

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

November 27, 2013

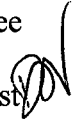
TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: December 4, 2013 Budget and Finance Committee Meeting

TABLE OF CONTENTS

| Item | File | Page |
|-------------|--|-------------|
| 1 | 13-1022 Contract Modification – Guardsmark, LLC – Security Services - \$21,226,260..... | 1 |
| 3 | 13-0879 Agreement Amendment – Airport Professional Services – Operation and Maintenance Services – AirTrain System – Not to Exceed \$98,700,000..... | 6 |
| 8 | 13-1111 Hearing – Reserved Funds – Adult Probation Department – Sect Offender Containment Model - \$514,350..... | 11 |
| 16 | 13-1123 Appropriation – Transit Center District Funds and Transportation Development Impact Fees – FY 2013-2014 - \$4,388,000 | 16 |

| | |
|---|--|
| Item 16 File 13-1123 | Department: San Francisco Municipal Transportation Authority (SFMTA) |
| EXECUTIVE SUMMARY | |
| Legislative Objectives | |
| <ul style="list-style-type: none"> • The proposed ordinance appropriates \$4,388,000 in Area Plan development impact fees to fund various pedestrian, bicycle, streetscape, open space and associated project costs. | |
| Key Points | |
| <ul style="list-style-type: none"> • The Planning Code establishes Area Plans to guide land use in certain City neighborhoods, and authorizes the City to charge development impact fees to developers to fund public improvements in the respective Plan Areas. The proposed ordinance would appropriate Area Plan development impact fees of \$4,388,000 as shown in Table 1 and described in detail below. | |
| <ul style="list-style-type: none"> • The proposed ordinance would appropriate \$3,588,000 to Eastern Neighborhoods, Market and Octavia, and Rincon Hill Area Plan projects, which are included in the City's 2014-2023 Capital Plan from FY 2013-14 through FY 2016-17. SFMTA is requesting the appropriation of the entire \$3,588,000 in FY 2013-14 because more development is in progress in these Plan Areas than previously anticipated, resulting in higher than anticipated development impact fee revenues. | |
| <ul style="list-style-type: none"> • The proposed ordinance would appropriate \$800,000 to two Transit Center District projects, which were not included in the City's 2014-2023 Capital Plan because information on Transit Center District Plan projects was not available when the City's 2014-2023 Capital Plan was approved by the Capital Planning Committee in February 2013. The November 18, 2013 Capital Planning Committee determined that the two proposed Transit Center District projects are consistent with the Transit Center District Plan as described in the Capital Plan, and recommended their approval. | |
| Fiscal Impact | |
| <ul style="list-style-type: none"> • The total fund balance for the Eastern Neighborhoods, Market and Octavia, and Rincon Hill development impact fees as of November 21, 2013 was \$13,537,197. Appropriation of the requested \$3,588,000 would result in a remaining fund balance of \$9,949,197. | |
| <ul style="list-style-type: none"> • Construction of the new Transbay Transit Center at First and Mission Streets and two smaller Transit Center District development projects are estimated to generate \$6,000,000 in development impact fees, which the City has not yet received. Therefore, the proposed ordinance should be amended to place the requested appropriation of \$800,000 on Controller's reserve pending receipt of the revenues. | |
| Recommendations | |
| <ul style="list-style-type: none"> • Amend the proposed ordinance to place \$500,000 in Transit Center District Open Space Impact Fees and \$300,000 in Transit Center District Transportation and Street Improvement Impact Fees, totaling \$800,000, on Controller's reserve pending receipt of the impact fee revenues. | |
| <ul style="list-style-type: none"> • Approve the proposed ordinance as amended. | |

MANDATE STATEMENT

Charter Section 9.105 provides that (a) amendments to the Annual Appropriation Ordinance, as finally adopted, are to be adopted in the same manner as other ordinances and (b) no amendment to the Annual Appropriation Ordinance may be adopted unless the Controller certifies the availability of funds.

