



SFMTA

Potrero Yard Modernization Project

Bus Yard Project Agreement

Board of Supervisors – Budget & Finance Committee
March 18, 2026

POTRERO YARD MODERNIZATION PROJECT

Project Scope



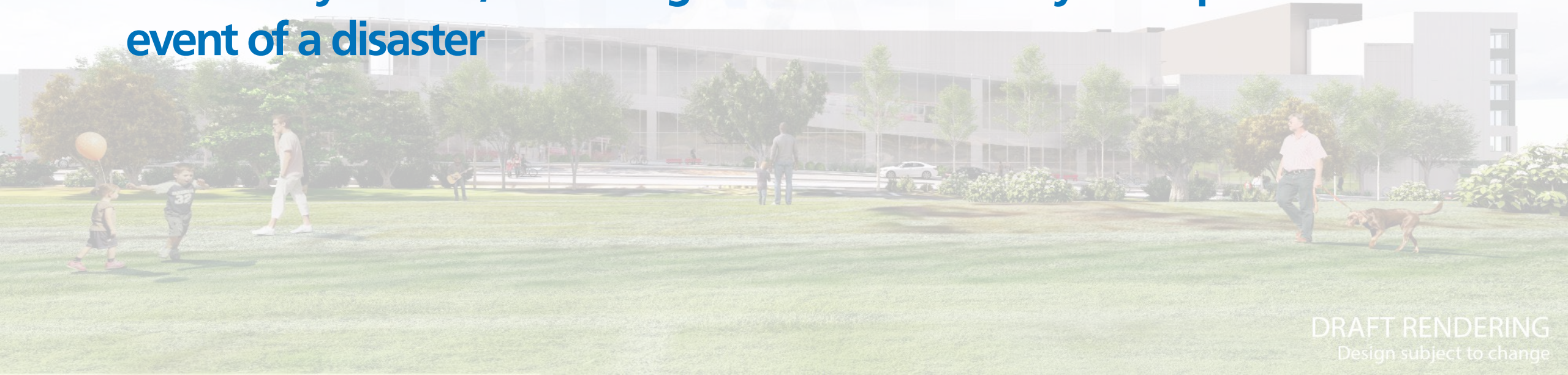
View from Franklin Square

DRAFT RENDERING
Design subject to change

Project Need

At its core, the Potrero Yard Modernization Project is a critical infrastructure project. The current yard is:

- **Functionally obsolete**
- **Operating beyond crush capacity**
- **Seismically unsafe, hindering the SFMTA's ability to respond in the event of a disaster**



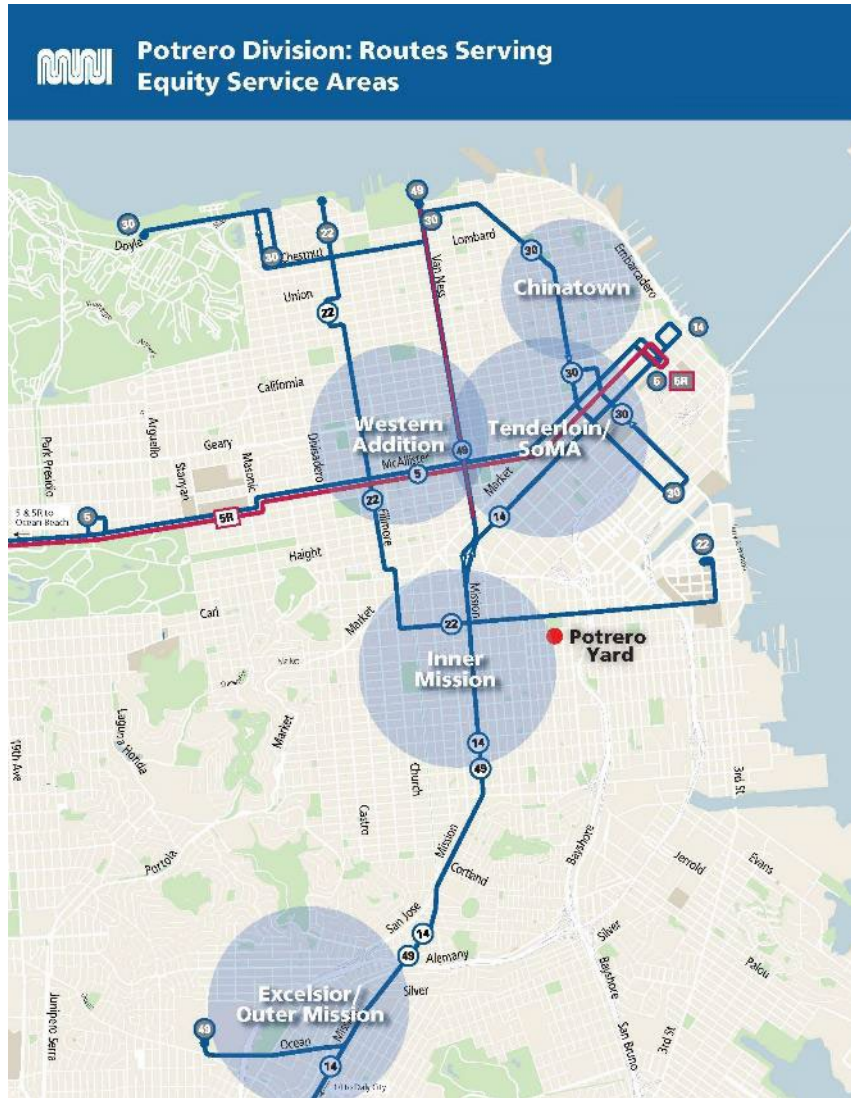
Project Scope

A new modern, four-level infrastructure facility will:

