



SFMTA

BUILDING PROGRESS

Potrero Yard Modernization Project

Project Agreement

BOS Budget and Finance
December 4, 2024

The Potrero Yard Modernization Project is a groundbreaking initiative that reimagines urban infrastructure.

In 2024, the project has received its entitlements, completed its environmental review process, and is now at a **new milestone**.

This project has celebrated collaboration, fostered community connections and implemented forward-thinking project delivery methods to replace a century old facility, advance joint-development and housing and make Muni's infrastructure resilient and future proof.

Today, the team is requesting the SFMTA Board review and recommend that the Board of Supervisors approve the not to exceed terms of the proposed Design-Build-Finance-Maintain (DBFOM) agreement or for simplicity, **the Project Agreement**.



This presentation addresses the following:

- Overview and Project Delivery Innovation
- Project Management Oversight (PMO)
- Project Outreach, Scope and Schedule at 100% Schematic Design
- Project Agreement & Project Financing
- Project Critical Path
- Legislation Key Points

Innovative Project Delivery

As part of the P3, the SFMTA solicited a developer with a combination of firms who bring global leadership in infrastructure development with local expertise rooted in San Francisco.

Infrastructure Developer and Workforce Housing Developer



- Plenary Americas is a US-based company with US headquarters in Los Angeles.
- Portfolio of 59 public-private-partnership projects in North America. Total value of over \$17.3 billion. ~120 people who are responsible for managing the business in the US and Canada.
- Predevelopment experience including design, CEQA, permitting, stakeholder engagement.



Affordable Housing Developer

- Experience developing affordable housing in San Francisco (Casa Adelante – 2060 Folsom, 1990 Folsom, 1296 Shotwell, Alice Griffith Apartments)
- Invested in enhancing the capacity of Black-led and Latin-led neighborhood rooted organizations in direct response to historic racial injustices committed against BIPOC communities.

Design Team



- 30+ years in architecture and design industry in infrastructure (Salt Lake City Intermodal Hub, GoRaleigh Operations and Maintenance Facility, GRT Northfield Drive Bus Facility, Hamilton Transit Maintenance Storage Facility)
- 23+ years of affordable housing (Casa Adelante, Hope SF Potrero Hill, The Avery, Parcel Q).



Consultants

- 30+ years of Bay Area commercial construction experience (100 Van Ness, UCSF – Clinical Science Building, Pier 70 – Horizontal Improvements + Public Realm)
- 19+ years of facilities maintenance and operational management experience
- 35+ years of Bay Area communications consulting

Project Delivery Approach

The Potrero Yard project is being developed and constructed under a Public-Private Partnership (P3) as a **Design-Build-Finance-Operate-Maintain (DBFOM) project.**

Design-Build

- Complete design and construction on a fixed-price basis
- Date-certain completion by Nov. 30, 2029
- Includes deductions for nonperformance
- Provides certainty and reduces risk for the city

Finance

- Developer responsible for majority of upfront costs
- Milestone payments at financial close and by 2033 (earlier payment lowers annual availability payments)
- Annual availability payments start after substantial completion
- Structure allows the SFMTA to finance costs over time

Operate-Maintain

- Long-term maintenance for 30-year period (includes major building, structural and mechanical systems – such as elevators and HVAC)
- Includes deductions for non-compliance
- At end of 30 years, facility must be handed back in a condition that meets specified requirements

Expedited Project Delivery

SFMTA
Planning

Predevelopment
Agreement

Project
Agreement

2018-19

- Pre-planning and Outreach

2020

- RFQ issued (Aug)

2021

- RFP issued (Apr)
- [BOS enabling legislation](#) (Apr)
- Draft EIR published (June)
- DEIR comment period ends Aug 31
- Proposals submitted Dec 31

2022

- Developer selection (Nov)
- PDA approval

2022

- Pre-Application Mtg (Dec)

2023

- Design refinements
- Final EIR hearings (Dec– Jan 24)

2024

- Final EIR certification (Jan)
- Entitlements approved by BOS / Mayor (Mar)
- Pursuing NEPA certification
- Bus Yard Design-Builder procurement (Fall)
- **Bus Yard Project Agreement legislation (Dec)**

2025

- Bus Yard Design-Builder selection (Winter/Spring)
- Housing/Commercial Agreement legislation (Spring)
- Bus Yard Construction launch (Spring)