BACKGROUND

Area Plan Development Impact Fees

Area Plans are components of the City's General Plan that guide land use, design, infrastructure and area specific issues by providing objectives and policies for specific City neighborhoods or areas. The City's Planning Code requires developers to pay development impact fees specific to Area Plans in order to mitigate the impacts of commercial and residential development in the area.

The Interagency Plan Implementation Committee

The Interagency Plan Implementation Committee (IPIC) was created by the Board of Supervisors in 2006 to formalize interagency coordination of community improvements identified in the Area Plans. The IPIC is chaired by the Planning Department and includes representatives from the San Francisco Municipal Transportation Agency (SFMTA), Department of Public Works (DPW), Recreation and Park Department, San Francisco County Transportation Authority (SFCTA), the Public Library, Human Services Agency (HSA), and Capital Planning Committee.

The IPIC coordinates with the Area Plans' Citizen Advisory Committees, recommends Area Plans' capital projects, and produces an annual report that includes an assessment of development impact fee revenues and priority projects to be funded by these revenues.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance appropriates \$4,388,000 in Area Plan development impact fees to fund various pedestrian, bicycle, streetscape, open space and associated project costs as shown in Table 1 below.

Table 1: Proposed Sources and Uses of Funds

| | |
|--|--------------------|
| Sources | |
| Transit Center District Open Space Impact Fee | \$500,000 |
| Transit Center District Transportation and Street Improvement Impact Fee | 300,000 |
| Subtotal, Transit Center District Impact Fees | 800,000 |
| Eastern Neighborhoods Impact Fee | 1,095,000 |
| Market and Octavia Community Infrastructure Impact Fee | 1,920,000 |
| Rincon Hill Community Infrastructure Impact Fee | 573,000 |
| Subtotal, Area Plans Impact Fees | 3,588,000 |
| Total Sources | \$4,388,000 |
| Uses | |
| <i>Transit Center District Impact Fees</i> | |
| Central Subway Plaza - Chinatown | \$500,000 |
| Transit Center streetscape plan | 300,000 |
| Subtotal, Transit Center District Impact Fees | 800,000 |
| <i>Eastern Neighborhoods Impact Fee</i> | |
| 16th Street conceptual engineering | 845,000 |
| Folsom Street Improvements | <u>250,000</u> |
| Subtotal, Eastern Neighborhoods | 1,095,000 |
| <i>Market and Octavia Community Infrastructure Impact Fee</i> | |
| Haight Street two-way transportation and streetscape | 210,000 |
| Polk Street northbound bicycle improvements | 50,000 |
| Upper Market Street pedestrian improvements | 1,160,000 |
| Franklin and Gough Street pedestrian improvements | <u>500,000</u> |
| Subtotal, Market and Octavia | 1,920,000 |
| <i>Rincon Hill Community Infrastructure Impact Fee</i> | |
| Rincon Hill early design work | 573,000 |
| Subtotal, Area Plans Impact Fees | 3,588,000 |
| Total Uses | \$4,388,000 |

The Attachment to this report describes the subject development impact fees.

Descriptions of the requested expenditures of \$4,388,000 are provided below.

Transit Center District Plan

Central Subway Plaza – Chinatown (\$500,000)

The Central Subway Plaza will be located at the Chinatown Station, at Stockton and Washington Streets. According to the SFMTA report to the November 18, 2013 Capital Planning Committee, the requested \$500,000 in funds will be used to design the plaza through a change order to the existing contract between SFMTA and the Central Subway Design Group¹ for design and engineering services for the Chinatown Station. According to Ms. Sonali Bose, SFMTA Chief Financial Officer, the existing contract, which was awarded through a competitive Request for Proposals (RFP) process, is for \$39,949,959. SFMTA did not include design of the plaza in the initial contract because the site was not part of the original Chinatown Station.

¹ The Central Subway Design Group is a joint venture between Parsons Brinckerhoff, Inc., Michael Willis Architects, and Kwan Henmi Architecture and Planning, Inc.