- **Improve transit service and maintain buses more efficiently**
- **Accommodate 68% more electric trolley buses**
- **Provide safe, naturally lit, and well-ventilated workspaces for staff**
- **Consolidate Muni operator training functions**
- **Improve the surrounding streetscape**
- **Enable proposed Bryant Street housing – approximately 100 units of affordable housing and neighborhood-serving retail space**



Potrero's Role in Delivering Service



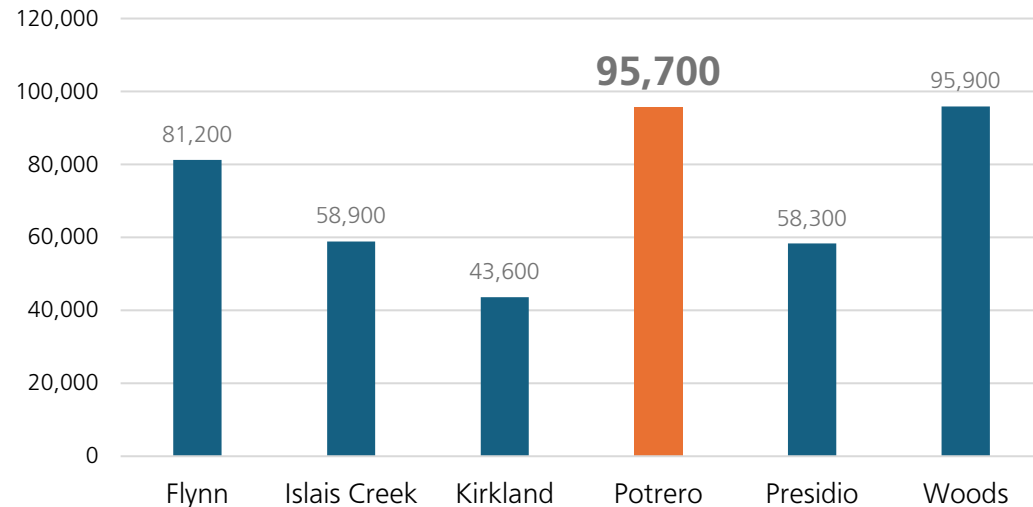
Routes

5/5R, 14, 22, 30, 49 (All serve [Muni Service Equity](#) neighborhoods)

Ridership

Second-highest ridership in Muni system with 95,700 avg weekday riders (~22% of bus weekday ridership)

Boardings by Bus Divisions



City Partnerships



MAYOR'S OFFICE OF
HOUSING & COMMUNITY DEVELOPMENT



Staff Support



“With a new modern facility, we'd be able to work more safely. We'd be more efficient and could put more vehicles out on the road.”

Mike Henry, Chief Mechanical Officer for Fleet Maintenance



“The most important thing for (myself and for) staff is safety. This facility has been here for over 100 years — things are starting to break down. A new facility will be up to code — it will be safer.”

**— Dave McElroy,
Electrical Transit Mechanic, Asst Supervisor**



**— Robert Sistros,
Electrical Transit Mechanic,
Asst Supervisor**

“As a supervisor, I see the struggle of mechanics putting their bodies in an awkward position due to lack of ceiling clearance, over time could can lead to injury.

Ceiling concrete is coming apart, which could potentially cause serious injury. A new facility with new equipment will provide a safe working environment and longevity for our staff.”

Staff Support



Potrero Division Send-Off Celebration – February 6, 2026



Last Pull-in at Potrero – February 14, 2026

Project Timeline

SFMTA Planning

2018–2022



- ✓ SFMTA planning and community outreach and engagement to advance project
- ✓ PNC selected as project Development Team

Design & Permitting

2023–2026



- ✓ Entitlements granted
- ✓ Updated EIR and received CEQA certification
- ✓ Conducted contractor procurement for bus yard
- ✓ Value Engineering process
- ✓ Continued outreach
- ✓ Muni operations temporarily relocated

Final Design & Construction

2026-2030



- Enter into Project Agreement with City and PNC
- Demolish existing Potrero Yard
- Construct new bus yard
- Housing developers continue identifying and securing funding

Housing Construction

as funds secured



- Developer to secure funding for Bryant Street housing
- Conduct contractor procurement for Bryant Street housing
- Construction of housing and retail spaces

Project Updates



2024

Proposed Project

Up to 246 buses
Approx. 465 units proposed Affordable Housing



2024

Proposed Project Variant

Up to 246 buses, up to 160 paratransit vehicles
Approx. 100 units proposed Affordable Housing



2025

Proposed Bryant Street Housing

Draft rendering. Design subject to change

Final Project

Up to 246 buses
Approx. 100 units proposed Affordable Housing

Development of housing is subject to funding sources and market feasibility.

