

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

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June 13, 2017

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 15, 2017 Budget and Finance Committee Meeting

TABLE OF CONTENTS

Item	File		Page
1	17-0422	Real Property Acquisition – 145-165 11 th Street, 973 Minna Street, and 964 Natoma Street – Recreation and Park Department - \$9,725,000	1
3 & 4	17-0677	Appropriation – Proceeds from Water Enterprise Revenue Bonds – Property Purchase Located at Rollins Road, FY 2017-2018 - \$9,132,962	
	17-0678	Ordinance Amendment – Public Utilities Commission – Water Revenue Bond Issuance – Not to Exceed \$274,130,430	7
13	17-0673	Re-Appropriation – 2014 Transportation and Road Improvements General Obligation Bonds Series 2015B Projects - \$26,200,000 – FY 2017-2018	14

Item 1 File 17-0422	Department: Recreation and Park Department (RPD)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve and authorize an agreement for the City to acquire five parcels of improved real estate, consisting of approximately 19,500 square feet of land, including assumption of certain existing leases from Ares Commercial Properties Inc. for \$9,725,000; place the property under the Recreation and Park Department’s jurisdiction and authorize the use of revenues from the property for property-related costs and future park planning; adopt findings under the California Environmental Quality Act for the acquisition, but require any future park conversion project to be subject to the review and approval of the Recreation and Park Commission following environmental review; adopt findings that the conveyance is consistent with the General Plan and the eight priority policies of Planning Code, Section 101.1; and authorize the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the purchase agreement and this resolution. <p>Key Points</p> <ul style="list-style-type: none"> • In July 2013, an Open Space Task Force issued a report that recommended priority areas for open space acquisition in District 6. Based on the Task Force recommendations, RPD worked with the Real Estate Division to identify potential sites in District 6. • Under this resolution, RPD would acquire five contiguous parcels at 11th Street between Minna and Natoma Streets from one property owner. The five parcels contain 19,570 square feet of land and include three commercial leases that expire on or before September 30, 2021. The three leases currently generate total monthly rent of \$20,395. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • An appraisal conducted by Clifford Advisory determined the property’s value at \$10,000,000. An appraisal review conducted by CBRE found the appraisal was reasonable. The purchase price of \$9,725,000 is \$275,000 less than the \$10,000,000 appraised value. • The City will also pay 100% of the closing costs, estimated at \$100,000 for total City costs of \$9,825,000. The Open Space Acquisition Fund currently has a balance of \$11,206,784, which would be reduced to \$1,381,784 with the subject \$9,825,000 costs. • RPD anticipates receiving \$815,773 of rent revenues from the existing leases over four years. This revenue together with approximately \$8.7 million of Eastern Neighborhood Impact Fees and grants will be used to develop the subject property into a public park. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Administrative Code Section 23.3 states that before the Board of Supervisors approves any acquisition of real property that is not a donation, the Director of Property shall determine the fair market value of such real property based on a review of available and relevant data. If the fair market value exceeds \$10,000, the Director of Property shall obtain an appraisal. If the appraisal determines the fair market value of the real estate exceeds \$200,000, the Director of Property shall obtain an appraisal review for such appraisal. Both the appraisal and appraisal review shall have effective dates not earlier than nine months before the legislation to acquire the subject property is submitted to the Board of Supervisors.

BACKGROUND

In the fall of 2012, the Recreation and Park Department (RPD) worked with the Supervisor of District 6 (Tenderloin, South of Market, Rincon Hill, South Beach and Mission Bay) to convene an Open Space Task Force to identify potential new park sites in District 6. In July 2013, this Open Space Task Force issued a report that recommended priority areas for open space acquisition in District 6. Ms. Stacy Bradley, Deputy Director of Planning in the Recreation and Park Department (RPD) advises that due to residential density, District 6 has significantly less park land per resident than most areas of the City.

Based on the Task Force recommendations, RPD worked with the Real Estate Division to engage Colliers International, a private commercial real estate firm, to identify potential new park sites in District 6. Colliers identified over 100 properties in District 6, which were narrowed to 15 potential sites for further consideration. Based on field surveys by RPD staff, additional research by Real Estate staff, and Real Estate's subsequent inquiries regarding the viability of potential acquisition of various properties, the subject five contiguous sites located at 11th Street between Natoma and Minna Streets were selected.

Recent RPD Park Purchases and Development

Over the past four years, RPD has acquired the following properties:

- **Noe Valley Town Square** in 2013 for \$3.9 million. Development of this park was funded with General Fund, Open Space Funds, a gift from the neighborhood and two grants from Land and Water Conservation Fund and Urban Greening. This park is now open with maintenance and operations funded through RPD's annual operations budget.
- **900 Innes** in 2014 for \$3.049 million. Currently in planning phase with development funds still to be identified.
- **Francisco Reservoir** is currently being purchased from the San Francisco Public Utilities Commission (SFPUC) over 12 years for \$9.9 million plus interest. Currently in planning phase with park development and maintenance funds to be gifted to City from the neighborhood.
- **Guy Place Park** acquired in 2007 for \$1,800,000 entirely from impact fees. Development of this park is being funded primarily from impact fees.

- **17th & Folsom** acquired in 2011 for \$2,243,700 with impact fees. Development of this park is being funded through impact fees and grants.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would

- approve and authorize an agreement for the City to acquire five parcels of improved real estate located at 11th Street between Natoma and Minna Streets, consisting of approximately 19,570 square feet of land, including assumption of certain existing leases from Ares Commercial Properties Inc. for \$9,725,000;
- place the property under the Recreation and Park Department’s jurisdiction and authorize the use of rental revenues from the property for property-related costs and future park planning;
- adopt findings under the California Environmental Quality Act for the acquisition, but require any future park conversion project to be subject to the review and approval of the Recreation and Park Commission following environmental review;
- adopt findings that the conveyance is consistent with the General Plan and the eight priority policies of Planning Code, Section 101.1; and
- authorize the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the purchase agreement and this resolution.

The shaded area in the map below shows the location of the five contiguous parcels at 11th Street between Minna and Natoma Streets to be acquired from a single property owner¹.

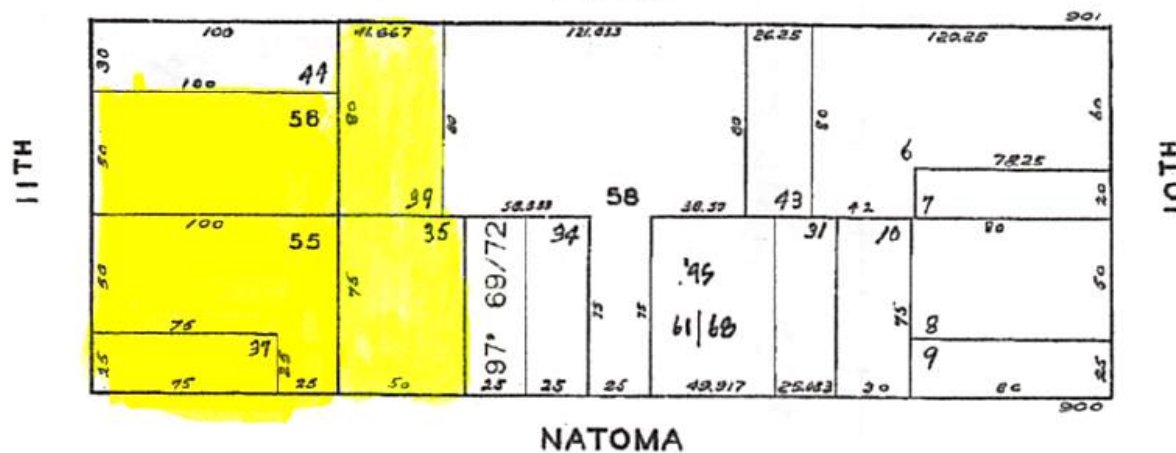


Table 1 below identifies the five parcels by lot number, address, current lessee, square feet, current monthly rent and dates of existing leases to be purchased under the proposed resolution. Each parcel contains older structures, including (a) a single story industrial building that extends over Lots 055 and 056, (b) a two-story structure that is a vacant restaurant on the