Transit Center Streetscape Plan (\$300,000)

The Transit Center District Plan provides for streetscape and open space improvements within the Plan Area between Mission and Harrison Streets, and Spear and Second Streets. These improvements include new public streets, alleys, rights of way, sidewalks, parks and other public improvements. According to the SFMTA report to the November 18, 2013 Capital Planning Committee, streetscape projects in the Transit Center District are estimated to cost \$24 million over the next two years; completion of the proposed streetscape plan is necessary prior to commencing detailed streetscape project work. According to Ms. Bose, the requested \$300,000 will pay for DPW staff costs to plan the streetscape element, conduct preliminary design, and develop estimates of design and construction costs.

Eastern Neighborhoods Area Plan

16th Street Conceptual Engineering (\$845,000)

According to the SFMTA report to the November 18, 2013 Capital Planning Committee, the requested \$845,000 would pay for a conceptual engineering report to determine the scope of the streetscape and transit improvements to the 16th Street corridor so that development of these improvements can be integrated with SFMTA's Transit Effectiveness Project². According to Ms. Bose, SFMTA staff will conduct the conceptual engineering in conjunction with outside consultants to be selected through a competitive RFP process.

Folsom Street Improvements (\$250,000)

According to the SFMTA report to the November 18, 2013 Capital Planning Committee, the Folsom Street improvements are intended to address bicycle safety concerns on Folsom Street. The requested \$250,000 would be used to (1) remove one travel lane on Folsom Street between 4th Street and 11th Street for 18 months and enhance the existing bicycle lane with painted buffers, and (2) study the impact of removing the one travel lane as part of the Environmental Impact Report (EIR) for the Central Corridor Plan, which includes Folsom Street. According to Ms. Bose, the removal of the travel lane and evaluation of the impact of the lane removal will be performed by SFMTA Sustainable Streets Division staff.

Market and Octavia Area Plan

Haight Street Two-Way Transportation and Streetscape (\$210,000)

The Haight Street transportation and streetscape project will return buses to Haight Street between Octavia and Market Streets, add pedestrian signals and bulb-outs, and enhance the crosswalks at the Market Street and Haight Street intersection. The total project costs of approximately \$5,900,000 are funded through San Francisco County Transportation Authority

² The Transit Effectiveness Project is an on-going program to improve Muni's service reliability, reduce travel time on transit, and improve service efficiency.

funds and a Metropolitan Transportation Commission grant. Environmental review was completed on March 28, 2011 and construction is expected to start in January 2014. The requested \$210,000 would serve as a match to the grant funds. According to Ms. Bose, planning and design for the proposed project will be conducted by SFMTA Capital Program staff, and construction work will be performed by A. Ruiz Construction, selected through a competitive bid process and approved by the SFMTA Board of Directors on November 5, 2013.

Polk Street Northbound Bicycle Improvements (\$50,000)

The *San Francisco Bicycle Plan* identifies potential bicycle projects in the Market and Octavia Plan Area; and an update to the *San Francisco Bicycle Plan* by the SFMTA identified bicycle lane improvements to Polk Street. According to the SFMTA report to the November 18, 2013 Capital Planning Committee, design for the Polk Street northbound bicycle lane is nearly complete and construction will begin by March 2014. The requested \$50,000 will serve as matching funds to a \$584,000 Metropolitan Transportation Commission grant to fund the construction, with total project costs of \$960,000, including the requested \$50,000 in development impact fees. According to Ms. Bose, the design and construction work will be performed by DPW staff and contractors selected by DPW as needed through a work order between SFMTA and DPW.

Upper Market Street Pedestrian Improvements (\$1,160,000)

The Planning Department developed conceptual designs for pedestrian improvements at a number of Market Street intersections as part of the Upper Market Community Plan. These intersections include Market and Dolores Streets; Market, Noe and 16th Streets; Market, Church and 14th Streets; and Buchanan and Market Streets.

