREAS, The SFMTA’s Potrero Yard Modernization Project (“Project”) includes the
16 simultaneous joint development and construction of a new facility with a modern four-story
17 bus storage and maintenance component (“Bus Yard Component”) and, if feasible, a multi-
18 family housing and commercial component (“Housing Component”) at the Project Site, with a
19 potential paratransit facility if it is not feasible to construct housing above the Bus Yard
20 Component; and

21 WHEREAS, The Project will expand capacity for the electric trolley bus fleet at the
22 Project Site by over 50 percent, and allow Muni to continue as a national leader in delivering
23 sustainable transit service by helping to facilitate its transition to a 100 percent zero-emission
24 fleet; and

1 WHEREAS, The new facility will dramatically improve efficiency of Muni operations and
2 maintenance by providing adequate space and operational flow for bus maintenance, parking,
3 and circulation of the electric trolley bus fleet; and

4 WHEREAS, By improving the work environment for SFMTA frontline operations and
5 maintenance staff, who currently work in a 109-year-old facility that is significantly outdated
6 and undersized, buses can be repaired faster for more reliable Muni service; and

7 WHEREAS, The Project will be the nation's first known joint development of a bus
8 storage and maintenance transit facility with housing, and if feasible, will address a critical
9 housing need with one of San Francisco's largest affordable housing developments with up to
10 465 affordable rental units for low and moderate income households; and

11 WHEREAS, On April 7, 2020, the SFMTA Board of Directors approved Resolution
12 200407-035, a copy of which is on file with the Clerk of the Board of Supervisors in File No.
13 240136, authorizing the SFMTA to use a joint development procurement method to deliver the
14 Project and seek approval from the Board of Supervisors for that method; and

15 WHEREAS, On March 16, 2021, the Board of Supervisors adopted Ordinance 38-21, a
16 copy of which is on file with the Clerk of the Board of Supervisors in File No. 240136, to
17 approve a joint development delivery method and a best-value selection of the developer for
18 the Project and exempted various Project agreements from certain San Francisco
19 Administrative Code requirements that are inconsistent with the joint development delivery
20 method, with the ordinance being signed by the Mayor and effective on April 25, 2021; and

21 WHEREAS, After a competitive process for a predevelopment agreement for the
22 Project ("PDA") that included a request for qualifications and a request for proposals, the
23 SFMTA Board of Directors adopted Resolution 221101-105 on November 1, 2022, a copy of
24 which is on file with the Clerk of the Board of Supervisors in File No. 240136, to authorize the
25 SFMTA Director of Transportation to execute the PDA with Potrero Neighborhood Collective,

1 LLC ("PNC"), which has Plenary Americas US Holdings Inc. ("Plenary") as its sole member,
2 for a term that will not exceed 568 days; and

3 WHEREAS, The PDA was fully executed as of November 2, 2022, a copy of which is
4 on file with the Clerk of the Board of Supervisors in File No. 240136, and was amended by a
5 First Amendment to Predevelopment Agreement ("First Amendment") that was fully executed
6 as of May 29, 2024, a copy of which is on file with the Clerk of the Board of Supervisors in File
7 No. 240937; and

8 WHEREAS, Except for limited SFMTA predevelopment obligations described in the
9 PDA as amended by the First Amendment ("Modified PDA"), the Modified PDA requires PNC
10 to perform the majority of the predevelopment work needed for the Project at its sole cost
11 during the term of the Modified PDA, including but not limited to developing schematic
12 designs, maintenance plans, and financing plans, securing Project financing, obtaining Project
13 entitlements, and procuring design-build and maintenance contractors; and

14 WHEREAS, The Modified PDA requires that the SFMTA and PNC negotiate the terms
15 of agreements for the design, construction and certain maintenance of the Bus Yard
16 Component, the design, construction and operation of the Housing Component, and the
17 design, construction and maintenance of the common infrastructure that would be shared by
18 the Bus Yard Component and the Housing Component ("Project Documents"); and

19 WHEREAS, If City staff and PNC mutually agree to the forms of the Project Documents
20 during the term of the Modified PDA, the SFMTA will seek approval to those Project
21 Documents from the SFMTA Board of Directors and the Board of Supervisors before the
22 expiration of the term of the Modified PDA; and

23 WHEREAS, The SFMTA can terminate the Modified PDA at any time for convenience,
24 and if the Modified PDA terminates for any reason other than PNC's default or the parties'