¹ The one parcel at the corner of 11th and Minna Streets, labeled 44 in the map above, is not included in the proposed acquisition, which has a separate owner.

first floor on Lot 039, and (c) older warehouse structures on both Lots 035 and 037. The five parcels contain a total of 19,570 square feet of land, including 21,124 square feet of building area. Under the proposed purchase agreement, the City would assume three existing commercial leases that expire on or before September 30, 2021, and currently generate total monthly rent of \$20,395, as shown in Table 1 below.

Table 1: Parcels Proposed for Purchase by Recreation and Park Department

Block 3510 Lot Nos.	Address	Current Lessees²	Square Feet of Land	Square Feet of Building	Current Monthly Rent	Dates of Existing Leases With Options
055-056	145-147 11 th Street	American Refrig Supplies	10,619	10,619	\$12,288	10/1991-9/2021
039	973 Minna Street	Vacant	3,332	3,332	0	NA
035	964 Natoma Street	Adventure Ambassadors	3,746	5,300	5,507	1/2006-6/2018
037	165 11 th Street	Dixon & Moe	1,873	1,873	2,600	10/2016-9/2019
Total			19,570	21,124	\$20,395	

Under the proposed purchase agreement, the City would assume the rights and obligations under these leases. RPD intends to allow the existing tenants to remain on the properties in accordance with their lease terms and to use the revenues received from the rents to pay all operating and related expenses for the properties, which are anticipated to be negligible. Mr. Joshua Keene of the Real Estate Division advises that the current leases require the tenants to pay all maintenance and operating expenses. Ms. Bradley advises that surplus rent revenues would also be used by RPD to begin the planning necessary to develop these five contiguous parcels into a neighborhood park after the expiration of these leases.

RPD anticipates working with the community to undertake feasibility studies to identify various recreational opportunities at this site, including short-term options as the leases are phased out over the next four years as well as a long-term plan for development. In accordance with the proposed resolution, any future building demolition and conversion of the properties to a park will be subject to review and approval by the Recreation and Park Commission following required environmental review. To develop the five parcels into open space and a public park will require the potential demolition of four existing buildings on these parcels.

On August 18, 2016, the Recreation and Park Commission approved the purchase of the subject properties at a purchase price of \$9,725,000 with monies from the Open Space Acquisition Fund and urged the subsequent required actions by the Board of Supervisors (Resolution No. 1608-006).

California Environmental Quality Act (CEQA) Guidelines and City's General Plan

On April 4, 2017, the Planning Department determined that the acquisition of the five subject properties is not considered a project under CEQA and is consistent with the City's General Plan

² American Refrigeration Supplies provides wholesale, retail, repair and distribution of air-conditioning and refrigeration supplies. Adventure Ambassadors provides warehousing storage and distribution for adventure sports equipment. Dixon & Moe is a software development and publishing company.

and eight priority policies of Planning Code Section 101.1³. The proposed resolution would affirm the Planning Department's determination under CEQA and find that the proposed acquisition is consistent with the City's General Plan and Planning Code Section 101.1 for the reasons specified by Planning.

FISCAL IMPACT

Appraisal and Appraisal Review

An appraisal conducted by Clifford Advisory LLC in September 2016 determined that the subject five parcels are valued at \$10,000,000, based on the interim lease income and potential mixed-use redevelopment on one consolidated parcel. An appraisal review report conducted by CBRE in October 2016 found that the appraisal value of \$10,000,000 is reasonable and supported based on the data and analysis in the appraisal. As noted above, the purchase price would be \$9,725,000, or \$275,000 less than the appraised value.

The purchase price of \$9,725,000 reflects an average of approximately \$497 per square foot based on the total 19,570 square feet of land.

Closing Costs

In addition to the purchase price of \$9,725,000, the City will pay 100% of the closing costs. Closing costs are estimated to total approximately 1% of the purchase price or approximately \$100,000. Therefore, the total estimated City acquisition and closing costs are \$9,825,000.

Property Taxes

The current property owner pays the City \$7,762 in annual property taxes that are deposited into the City's General Fund, which can be passed on to the existing tenants as Possessory Interest Taxes. Under the existing leases, tenants will continue to pay Possessory Interest Taxes to the City. Upon termination of the existing leases, the subject parcels will no longer generate such annual tax revenues.

Open Space Acquisition Fund

The Open Space Acquisition Fund currently has a \$11,206,784 Fund balance. Assuming total costs of \$9,825,000 would leave a remaining balance of \$1,381,784 in the Open Space Acquisition Fund. Over the next five years, between \$2.7 million and \$3.0 million is projected to be deposited into the Open Space Acquisition Fund each year, to replenish this Fund.

Projected Lease Revenues

Assuming immediate acquisition of the five parcels, such that the City would begin receiving rent effective July 1, 2017, Table 2 below summarizes the total rents of \$815,773 to be realized from the three existing leases on the five parcels.

³ The eight priorities look for impacts on retail uses, resident employment, San Francisco's housing stock or neighborhood character, public transit service, industrial or service sectors, earthquake preparedness, historical buildings, or parks and open spaces.

Table 2: Total Lease Revenues

Current Lessees	American Refrigeration Supplies***	Adventure Ambassadors*	Dixon & Moe**	Total
7/1/2017-12/31/2017	\$74,836	\$33,042	\$16,200	\$124,078
1/1/2018-12/31/2018	153,023	33,042	34,200	220,265
1/1/2019-12/31/2019	157,613	0	27,000	184,613
1/1/2020-12/31/2020	162,342	0	0	162,342
1/1/2021-12/31/2021	124,475	0	0	124,475
Total	\$672,289	\$66,084	\$77,400	\$815,773

*Assumes termination of lease with Adventure Ambassadors on 6/30/2018.

** Assumes termination of lease with Dixon & Moe on 9/30/2019.

*** Assumes termination of lease with American Refrigeration Supplies on 9/30/2021.

RPD intends to use the \$815,773 of revenues from these leased properties, after paying all costs of operation and maintenance of the five properties, for planning and other costs related to the potential conversion of the properties to a public park following the expiration of the leases. RPD advises they cannot currently estimate the total costs to plan, develop and construct a new neighborhood park at this location because working with the community and completing feasibility studies is necessary before determining the best short-term and long-term uses for the subject properties.