The project has received \$100,000 in federal Priority Development Area grant funds for project planning; and the requested \$1,160,000 will pay for project construction in FY 2013-14 and FY 2014-15. According to Ms. Bose, construction work will be performed by DPW staff and contractors selected by DPW as needed through a work order between SFMTA and DPW.

Franklin and Gough Streets Pedestrian Improvements (\$500,000)

The proposed pedestrian safety improvements are intended to be constructed concurrently with DPW's repaving of Franklin and Gough Streets from now through the end of 2014. The pedestrian safety improvements consist of the installation of pedestrian countdown signals and other needed signal hardware (i.e. conduits) and could be constructed at any of the following intersections based on SFMTA's assessment of the need for the proposed pedestrian improvements: Gough and Page Streets; Gough and Grove Streets; Gough and Fulton Streets; Franklin and Fulton Streets; Franklin and Grove Streets; and Franklin and McAlister Streets. According to Ms. Bose, construction work will be performed by the DPW paving contractor through a work order between SFMTA and DPW.

Rincon Hill Area PlanRincon Hill Early Design Work (\$573,000)

The requested \$573,000 will be used to pay for DPW staff to develop detailed designs for specific street segments in Rincon Hill prior to construction of the capital improvements in FY 2014-15. The construction of the streetscape improvements would be funded through future appropriations of Rincon Hill Community Infrastructure Impact Fee revenues, and maintenance would be funded through the establishment of the Rincon Hill Community Benefit District.

The Interagency Plan Implementation Committee (IPIC) and Capital Planning Committee Recommendations

The projects noted above for the Eastern Neighborhoods Area Plan, Market and Octavia Area Plan, and Rincon Hill Area Plan were recommended by the IPIC and the City's Capital Planning Committee, and included in the City's 2014-2023 Capital Plan.

According to Mr. Brian Strong, Director of the Capital Planning Program, information on Transit Center District Plan projects was not available when the City's 2014-2023 Capital Plan was approved by the Capital Planning Committee in February 2013 and the Board of Supervisors in April 2013. As a result, while the Transit Center District Plan approved by the Board of Supervisors in August 2012 is discussed in the Capital Plan, the two specific projects to be funded by the requested appropriation of \$800,000 were not included. According to Mr. Strong, the November 18, 2013 Capital Planning Committee determined that the two proposed Transit Center District projects are consistent with the Transit Center District Plan as described in the Capital Plan, and recommended their approval.

FISCAL IMPACT

The proposed appropriation for the Eastern Neighborhoods Area Plan, Market and Octavia Area Plan and Rincon Hill Area Plan projects, totaling \$3,588,000, are included in the City's 2014-2023 Capital Plan, as shown in Table 2 below.

Table 2: 2014-2023 Capital Plan

| Area Plan | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | Total |
|--|--------------------|------------------|------------------|------------------|--------------------|
| Eastern Neighborhoods | | | | | |
| 16th Street conceptual engineering | \$845,000 | | | | \$845,000 |
| Folsom Street improvements | 250,000 | | | | 250,000 |
| Subtotal, Eastern Neighborhoods | 1,095,000 | | | | 1,095,000 |
| Market and Octavia | | | | | |
| Haight Street transportation/streetscape | 210,000 | | | | 210,000 |
| Polk Street northbound bicycle lanes | 50,000 | | | | 50,000 |
| Upper Market Street pedestrian | 430,000 | | 230,000 | 500,000 | 1,160,000 |
| Franklin and Gough Street pedestrian | 0 | | 500,000 | | 500,000 |
| Subtotal, Market and Octavia | 690,000 | | 730,000 | 500,000 | 1,920,000 |
| Rincon Hill | | | | | |
| Rincon Hill early design work | | 573,000 | | | 573,000 |
| Total Capital Plan Projects | \$1,785,000 | \$573,000 | \$730,000 | \$500,000 | \$3,588,000 |

As noted in Table 2 above, of the requested appropriation of \$3,588,000, the 2014-2023 Capital plan included \$1,785,000 for FY 2013-14 and \$1,803,000 for FY 2014-15 through FY 2016-17. According to Ms. Bose, SFMTA is requesting the appropriation of the entire \$3,588,000 in FY 2013-14 because more development is in progress in the Market and Octavia and Rincon Hill Plan Areas than previously anticipated, resulting in higher than anticipated development impact fee revenues.