Updated Design

SHRINK THE MEZZANINE LEVEL

Reduced Mezzanine by approx. 44,000 sq ft. Retains Community Room as a public amenity.

REMOVE ROOF & PODIUM

Created open-air facility on 4th floor where buses are washed and parked. **Eliminated opportunity to construct housing or paratransit above the bus yard.**

Proposed Bryant Street Housing

REDESIGN GROUND FLOOR

Reduced retail space, eliminates one staff lobby at 17th & Bryant streets.

REDUCE BASEMENT SIZE

Scaled back basement size and depth by removing or relocating building systems and other uses.

Draft Project Renderings

Development of housing is subject to funding sources and market feasibility.



Draft rendering. Design subject to change

Bryant Street and Mariposa Street



Draft rendering. Design subject to change

17th Street and Hampshire Street

Community Input & Outreach



155+

Outreach Activities



2,600+

Current Subscribers
to Project Updates



25+

Street Fairs and
Community Celebrations



55

Neighborhood Working
Group Meetings



60+

Listening sessions and briefings with
community organizations & leaders



1,100+

Respondents to Neighborhood
Surveys and Feedback Polls

Response to Community Input

The Project has worked to retain public amenities requested by the Working Group and broader community, including:

- **Community Room** - publicly accessible meeting space.
- **Public Restroom** – located near Franklin Square to serve parkgoers.
- **Streetscape Improvements** – enhanced landscaping, improved sidewalks and crosswalks.
- **Upgraded Bicycle Infrastructure** – protected and widened bicycle lanes and bicycle parking for staff and the public.
- **Opportunity for Bryant Street Housing** – approx. 100 units of affordable family housing

Not everything could be retained in the project as a result of budget constraints:

- **Podium** – Potential for future housing or paratransit facility above the bus yard.
- **One of Three Retail Spaces** – Two community retail spaces will still be provided at ground level of Bryant Street Housing



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Project Agreement



Payment Framework

Based on a Final Design-Build Price of \$612,107,000

Milestone and Annual Payment Obligation/Details

Payment Type	Purpose	Amount	Sources	Notes
Milestone Payment 1 (MP1)	Closing costs and repays developer for pre-development costs	\$65M	<ul style="list-style-type: none"> • RM3 • Sales Tax • SB1 SGR • FTA 5307 	Paid at Financial Close
Milestone Payment 2 (MP2)	Down payment on design and construction costs	\$250M	<ul style="list-style-type: none"> • 2026 ESER GO Bond • SFMTA Capital Project Savings 	Performance-based. Paid by Substantial Completion
Availability Payments (AP)	Annual debt service payments on design and construction costs	\$33M	<ul style="list-style-type: none"> • SFMTA Capital Fund Sources 	Paid annually until 2061.

Project Labor Agreement

A Project Labor Agreement (PLA):

- Promotes efficient construction in a safe work environment,
- Ensures adequate supply of skilled craftworkers,
- Establishes a framework for labor-management cooperation and stability, and
- Provides for peaceful settlement of labor disputes.





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Housing Agreement



Enables Bryant Street Housing

Development of housing is subject to funding sources and market feasibility.



Draft rendering. Design subject to change

17th Street and Bryant Street

- The final bus yard design continues the project's long-term commitment to affordable housing.
- **Enables the ability to build approximately 100 units of affordable housing** along Bryant Street (Studio to 3 bedrooms).
- Construction is dependent on housing developer's ability to secure funding. **The SFMTA cannot fund housing.**
- Housing project to include two community-serving retail spaces



Proposed Bryant Street Housing

The approved **Lease Development & Disposition Agreement (LDDA)** sets terms for development of the proposed housing and the form of the future Ground Lease, including:

- All homes must remain affordable to households earning up to 80% of Area Median Income
- 75-year ground lease term (with option to renew)
- SFMTA review of design to ensure compatibility with the bus yard
- Schedule of required milestones to achieve approval of the Ground Lease and Close of Escrow, which must occur no later than two (2) years after completion of the bus yard

The future Ground Lease will be brought to the Board of Supervisors for consideration upon developer securing funds to begin construction.

The LDDA was approved by the SFMTA Board of Directors on March 3, 2026.

Recommendation

Amend the legislation to include as the second-to-last *Whereas* clause the following:

WHEREAS, On March 9, 2026, the Planning Department issued a Memorandum to File, which found that with development of the Housing Project, the remaining sites identified in the 2022 Housing Element Update are adequate to meet the requirements of California Government Code Section 65583.2 and to accommodate the City's share of the regional housing need pursuant to California Government Code Section 65584. The Board incorporates those findings as its own, and incorporates the March 9, 2026 letter as though fully incorporated herein; and

Forward to the full Board of Supervisors with **recommendation** as amended to approve Contract No. 1334 — Infrastructure Facility Project Agreement for the design, construction, and financing of a bus storage and maintenance facility for the **Potrero Yard Modernization Project**.



SFMTA

Thank You