Revenue Sources to Develop and Maintain Neighborhood Park

In addition to the \$815,773 rent revenues to be received from the above-noted leases, RPD has identified approximately \$8.7 million of Eastern Neighborhood Impact Fees that would be available for development funds in this western SoMa neighborhood. Ms. Bradley advises that additional grant funds and impact fees will also likely need to be secured, once the development and construction budget is more fully developed.

The estimated costs to operate and maintain this future neighborhood park will be determined as part of the feasibility studies. RPD will need to include the cost for operation and maintenance of this park in RPD's annual Operations budget, subject to Board of Supervisors future appropriation approval.

RECOMMENDATION

Approve the proposed resolution.

Items 3 and 4 Files 17-0677 and 17-0678	Department: San Francisco Public Utilities Commission (SFPUC)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <p>File 17-0677: Ordinance appropriating \$9,132,962 of proceeds from Water Enterprise Revenue Bonds to purchase the property at 1657-1663 Rollins Road in Burlingame that is the primary work location for SFPUC staff from the Water Quality Division, the Natural Resources & Land Management Division and the Water Supply & Treatment Division; and placing \$9,132,962 of proceeds on Controller’s Reserve pending receipt of proceeds of indebtedness.</p> <p>File 17-0678: Ordinance amending Ordinance No. 112-16 to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue bonds and other forms of indebtedness by the San Francisco Public Utilities Commission (SFPUC) to an aggregate principal amount not to exceed \$274,130,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including new funding to finance the cost of the acquisition of the Rollins Road Property pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; Authorizing the issuance of Water Revenue Refunding Bonds; declaring the official intent of the SFPUC to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratifying previous actions taken in connection therewith.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • SFPUC is proposing to purchase the site for \$9,100,000, based on the appraised value of the site, and confirmed by the appraisal review <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • SFPUC estimates 4% annual interest for 30-year revenue bonds, to be sold during the winter of FY 2017-18. Based on total costs of \$9,439,754, debt service over 30-years is estimated at \$16,377,057, including interest of \$6,937,303. Average annual debt service of \$545,902 will be funded through rates and charges to SFPUC Water customers. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • SFPUC has authority under Charter Section 9.118 for expenditures up to \$10 million and ten years. If the SFPUC did not require appropriation or bond authorization, the SFPUC could move forward with this transaction without the Board of Supervisors knowledge. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Approve the proposed ordinances. • Consider amending the City’s Charter or Administrative Code to clarify that City departments that enter into contracts or leases that cumulatively extend for ten years or more or cumulatively cost more than \$10 million, including debt expense, be subject to Board of Supervisors approval. Consider amending the City’s Charter or Administrative Code to clarify that all purchases of property that are intended to extend longer than ten years be subject to Board of Supervisors approval. 	

MANDATE STATEMENT

Charter Section 8B.124 authorizes the San Francisco Public Utilities Commission (SFPUC) to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, to reconstruct, replace, expand, repair or improve water or clean water facilities under the jurisdiction of the SFPUC.

Charter Section 9.105 states that the Board of Supervisors shall approve by ordinance all amendments to the Annual Appropriation Ordinance after the Controller certifies the availability of funds.

Charter Section 9.118 requires approval by the Board of Supervisors of contracts or agreements, excluding construction contracts, with a term in excess of ten years or \$10,000,000.

Administrative Code Section 23.3 requires an appraisal prior to the purchase of property exceeding \$10,000 in value, and an appraisal review for the purchase of property exceeding \$200,000 in appraised value.

BACKGROUND

On November 5, 2002, San Francisco voters approved Proposition E, which authorized the SFPUC to issue revenue bonds, commercial paper and other forms of indebtedness to reconstruct, replace, expand, repair, or improve SFPUC water facilities or clean water facilities when authorized by ordinance and approved by a two-thirds vote of the Board of Supervisors. On June 14, 2016, the Board of Supervisors approved the issuance of not to exceed \$264,997,468 of SFPUC Water Revenue Bonds to finance various SFPUC water capital projects (Ordinance 112-16).

Since 1999¹, the SFPUC has leased 17,060 square feet of a one-story 25,085 square foot office building at 1657-1663 Rollins Road in Burlingame, California, which includes office, shower locker rooms, equipment storage and 80 parking spaces on a total 115,889 square foot parcel. The prior leases were approved by the SFPUC under authority granted by Charter Sections 9.118. The SFPUC's existing seven-year lease with Clemco Properties LLC (Clemco) extends from May 1, 2016 through April 30, 2023 and includes two one-year options. Under this lease, SFPUC pays electricity and pro-rata share of operating expenses. Currently, the SFPUC pays \$532,272 in annual rent or \$31.20 per square foot annually.

¹ The original SFPUC lease at Rollins Road was for seven years, with one 2.5 year option and extended from June 17, 1999 to April 30, 2009, including options. A second SFPUC lease at Rollins Road was for three years with two two-year options and extended from April 30, 2009 through April 30, 2016, including options. The current SFPUC lease at Rollins Road is for seven years from May 1, 2016 through April 30, 2023, with two one-year options or through April 30, 2025.

The SFPUC has approximately 70 SFPUC staff from the following three divisions at the 1657-1663 Rollins Road location, primarily supporting the SFPUC's Millbrae facility²:

- (1) Water Quality Division,
- (2) Natural Resources & Land Management Division, and
- (3) Water Supply & Treatment Division.

Under the existing lease, Clemco provided an exclusive right to the SFPUC to purchase the property. In accordance with this provision, Clemco and the SFPUC negotiated a purchase price of \$9.1 million. On September 16, 2016, the SFPUC authorized the purchase of 1657-1663 Rollins Road in Burlingame, California from Clemco for \$9.1 million.

To finance the cost of the purchase of the subject 1657-1663 Rollins Road property, the SFPUC is also requesting to increase the SFPUC's current revenue bond authorization by \$9,132,962.

DETAILS OF PROPOSED LEGISLATION

File 17-0677: Ordinance appropriating \$9,132,962 of proceeds from Water Enterprise Revenue Bonds to purchase the property located at 1657-1663 Rollins Road in Burlingame that has served as the primary work location for SFPUC staff from the Water Quality Division, the Natural Resources & Land Management Division and the Water Supply & Treatment Division; and placing \$9,132,962 of proceeds on Controller's Reserve pending receipt of proceeds from the sale of the revenue bonds.

File 17-0678: The proposed ordinance would amend Ordinance No. 112-16 to authorize an increase of the issuance and sale of tax-exempt or taxable Water Revenue bonds and other forms of indebtedness by the San Francisco Public Utilities Commission (SFPUC) from a not to exceed \$264,997,468 by \$9,132,962 to an aggregate principal amount not to exceed \$274,130,430 to finance the costs of various capital water projects benefitting the Water Enterprise, including new funding for the cost of the acquisition of the Rollins Road Property pursuant to amendments to the Charter of the City and County of San Francisco enacted by the voters on November 5, 2002 as Proposition E; authorize the issuance of Water Revenue Refunding Bonds; declare the official intent of the SFPUC to reimburse itself with one or more issues of tax-exempt or taxable bonds or other forms of indebtedness; and ratify previous actions taken in connection therewith.