Area Plan Impact Fee Revenues

As shown in Table 3 below, the total fund balance for the Eastern Neighborhoods Impact Fee, Market and Octavia Community Infrastructure Impact Fee, and Rincon Hill Community Infrastructure Impact Fee as of November 21, 2013 was \$13,537,197. Appropriation of the requested \$3,588,000 would result in a remaining fund balance of \$9,949,197, as shown in Table 3 below.

Table 3: Development Impact Fee Fund Balance

| Development Impact Fee | Fund Balance as of October 31, 2013 | Requested Appropriation | Fund Balance After Appropriation |
|---|-------------------------------------|-------------------------|----------------------------------|
| Eastern Neighborhoods | \$1,989,817 | (\$1,095,000) | \$894,817 |
| Market and Octavia Community Infrastructure | 3,510,245 | (1,920,000) | 1,590,245 |
| Rincon Hill Community Infrastructure | 8,037,135 | (573,000) | 7,464,135 |
| Total | \$13,537,197 | (\$3,588,000) | \$9,949,197 |

Transit Center District Impact Fee Revenues

According to Ms. Bose, construction of the new Transbay Transit Center at First and Mission Streets and two smaller Transit Center District development projects are estimated to generate \$1,500,000 in Transit Center District Open Space Impact Fees and \$4,500,000 in Transit Center District Transportation and Street Improvement Impact Fees, or a total of \$6,000,000, which the City has not yet received. Because the proposed ordinance appropriates \$800,000 in Transit Center District Impact Fee revenues that the City has not yet received, the Budget and Legislative Analyst recommends placing the requested \$800,000 appropriation of the Transit Center District Impact Fee revenues, detailed in Table 1 above, on Controller's reserve pending receipt of the revenues.

RECOMMENDATIONS

1. Amend the proposed ordinance to place \$500,000 in Transit Center District Open Space Impact Fees and \$300,000 in Transit Center District Transportation and Street Improvement Impact Fees, totaling \$800,000, on Controller's reserve pending receipt of the impact fee revenues.
2. Approve the proposed ordinance as amended.

Attachment

| Area Plan | Type of Fee | Base Fee per Square Foot for Net Addition of Gross Square Foot | | Planning Code Section | Fee Charged to New Development | Purpose |
|-------------------------|--|--|--|-----------------------|--------------------------------|--|
| | | Commercial | Residential | | | |
| Transit Center District | Open Space Impact Fee | \$2.50 to \$5.00 based on use | \$2.50 | 424.6 | Commercial Residential | Acquire and/or improve new and existing public open spaces and recreational facilities in the Transit Center District |
| Transit Center District | Transportation and Street Improvement Impact Fee | \$2.05 to \$4.00 based on use | \$3.94 | 424.7 | Commercial Residential | Improvements to accommodate regional transit and alternative transportation modes, including bicycling, walking and carpooling |
| Eastern Neighborhoods | Impact Fee | \$6.00 to \$14.00 based on type of development | \$8.00 to \$16.00 based on type of development | 423 | Commercial Residential | Acquire and/or develop public open space and recreational facilities; transit and streetscape improvements; community facilities such as libraries and childcare centers; and housing preservation |
| Market and Octavia | Community Infrastructure Impact Fee | \$3.40 | \$9.00 | 421 | Commercial Residential | Open spaces, pedestrian and streetscape improvements, and other facilities and services |
| Rincon Hill | Community Infrastructure Impact Fee | \$8.60 | n/a | 418 | Residential | Open space, pedestrian, streetscape and other public improvements |