Prior SFMTA Board and BOS Actions

- **November 2017** SFMTA Board approval contract with Hatch Associates, for analyzing joint development opportunities and facility upgrades at bus and rail yards.
- **January 2018** SFMTA Board approval of contract with SWCA Environmental Consultants for Building Progress Environmental Review and Public Outreach.
- **April 2020** SFMTA Board approval of the use of a joint development procurement method and requesting a Project-specific ordinance from the Board of Supervisors.
- **March 2021** Board of Supervisors adopts Ordinance 38-21 to approve a joint development delivery method and a best-value selection of the developer.
- **November 2022** SFMTA Board authorizes the DOT to execute a Predevelopment Agreement (PDA) with Potrero Neighborhood Collective, LLC and a continuation payment of \$4,350,000.
- **March 2024** Board of Supervisors adopts Ordinances 57-24 and 58-24 amending the General Plan, Planning Code and Zoning Map; adopting findings under CEQA; and creating a Special Use District to facilitate development of the Project.
- **March 2024** Board of Supervisors adopts Resolution 107-24 approving the PDA, a \$4,350,000 continuation payment and a potential termination payment of up to \$9,990,000.
- **October 2024** SFMTA Board approval of the Second Amendment to the PDA.
- **October 2024** Board of Supervisors adopts Resolution 534-24 retroactively approving the Second Amendment to the PDA.



Project Management Oversight (PMO)

Per direction from the SFMTA Board, the project team is adding Project Management Oversight (PMO) for the upcoming project phase.

- In September 2023, in partnership with the Department of Public Works an RFP was released for Contract Management and Project Controls Services.
- The SFMTA is ready to finalize the contract process and with the Department of Public Works award the contract for support during the Project Agreement Phase.
- The PMO will perform independent review of the project separate from the project team reporting to the MTA Board, Director of Transportation and Chief Strategy Officer.

Project Management Oversight (PMO)









Recommended near-term scope elements:

- Independent review of project schedule and associated risks (focus around permit risks and potential mitigations).
- Review current City independent cost estimate and preliminary costing from developer team; perform risk review and potential scope of work for updated cost estimate.
- Prepare preliminary report by April 2025, integrating as-needed a risk register developed in partnership with the project team.
- Final report will be included in final action by the SFMTA Board in the project agreement, prior to any action related to financial close of the project.



Potrero Yard Modernization Project Outreach and Project Scope

Community Input has Shaped the Project

 <p>Unanimous Approval from City Officials</p>	 <p>Multi-lingual Experiences</p>	
 <p>150+ Outreach Activities</p>	 <p>3,700+ Subscribers to Project Updates</p>	 <p>20+ Street Fairs and Community Celebrations</p>
 <p>43 Neighborhood Working Group Meetings</p>	 <p>50+ Listening sessions and briefings with community organizations & leaders</p>	 <p>1,100+ Respondents to Neighborhood Surveys and Feedback Polls</p>



Bus Maintenance, Storage & Training Facility

Approximately **500K** square feet of added maintenance and storage space will support:



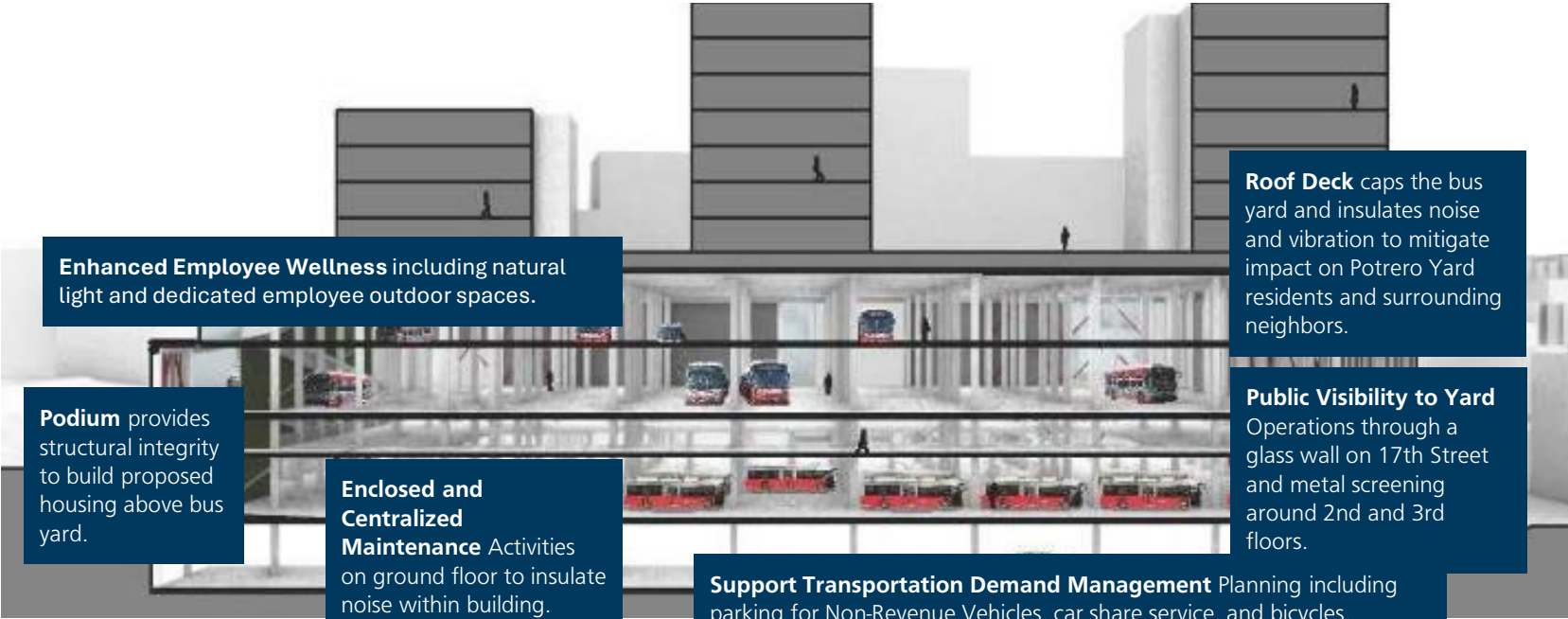
246

all-electric trolley buses



1,100+

total staff and operators



Enhanced Employee Wellness including natural light and dedicated employee outdoor spaces.

Roof Deck caps the bus yard and insulates noise and vibration to mitigate impact on Potrero Yard residents and surrounding neighbors.

Podium provides structural integrity to build proposed housing above bus yard.

Enclosed and Centralized Maintenance Activities on ground floor to insulate noise within building.

Public Visibility to Yard Operations through a glass wall on 17th Street and metal screening around 2nd and 3rd floors.

Support Transportation Demand Management Planning including parking for Non-Revenue Vehicles, car share service, and bicycles.



Refined Project & Paratransit Variant

4.4-acre site environmentally cleared and entitled for two variants:



- ~ 1,240,000 gross square feet (gsf)
 - Transit Facility: 698,697 gsf
 - Residential: 531,912 gsf
 - Commercial: 2,931 gsf
- 465 residential units
- 246 Muni buses
- 161 SFMTA non-revenue vehicles

- ~ 1,010,000 gross square feet (gsf)
 - Transit Facility: 854,697 gsf
 - Residential: 149,176 gsf
 - Commercial: 3000 gsf
- 104 residential units
- 246 Muni buses
- 161 SFMTA non-revenue vehicles
- 160 SFMTA paratransit vehicles



Overall Project Schedule

Recent and upcoming project milestones:





Potrero Yard Modernization Project Project Agreement & Financing

Phasing of Project Agreements

Project Agreements will be staggered to match Project phasing.

- Bus Facility ① will be built first, scheduled to start construction in mid-2025
- Timing of form of the agreement: Dec. 2024 (now)

Housing and Commercial Components are anticipated to be built in phases.

- Each phase is dependent upon available funding and market feasibility.
- Bryant Street Affordable Housing ② construction could start as soon as 2027.
- Podium Housing, ③A ③W located on top of the bus facility, would be built no sooner than 2029, following completion of the bus yard.
- Timing of final agreements: Spring 2025



Bus Yard Project Cost & Financing Plan

The current estimated cost design and construction of the bus yard component is **\$560 million (2024) dollars**. The entire deal structure, including bus yard, joint infrastructure, financing costs and long-term maintenance costs (34 years) is approximately \$2 billion.

The proposed actions sets these terms **not-to-exceed pricing limits**:

Amount		Date due
\$75M	Milestone Payment #1	Financial close ¹
\$500K	Relocation Payment	Within 60 days of relocating operations
\$200M	Milestone Payment #2	No later than 2033
\$42.2M	Availability Payments	Due annually for 30 years beginning in 2030 ²

- The current funding plan assumes a mix of sources:
 - General Obligation (GO) bonds
 - Federal grant funds
 - State, regional and local funds

1. 'Financial Close' projected to be summer 2025. 2. Annual payments indexed to inflation and subject to market conditions.



General Obligation Bond Program

- The City’s Capital Plan includes two future transportation bonds that could be used to fund the \$200M milestone payment.
- If the 2026 bond is successful, the SFMTA can make the milestone payment earlier than 2033.
- This would significantly lower the annual availability payments, saving millions.

G.O. Bond Debt Program (Dollars in Millions)		
Election Date	Bond Program	Amount
Mar 2024	Affordable Housing & Shelters	340
Nov 2024	Public Health & Shelters	320
Nov 2026	Transportation	300
Mar 2028	Waterfront and Climate Safety	250
Nov 2028	Earthquake Safety & Emergency Response	310
Jun 2030	Parks and Open Space	200
Nov 2030	Public Health	250
Nov 2032	Transportation	200

ONESF: [Debt Programs](#)



Legislation Key Points

- Grants conditional approval of an Infrastructure Facility Design-Build-Finance-Operate-Maintain Agreement, subject to final pricing;
- Allows delegation of authority for the SFMTA Board of Directors to approve the final pricing within specified not-to-exceed pricing limits; and
- Allows authorization for the Director of Transportation to execute the Form Project Agreement, as modified with the final pricing and to substantially include the terms of a Draft Small Business Enterprise/ Disadvantaged Business Enterprise Plan, with Potrero Neighborhood Collective, LLC or its affiliate.



Thank You

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