Use of Property

As noted above, the 1657-1663 Rollins Road property is currently used for office and related equipment storage purposes for the SFPUC. SFPUC advises that they anticipate the same

² SFPUC's Millbrae facility is the headquarters for the Water Supply & Treatment Division, which is responsible for operating and maintaining the regional water system (dams, pipelines, treatment facilities and treated water storage). SFPUC's Water Quality Division, Natural Resources & Land Management Division and Water Supply & Treatment Division work together and were previously all located at the Millbrae facility until 1999, when SFPUC outgrew this space and leased the Rollins Road facility.

continued use of the space. The Real Estate Division advises that the subject property is in good condition, such that no major improvements are anticipated in the near future.

Approximately 8,025 square feet of space is currently leased to IMEDD for a medical clinic for industrial related injuries through January 31, 2018. The SFPUC would assume this lease under the proposed purchase of the property. IMEDD currently pays \$21,507 per month in rent. When the IMEDD lease term expires, SFPUC advises that they intend to expand into the space currently lease by IMEDD.

Commercial Paper and Bond Sales

According to Mr. Mike Brown of the SFPUC, the purchase of the subject property at 1657-1663 Rollins Road in Burlingame at \$9.1 million would be immediately funded through SFPUC's commercial paper program. The commercial paper would then be refunded with the issuance of SFPUC revenue bonds during the winter of FY 2017-18. To date, Mr. Brown advises that the SFPUC has not issued any of the previously authorized debt.

Under the proposed ordinance authorizing the increase in the amount and issuance of Water Revenue Bonds, the bonds may be sold on a competitive or negotiated basis as taxable or tax-exempt bonds. Mr. Brown advises that these bonds are likely to be sold on a competitive and tax-exempt basis. However, the sale will be subject to market conditions at the time.

FISCAL IMPACT

Appraisal and Appraisal Review

An appraisal conducted by Mateo Advisors on July 16, 2016 for the City's Real Estate Division determined the 1657-1663 Rollins Road property in Burlingame value at \$9.1 million. R. Blum+ Associates reviewed the appraisal for the City and found the appraisal to be reasonable.

Purchase Price and Closing Costs

The subject property would be purchased for \$9,100,000. Table 1 below shows a breakdown of the estimated closing costs of \$32,962, for total requested funding of \$9,132,962.

Table 1: Estimated Closing Costs

	Amount
Estimated Closing Proration for rent, taxes, etc.	\$20,000
Escrow and Notary Fees	2,840
Title Insurance Policy	8,862
Additional Title Endorsements	1,260
Estimated Total Closing Costs	\$32,962

Source: Charlie Dunn of Real Estate Division.

Table 2 below shows the requested supplemental appropriation ordinance (File 17-0677) to cover the cost of the property purchase.

Table 2: Supplemental Appropriation Request

Sources	Amount
Water Revenue Bond Proceeds 2017A	\$9,132,962
Total Sources	\$9,132,962
Uses	Amount
Property Purchase at 1657-1663 Rollins Road	\$9,132,962
Total Uses	\$9,132,962

Mr. Charlie Dunn of the Real Estate Division advises that as a government entity, transfer taxes for this transaction will be waived.

Debt Financing

Table 3 below shows the estimated cost for the issuance of the \$9,132,962 of revenue bonds.

Table 3: Estimated Costs of Issuance

	Amount
Project Funds	\$9,132,962
Underwriter's Discount	23,599
Cost of Issuance*	283,193
Estimated Total Costs of Issuance	\$9,439,754

*Cost of Issuance includes fees for rating agencies, financial advisors, attorneys and Controller's Revenue Bond Oversight Committee
Source: Mike Brown of SFPUC.

The projected \$306,792 expense for the underwriter's discount and cost of issuance for the \$9,132,962 project would be funded from previous SFPUC authorized appropriations.

The SFPUC estimates an approximate 4% annual interest rate for 30-year revenue bonds, which are anticipated to be sold during the winter of FY 2017-18. Based on a total cost of \$9,439,754 shown in Table 3 above, total debt service over the 30-year term is estimated at \$16,377,057, including interest costs of \$6,937,303 and average annual debt service payments of \$545,902. Annual debt service will be budgeted each year in the SFPUC's Water Enterprise operating budget, subject to Board of Supervisors appropriation approval, and funded through rates and charges to SFPUC Water customers.

Projected Annual Rent Savings and Operating Expenses

Table 4 below shows SFPUC's projected annual lease savings over the next nine years, totaling \$5,444,799, assuming the existing seven year lease is extended for the two option years.

Table 4: Projected Lease Savings*

FY 2016-17	\$532,272
FY 2017-18	552,445
FY 2018-19	569,018
FY 2019-20	586,089
FY 2020-21	603,672
FY 2021-22	621,782
FY 2022-23	640,435
FY 2023-24**	659,648
FY 2024-25**	679,438
Estimated Total Lease Savings	\$5,444,799

*Assumes 3% annual increase in lease costs.

**Assumes options to extend lease.

Source: Charlie Dunn of Real Estate Division.

However, these annual lease savings will be partially offset by annual operating expenses of approximately \$273,000 beginning in FY 2017-18, as shown in Table 5 below.

Table 5: Estimated FY 2017-18 Annual Operating Expenses

Utilities (gas, water, electric)*	\$43,899
Refuse Removal	4,856
Maintenance	87,797
Janitorial	29,855
Security	3,763
Property Taxes (\$9.1 million)	103,303
Estimated Annual Expenses	\$273,473

*Assumes Hetch Hetchy rates.

Source: Charlie Dunn of Real Estate Division.

Projected Rental Income

As noted above, approximately 8,025 square feet of the Rollins Road office is currently rented to IMEDD for \$21,507 per month. Assuming rental income from the IMEDD lease through the option period or January 31, 2018 will also result in an estimated \$129,042 in rental revenues for the SFPUC over this period.

POLICY CONSIDERATION

SFPUC Lease for 26 Years Not Previously Approved by Board of Supervisors

Charter Section 9.118 specifies that leases (with options) having a term of ten years or more or with City expenditures of \$10 million or more must be approved by the Board of Supervisors. As noted above, for the past 18 years, or since 1999, the SFPUC has leased office, storage and parking space at 1657-1663 Rollins Road in Burlingame, California. Because the SFPUC entered into three separate leases which were less than ten years each or \$10 million, none of these leases were subject to approval by the Board of Supervisors. However, cumulatively these

leases have now extended for 18 years and are authorized by the SFPUC to potentially extend through April 30, 2025, or for a total of 26 years, without Board of Supervisors approval.

SFPUC Purchase of Property

In addition, City Administrative Code Section 23.1 requires the Director of Real Estate to recommend approval of real property transactions prior to approval by the Board of Supervisors. However, SFPUC staff report that Section 23.1 of the Administrative Code does not apply to the SFPUC. Rather, Charter Section 9.118 only requires Board of Supervisors approval if the SFPUC's purchase of property is over \$10 million or ten years.