1 execution of the Project Documents, the Modified PDA includes proposal and termination
2 payments (together, the "Termination Payment") to PNC that will not exceed \$9,990,000; and

3 WHEREAS, The Modified PDA includes a continuation payment of \$4,350,000 that
4 was authorized by the Board of Supervisors under Resolution 107-24, a copy of which is on
5 file with the Clerk of the Board of Supervisors in File No. 240136; and

6 WHEREAS, The term of the Modified PDA will expire on October 18, 2024, and the
7 parties need to extend its term to seek potential federal and other funding for the Project and
8 address City changes to the Project terms; and

9 WHEREAS, The Second Amendment to Predevelopment Agreement ("Second
10 Amendment"), a copy of which is on file with the Clerk of the Board of Supervisors in File
11 No. 240937, would (a) increase the Termination Payment by \$5,556,566 for a total
12 Termination Payment that will not exceed \$15,546,566, (b) require the Lead Developer to
13 perform the activities described in the Second Amendment, (c) extend the PDA term to no
14 later than July 31, 2025, and (d) be retroactively effective as of October 17, 2024; and

15 WHEREAS, Under Charter, Section 9.118, the SFMTA needs the approval of Board of
16 Supervisors to increase the Termination Payment by more than \$500,000; and,

17 WHEREAS, On October 1, 2024, the SFMTA Board of Directors approved Resolution
18 No. 241001-114, a copy of which is on file with the Clerk of the Board of Supervisors in File
19 No. 240937, authorizing the Director of Transportation to seek approval of the Second
20 Amendment from the Board of Supervisors and to execute the Second Amendment if
21 approved by the Board of Supervisors; and

22 WHEREAS, On January 11, 2024, by Motion No. 21482, a copy of which is on file with
23 the Clerk of the Board of Supervisors in File No. 231256, the Planning Commission certified
24 as adequate, accurate, and complete the Environmental Impact Report for the Project ("Final
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1 EIR") pursuant to CEQA, the CEQA Guidelines (Cal. Code Reg. Sections 15000 et seq.) and
2 Chapter 31 of the Administrative Code; and

3 WHEREAS, The SFMTA and the Planning Department determined the Second
4 Amendment is not a "project" under CEQA pursuant to CEQA Guidelines Sections 15060(c)
5 and 15378(b) because the action would not result in a direct or reasonably foreseeable
6 indirect physical change to the environment beyond the scope analyzed in the Final EIR, and
7 a copy of that determination is on file with the Clerk of the Board of Supervisors in File
8 No.240937; and

9 WHEREAS, The Board of Supervisors has reviewed the Final EIR and the
10 determination regarding this Second Amendment, concurs with their conclusions, and affirms
11 the Planning Commission's certification of the Final EIR, and finds that the actions
12 contemplated in this resolution are within the scope of the Project described and analyzed in
13 the Final EIR; now, therefore, be it

14 RESOLVED, If the Board of Supervisors approves the Second Amendment and
15 authorizes the SFMTA Director of Transportation to enter into the Second Amendment, which
16 will be retroactively effective as of October 17, 2024, to take actions reasonably necessary or
17 prudent to perform the City's obligations under the Modified PDA, as amended by the Second
18 Amendment ("Amended PDA"), in accordance with its terms, and to enter into any additions,
19 amendments or other modifications to the Amended PDA, as amended by the Second
20 Amendment, that the Director of Transportation determines are in the best interests of the City
21 and that do not materially increase the obligations or liabilities of the City or materially
22 decrease the benefits to the City as provided in the Amended PDA; and, be it

23 FURTHER RESOLVED, That within 30 days of the Second Amendment being
24 executed by all parties, the SFMTA shall provide the final Second Amendment to the Clerk of
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the Board of Supervisors within 30 days of the full execution of the Second Amendment for inclusion into the official file.



City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 240937

Date Passed: October 22, 2024

Resolution retroactively approving a Second Amendment to the Predevelopment Agreement between Potrero Neighborhood Collective LLC and the City and County of San Francisco, acting by and through the San Francisco Municipal Transportation Agency, dated for reference purposes as of October 1, 2024, and retroactively effective as of October 17, 2024, to increase the potential termination payment by \$5,556,566 for a total potential termination payment that will not exceed \$15,546,566; and making environmental findings under the California Environmental Quality Act.

October 09, 2024 Budget and Finance Committee - RECOMMENDED

October 22, 2024 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 240937

I hereby certify that the foregoing Resolution was ADOPTED on 10/22/2024 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor

11/1/24

Date Approved