The SFPUC indicates that the subject acquisition of 1657-1663 Rollins Road in Burlingame does not therefore require separate authorization from the Board of Supervisors because the price is \$9.1 million or \$900,000 less than the \$10 million threshold. However, as noted above, the actual cost to the SFPUC is an estimated \$16,377,057, including debt service over the 30-year bond term. In addition, the SFPUC intends to own the subject property for longer than ten years, with estimated annual SFPUC operating costs of \$273,473 beginning in FY 2017-18.

Code Amendments

If the SFPUC did not require separate appropriation authorization or increased bond authorization for the subject purchase, the SFPUC could move forward with this transaction without the Board of Supervisors' approval or knowledge.

Therefore, the Board of Supervisors may want to consider amending the City's Charter or Administrative Code to clarify that in the future, City departments that enter into contracts or leases that cumulatively extend for ten years or more or cumulatively cost more than \$10 million, including debt expense, be subject to Board of Supervisors approval. Furthermore, given that the purchase of property by the City is generally considered a long-term investment, which extends longer than ten years, the Board of Supervisors may also want to consider amending the City's Charter or Administrative Code to clarify that all purchases of property that are intended to extend longer than ten years be subject to Board of Supervisors approval.

RECOMMENDATIONS

1. Approve the proposed ordinances.
2. Consider amending the City's Charter or Administrative Code to clarify that City departments that enter into contracts or leases that cumulatively extend for ten years or more or cumulatively cost more than \$10 million, including debt expense, be subject to Board of Supervisors approval. Consider amending the City's Charter or Administrative Code to clarify that all purchases of property that are intended to extend longer than ten years be subject to Board of Supervisors approval.

Item 13 File 17-0673	Department: San Francisco Municipal Transportation Agency (SFMTA)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • Supplemental appropriation ordinance to re-appropriate \$26,200,000 of 2014 Transportation and Road Improvements General Obligation Bonds Series 2015B funded Better Market Street projects and Muni Forward and Pedestrian Safety Improvement projects to Transit projects including Muni Facility Upgrades in FY 2017-18. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In November 2014, San Francisco voters approved Proposition A, a \$500,000,000 Transportation and Road Improvement General Obligation (GO) Bond. • On June 2, 2015, the Board of Supervisors approved the first sale of \$67,540,000 of these 2015A Series GO Bonds (File 15-0466) and appropriated \$66,001,534 for SFMTA and Public Works transportation and road improvement projects. <p style="text-align: center;">Fiscal Impacts</p> <ul style="list-style-type: none"> • Bond program expenditures did not occur as quickly as anticipated due to more time required for community outreach and coordination, fewer bidder responses due to the amount of building and construction Citywide and longer contract processing. At the same time, three Muni capital improvement projects, including the (a) Burke Facility Renovation Project, (b) Muni Metro East Facility Track Extension Project and (c) Underground Storage Tank Replacement Project, are in immediate need of funding totaling \$26.2 million. • As of May 31, 2017, SFMTA has expended \$19,180,635 of the total \$66,001,534 previously appropriated for these projects, leaving a remaining unexpended balance of \$46,820,899. • On July 14, 2015, the City issued \$67,005,000 of General Obligation bonds for a 20-year term at an annual interest rate of 3.04%. Total debt service is \$87,635,264, including \$67,005,000 principal and \$20,630,264 of interest, with average annual debt service of \$4.38 million. Repayment of the debt is from additional levies on property taxes. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

BACKGROUND

In November 2014, San Francisco voters approved Proposition A, a \$500,000,000 Transportation and Road Improvement General Obligation (GO) Bond. In accordance with Proposition A, these Go Bond proceeds were for: (a) transit-only lanes and separated bikeways; (b) boarding islands, accessible platforms and escalators at Muni/BART stops; (c) traffic signals, pedestrian countdown signals and audible pedestrian signals; (d) sidewalk curb bulb-outs, raised crosswalks, median islands, and bicycle parking; and (e) Muni maintenance facilities.

On June 2, 2015, the Board of Supervisors approved the first sale of \$67,540,000 of these 2015A Series GO Bonds (File 15-0466) and appropriated \$66,001,534 for SFMTA and Public Works transportation and road improvement projects (File 15-0459), with the balance of funds for the related cost of issuance, underwriter’s discount, reserve and audit costs. Table 1 below summarizes the breakdown of these costs including project costs of (a) \$49,741,534 for Muni Forward and Pedestrian Safety Improvements, (b) \$7.76 million for SFMTA’s contribution to Caltrain’s upgrades for the Communications Based Overlay Signal System (CBOSS) Positive Train Control System, and (c) \$8.5 million for Public Works for the Better Market Street Project.

Table 1: SFMTA and Public Works Project and Associated Costs

	SFMTA		Public Works	Total
	Muni Forward and Pedestrian Safety Improvements	Contribution to Caltrain CBOSS	Better Market Street Project	
Project Cost	\$49,741,534	\$7,760,000	\$8,500,000	\$66,001,534
Cost of Issuance, Reserve, and Audit	\$1,159,452	\$180,882	\$1,198,132	\$1,538,466
Project Total	\$50,900,986	\$7,940,882	\$8,698,132	\$67,540,000

Overall, these funds were to finance 21 total projects, including 14 Muni Forward transportation improvement projects, five pedestrian safety improvement projects, one Caltrain upgrade project, and one Better Market Street Project.¹

¹ The Better Market Street Project is sponsored by Public Works in coordination with the Planning Department and SFMTA to redesign and provide various transportation and streetscape improvements on Market Street between Octavia Boulevard and the Embarcadero.

DETAILS OF PROPOSED LEGISLATION

The proposed supplemental appropriation ordinance would re-appropriate \$26,200,000 of the \$66,001,534 previously appropriated from the 2014 Transportation and Road Improvements GO Bonds Series 2015A funded Muni Forward and Pedestrian Safety Improvement projects and Better Market Street projects to Transit projects including Muni Facility Upgrades in FY 2017-18 as summarized in Table 1 below and detailed in Attachment 1 provided by SFMTA.

Table 1: Proposed Supplemental Re-appropriation

Sources and Uses	Total
Sources	
2014 Transportation and Road Improvement GO Bond Series 2015B	
Muni Forward & Pedestrian Safety Improvement Projects	\$23,200,000
Better Market Street Projects	3,000,000
Total Sources	\$26,200,000
Uses	
2014 Transportation and Road Improvement GO Bond Series 2015B	
Transit Projects including Muni Facility Upgrades	26,200,000
Total Uses	\$26,200,000

As detailed in Attachment 1, the SFMTA has both reduced and increased expenditures for various projects, added projects and removed projects from the original appropriation, as approved by the Board of Supervisors. As the original appropriation, current appropriation and proposed appropriation are approved at the program level (i.e., Muni Forward & Pedestrian Safety Improvement Projects, Major Transit Corridor Improvements, Caltrain Upgrades and Muni Facility Upgrades), once approved, the SFMTA is permitted to make changes to the allocation of project funds within each program.

According to SFMTA staff, bond program expenditures did not occur as quickly as anticipated due to longer time required for community outreach and coordination, fewer bidder responses due to the unprecedented amount of building and infrastructure construction Citywide and longer contracting processing and procedures. As a result, there is significant surplus funding that was previously appropriated on a number of projects. At the same time, there are three Muni capital improvement projects, including the (a) Burke Facility Renovation Project, (b) Muni Metro East Facility Track Extension Project and (c) Underground Storage Tank Replacement Project, in immediate need of funding totaling \$26.2 million. Detailed descriptions of each of the projects that are proposed to be funded, including the subject re-appropriation of \$26,200,000 and the total project costs of \$66,001,534, are included in Attachment 2, provided by SFMTA.

SFMTA advises that based on the recent lessons learned, the proposed re-appropriated projects should be delivered on time and budget. For example, SFMTA reports that construction coordination teams have now been created that meet regularly with partnering departments (i.e., Public Utilities Commission and Public Works) to quickly resolve issues. SFMTA is also prioritizing the early implementation of projects that can be completed relatively quickly,

including pedestrian safety, bus stop changes and transit lanes, to more quickly expend the appropriated funds and expedite immediate benefits for the public.

FISCAL IMPACT

As of May 31, 2017, SFMTA has expended \$19,180,635 of the total \$66,001,534 previously appropriated for these projects, leaving a remaining unexpended balance of \$46,820,899. As of May 31, 2017, an additional \$15,658,375 had been encumbered.

On July 14, 2015, the City issued \$67,005,000 of General Obligation bonds for a 20-year term at an annual interest rate of 3.04%. Total debt service over the 20-year term is \$87,635,264, including \$67,005,000 principal and \$20,630,264 of interest expense. Average annual debt service on these bonds is \$4.38 million. As these are General Obligation bonds, repayment of this debt are from additional levies on property taxes.

RECOMMENDATION

Approve the proposed ordinance.

Program	Project	Original Appropriation	Current Appropriation	Supplemental Appropriation	Change (Current-->Supplemental)	Comments for Supplemental
Muni Forward Rapid Network Improvements	7 Haight-Noriega: Haight Street Rapid Project	\$ 10,655,000	\$ 5,140,000	\$ 1,500,000	\$ (3,640,000)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	10 Townsend: Sansome Contraflow Signals	\$ 1,872,000	\$ 1,872,000	\$ 1,450,000	\$ (422,000)	Project will be funded with other capital program funds.
Muni Forward Rapid Network Improvements	9 San Bruno: 11th St and Bayshore Blvd Rapid Project	\$ 4,400,000	\$ 2,210,000	\$ 1,950,000	\$ (260,000)	Project will be funded with other capital program funds.
Muni Forward Rapid Network Improvements	5 Fulton: East of 6th Ave (Inner) Rapid Project	\$ 4,800,000	\$ 4,800,000	\$ 2,600,000	\$ (2,200,000)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	N Judah: Arguello to 9th Ave Rapid Project	\$ 2,820,000	\$ 3,270,000	\$ 1,000,000	\$ (2,270,000)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	30 Stockton: East of Van Ness Ave Transit Priority Project	\$ 2,659,200	\$ 679,000	\$ 379,000	\$ (300,000)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	30 Stockton: Chestnut St (W of VN) Transit Priority Project	\$ 5,429,000	\$ 5,165,200	\$ 1,646,358	\$ (3,518,842)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	14 Mission: Division to Randall (Inner) Rapid Project	\$ 514,000	\$ 4,712,000	\$ 3,700,000	\$ (1,012,000)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	22 Fillmore: OCS on Church/Duboce (overhead lines)	\$ 800,000	\$ 90,944	\$ -	\$ (90,944)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	22 Fillmore: OCS on 16th St & Kansas (overhead lines)	\$ 748,000	\$ -	\$ -	\$ -	This is part of a larger project and this portion is no longer moving forward.
Muni Forward Rapid Network Improvements	33 Stanyan: OCS on Guerrero (overhead lines)	\$ 2,943,333	\$ -	\$ -	\$ -	This project was split in two phases due to changes in a related DPW project.
Muni Forward Rapid Network Improvements	28 19th Avenue: 19th Ave Rapid Project	\$ 4,125,000	\$ 886,500	\$ -	\$ (886,500)	These projects will be funded by other sources.
Muni Forward Rapid Network Improvements	14 Mission: Mission & S Van Ness Transit Priority Project	\$ 1,390,000	\$ 1,390,000	\$ 750,000	\$ (640,000)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	22 Fillmore Extension to Mission Bay	\$ -	\$ 4,616,389	\$ 2,300,000	\$ (2,316,389)	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	30 Stockton: Terminal OCS Upgrades (overhead lines)	\$ 493,000	\$ -	\$ -	\$ -	Project will be funded with future GO bond funds from a future issuance.
Muni Forward Rapid Network Improvements	L-Taraval Transit Improvements	\$ -	\$ 5,601,500	\$ 2,000,000	\$ (3,601,500)	Project will be funded with future GO bond funds from a future issuance.
Pedestrian Safety Improvements	Mission Street & Trumbull Street Intersection Upgrades	\$ -	\$ 270,000	\$ 270,000	\$ -	
Pedestrian Safety Improvements	Potrero Avenue Roadway Improvements	\$ -	\$ 930,000	\$ 930,000	\$ -	
Pedestrian Safety Improvements	8th and Market Streets Transit Boarding Island	\$ -	\$ 481,000	\$ 521,800	\$ 40,800	
Pedestrian Safety Improvements	Geary Bus Rapid Transit Phase I: Near-Term Improvements	\$ 300,000	\$ 2,446,500	\$ 1,046,500	\$ (1,400,000)	Project will be funded with future GO bond funds from a future issuance.
Pedestrian Safety Improvements	Lombard Street Streetscape	\$ -	\$ 847,875	\$ 847,875	\$ -	
Pedestrian Safety Improvements	Arguello Traffic Signal Upgrade	\$ -	\$ 250,000	\$ 250,000	\$ -	
Pedestrian Safety Improvements	New Signals on High Injury Corridors (10 intersections)	\$ 510,000	\$ 4,530,500	\$ 2,750,000	\$ (1,780,500)	Project will be funded with future GO bond funds from a future issuance.
Pedestrian Safety Improvements	Acid PCS to High Injury Corridors (18 locations) Phase I	\$ 840,000	\$ 650,000	\$ 650,000	\$ -	
Pedestrian Safety Improvements	Curb Bulbs on High Injury Corridors (19 intersections)	\$ 1,127,000	\$ -	\$ -	\$ -	This project was not executed and the funding went to Geary BRT instead.
Pedestrian Safety Improvements	Pedestrian Safety Improvements Related to Muni Forward	\$ 3,316,000	\$ -	\$ -	\$ -	This was a holding account for smaller pedestrian safety projects and the funds have since been redistributed to other projects (eg: Mission and Trumbull).
Total Muni Forward & Pedestrian Safety Improvement Projects		\$ 49,741,533	\$ 49,741,533	\$ 26,541,533	\$ (23,200,000)	
Major Transit Corridor Improvements	Better Market Street	\$ 8,500,000	\$ 8,500,000	\$ 5,500,000	\$ (3,000,000)	Project will be funded with future GO bond funds from a future issuance.
Subtotal Major Transit Corridor Improvements		\$ 8,500,000	\$ 8,500,000	\$ 5,500,000	\$ (3,000,000)	
Caltrain Upgrades	CBOS - San Francisco Contribution	\$ 7,760,000	\$ 7,760,000	\$ 7,760,000	\$ -	
Subtotal Caltrain Upgrades		\$ 7,760,000	\$ 7,760,000	\$ 7,760,000	\$ -	
Muni Facility Upgrades	Burke Facility Renovation	\$ -	\$ -	\$ 17,200,000	\$ 17,200,000	
Muni Facility Upgrades	Underground Storage Tanks	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	
Muni Facility Upgrades	Muni Metro East Facility	\$ -	\$ -	\$ 7,500,000	\$ 7,500,000	
Subtotal Muni Facility Upgrades		\$ -	\$ -	\$ 26,200,000	\$ 26,200,000	
Total		\$ 66,001,533	\$ 66,001,533	\$ 66,001,533	\$ 0	

MTA and DPW Projects Detail

Project Category	Project Name	Description	Amount
Muni Forward Rapid Network Improvements	7 Haight-Noriega: Haight Street Rapid Project	The 7 Haight-Noriega is one of Muni's busiest routes, serving about 13,000 customers every day and is an important east-west bus route. This project includes optimizing transit stop locations, adding transit bulbs, creating signalized transit queue jumps, and replacing all-way STOP-controlled intersections with traffic signals. The changes are expected to reduce transit travel time by 20% in the corridor.	\$1,500,000
Muni Forward Rapid Network Improvements	10 Townsend: Sansome Contraflow Signals	The 10 Townsend's route currently travels via an indirect path as it turns south because Sansome Street is a one-way northbound street north of Washington Street. This results in longer than necessary travel time and causes route unreliability. This project will construct a Muni contraflow lane on Sansome Street south of Washington Street to Market Street. This requires the modification of three existing traffic signals from Broadway to Washington Street. Curb ramps will also be installed at each of the four corners at three intersections along this section of Sansome Street. This will result in reduced travel time and improved operating conditions by enabling a right turn from Broadway directly onto Sansome Street.	\$1,450,000
Muni Forward Rapid Network Improvements	9 San Bruno: 11th St and Bayshore Blvd Rapid Project	The 9 San Bruno is one of Muni's busiest routes, serving about 12,000 customers every day and is an important north-south bus route. This project includes implementing various street improvements, such as optimized stop placements, bus bulbs, pedestrian improvements, bicycle paths behind bus stops, and other changes that help transit vehicles navigate safely and efficiently. The changes in this project, combined with improvements on Potrero Avenue are expected to reduce transit travel time by 20%.	\$1,950,000
Muni Forward Rapid Network Improvements	5 Fulton: East of 6th Ave (Inner) Rapid Project	The 5 Fulton is a Rapid Network route and an important connector between the Richmond District and Downtown. The route's reliability and travel time are hampered in this segment by traffic congestion and closely spaced stops. This project will implement various enhancements throughout the corridor, including new bus bulbs, transit stop optimization, removing all-way stop controls at intersections, adding turn pockets, and building new pedestrian bulbs. The changes will reduce transit travel time and improve reliability on the 5 Fulton corridor.	\$2,600,000

Project Category	Project Name	Description	Amount
Muni Forward Rapid Network Improvements	N Judah: Arguello to 9th Ave Rapid Project	The N Judah rail line has one of the highest riderships in the Muni network and carries approximately 45,000 daily customers on an average weekday. The main causes of delay to the N Judah include long passenger boarding and alighting times, a high number of stop signs along the route and areas of closely spaced transit stops. This project will build transit priority lanes with efficient stop spacing, create better boarding zones to make it safer and faster for passengers to get on board, and make it easier to find stops and shelters with improved signage. The project will reduce transit travel time and improve reliability.	\$1,000,000
Muni Forward Rapid Network Improvements	30 Stockton: East of Van Ness Ave Transit Priority Project	The 30 Stockton is one of Muni’s busiest routes, serving about 28,000 customers every day. The corridor faces significant congestion and other obstacles that frequently prevent efficient transit vehicle movement. This project includes optimizing bus stop locations, adding new transit bulbs and extending existing transit bulbs, establishing transit-only lanes, and widening travel lanes. Implement engineering changes to reduce travel time and improve reliability on the 30 Stockton corridor between the intersection of Van Ness Avenue and Chestnut Street and Market Street.	\$379,000
Muni Forward Rapid Network Improvements	30 Stockton: Chestnut St (W of VN) Transit Priority Project	The 30 Stockton is one of Muni’s busiest routes, serving about 28,000 customers every day. This project includes optimizing bus stop locations, adding new transit bulbs and extending existing transit bulbs, establishing transit-only lanes, and widening travel lanes. The changes will make it safer to walk, increase the frequency and reliability of service, and enhance the customer experience along Chestnut, Broderick, Divisadero and Jefferson streets, west of Van Ness Avenue. This would improve an east-west portion of the Rapid Network connecting the future Van Ness Bus Rapid Transit with the 30 Stockton.	\$1,646,358
Muni Forward Rapid Network Improvements	14 Mission: Division to Randall (Inner) Rapid Project	Mission Street is a Rapid Corridor and carries some of the heaviest loads in the Muni system. Primary causes of delay include long passenger boarding and alighting times, friction between parking and loading vehicles, double-parked vehicles, getting stuck behind right-turning cars, narrow lanes, and areas of closely spaced transit stops. This project will construct traffic engineering changes and related improvements for the 14 Mission on Mission Street between South Van Ness Avenue and Cesar Chavez Street. Changes include new transit lanes and enhancements to existing transit lanes, bus bulbs and pedestrian improvements, signalized transit queue-jump lanes, turn pockets, and optimized transit stop placements. Together, the proposed changes are anticipated to reduce the travel time of the 14 Mission by about 8-10 minutes in each direction (16-20 minutes total) within the study area (12- 14 percent reduction), improving the average operating speed to 7-8 miles per hour and improving service reliability.	\$3,700,000

Project Category	Project Name	Description	Amount
Muni Forward Rapid Network Improvements	14 Mission: Mission & S Van Ness Transit Priority Project	Mission Street is a Rapid Corridor and carries some of the heaviest loads in the Muni system. Primary causes of delay include long passenger boarding and alighting times, friction between parking and loading vehicles, double-parked vehicles, getting stuck behind right-turning cars, narrow lanes, and areas of closely spaced transit stops. This project will construct traffic engineering changes and related improvements for the 14 Mission on Mission Street east of South Van Ness Ave. Changes include new transit lanes and enhancements to existing transit lanes, bus bulbs and pedestrian improvements, signalized transit queue-jump lanes, turn pockets, and optimized transit stop placements. Together, the proposed changes are anticipated to reduce the travel time of the 14 Mission by about 8-10 minutes in each direction (16-20 minutes total) within the study area (12-14 percent reduction), improving the average operating speed to 7-8 miles per hour and improving service reliability.	\$750,000
Muni Forward Rapid Network Improvements	22 Fillmore Extension to Mission Bay	This corridor faces significant congestion and other obstacles that frequently prevent efficient transit vehicle movement. Additionally, the Mission Bay neighborhood, which is currently experiencing a large amount of development, lacks a direct and efficient transit connection to the Mission District and central San Francisco. This project will build transit-only lanes, transit bulbs, new traffic and pedestrian signals, and new streetscape amenities. The project will also include extending the overhead catenary contact system (OCS) on 16th Street from Kansas Street to Third Street to allow for zero emission transit service into Mission Bay. The changes will result in 25% reduced travel times and improved reliability on the 22 Fillmore corridor, primarily along 16th Street between the intersection of Church Street and Market Street and the Mission Bay neighborhood, which represents a new terminal location for the route.	\$2,300,000
Muni Forward Rapid Network Improvements	L-Taraval Transit Improvements	This project will replace approximately 23,000 track feet of tie and ballast paved track along the L Taraval between Forestside Avenue near West Portal to La Playa. It will replace worn overhead catenary system special work, trolley wire and trolley poles west of 15th Ave/Taraval St. This project also includes Muni Forward implementation of the L Taraval Rapid Project that will implement engineering changes to improve safety and reliability, and reduce travel time between Ulloa/15th and Taraval/46th. Components include transit boarding islands, removing closely spaced transit stops, replacing stop signs with traffic signals with transit priority, transit bulbs, pedestrian bulbs, relocating transit stops, adding accessible platforms, painting transit only lanes, and other related elements such as reconstructing curb ramps and relocating catch basins. Expected outcomes include improved safety, travel time and reliability.	\$2,000,000

Project Category	Project Name	Description	Amount
Pedestrian Safety Improvements	New Signals on High Injury Corridors (10 intersections)	Project to plan and design new traffic signals at 8 locations and 2 flashing beacon systems at these Walkfirst Pedestrian High Injury Corridors. Project includes planning and design of pedestrian countdown signals, conduits, new poles, vehicular signal heads, mast-arms where justified, curb ramps where not already present, street lighting, new controllers and Rectangular Rapid Flash Beacons (RRFB).	\$2,750,000
Pedestrian Safety Improvements	Add PCS to High Injury Corridors (18 locations)	Project to plan and design upgrade traffic signals at 18 locations so that Pedestrian Countdown Signals (PCS) can be added on Walkfirst Pedestrian High Injury Corridors. Project includes planning and designing for PCS infrastructure including conduits, new poles, vehicular signal heads, mast-arms where justified, curb ramps where not already present, street lighting, and new controllers.	\$650,000
Pedestrian Safety Improvements	Geary Pedestrian Improvements	This project includes the planning and design of pedestrian safety measures such as bulbs and countdown signals along the Geary corridor.	\$1,046,500
Pedestrian Safety Improvements	Mission Street & Trumbull Street Intersection Upgrades	Project will support construction of intersection improvement at Mission Street and Trumbull Street. These include upgrading traffic signals and reconfiguring intersection geometry as recommended by the Better Streets Plan. The project is being implemented through Public Works As-Needed Contract.	\$270,000
Pedestrian Safety Improvements	Potrero Avenue Roadway Improvements	Design and construct of traffic signal modifications at twelve intersections on Potrero Avenue between 17th Street and 25th Street. Upgrades include new poles, conduits, signal heads, sensys units, and audible pedestrian signals.	\$930,000
Pedestrian Safety Improvements	8th and Market Streets Transit Boarding Island	The SFMTA will create a section of Class IV bikeway at 8th, Market, Hyde, and Grove Streets, with the purpose of creating a safer bicycling environment at one of the busiest cycling intersections in the city. The innovative measures include two-stage turn boxes, green pavement parking, and a transit boarding design that together make it so that bicyclists are separated from transit and do not have to perform a weave at the bus stop. This section of Class IV bikeway will connect to an existing buffered bike lane on 8th Street.	\$521,800
Pedestrian Safety Improvements	Lombard Street Streetscape	Design and construct traffic calming and pedestrian safety treatments at all intersections between Richardson Avenue/Francisco Street and Lombard Street/Franklin Street. Proposed treatments include: daylighting, leading pedestrian bulbs, advanced stop bars, continental crosswalks, upgrading signal conduit, bulb-outs, pedestrian islands, transit bulbs, and/or removal of actuated pedestrian buttons. This work is being coordinated with the San Francisco Public Utilities Commission (SFPUC) and the California Department of Transportation (Caltrans).	\$847,875

Project Category	Project Name	Description	Amount
Pedestrian Safety Improvements	Arguello Traffic Signal Upgrade	Begin design engineering to upgrade existing traffic signals at six intersections along Arguello Boulevard between Lake and Turk Streets. The traffic and pedestrian safety improvements include traffic signal visibility improvements, installation of pedestrian countdown signals where they are lacking, and new accessible pedestrian signals. Much of the existing traffic signal infrastructure is at the end of its useful life, and will be replaced with new poles, underground conduits, wiring, and signal heads.	\$250,000
Total Muni Forward and Pedestrian Safety Improvements			\$26,541,533
Muni Facility Upgrades	Burke Facility Renovation	Rehabilitate the Burke Warehouse facility to prepare for new transit fleet maintenance functions, specifically the housing of overhead lines and the need for increased storage capacity. Work will include the installation of a new roof, new building cladding, insulation and foundation improvements, new lighting, new HVAC systems, and interior improvements.	\$17,200,000
Muni Facility Upgrades	Underground Storage Tanks	Addresses state of good repair needs by upgrading fuel storage tanks and tank monitoring system at various transit maintenance facilities.	\$1,500,000
Muni Facility Upgrades	Muni Metro East Facility	Enhance and expand buildings, grounds and equipment at the Muni Metro East (MME) facility to improve operational efficiency and to accommodate the expanded Light Rail Vehicle fleet. Work will include expanding five tracks at the southwest corner of the existing MME site. Additional scope elements include site clearing, grading, drainage and soil improvements; construction of new tracks, overhead catenary systems, and traction power systems; signals; fencing, gates and perimeter security systems; signage and lighting; paving and striping; and relocation of the existing structures that house the Automatic Train Control Systems. Work will be completed in two phases to ensure efficient project delivery.	\$7,500,000
Total Muni Facility Upgrades			\$26,200,000
Total SFMTA for SFMTA Projects			\$52,741,533
Caltrain	Communications Based Overlay Signal System	Satisfy a portion of the City's \$39 million total contribution to Caltrain for upgrades for the Communications Based Overlay Signal System (CBOSS) Positive Train Control (PTC) system.	\$7,760,000
Total Appropriation to SFMTA for SFMTA and Caltrain projects			\$60,501,533

Project Category	Project Name	Description	Amount
Major Transit Corridor Improvements	Better Market Street Project (Appropriation to Public Works)	Market Street serves as the spine of the City’s transportation system, with approximately 250,000 transit boardings and alightings on Market Street each weekday. As such, transit improvements on Market Street have significant benefits to transit service system-wide. The proposed \$400 million project includes bus bulbs, enhancement to transit stops, stop spacing, and accessibility improvements, including widening boarding platforms, and rehabilitation of Muni Rail and Overhead Lines, which can significantly improve mobility and safety for all users, and improve travel time while increasing accessibility. The money allocated for this proposed project would provide funding for additional planning, design and related outreach.	\$5,500,000
Total Appropriation to Public Works			\$5,500,000
Total Appropriation to SFMTA & Public Works			\$66,001,533