

**REVISED LEGISLATIVE DIGEST**

(Substituted 9/22/2020)

[Administrative Code Waivers - SFMTA Potrero Yard Modernization Project - Project Delivery Procedure]

**Ordinance waiving certain procurement and contracting requirements in Chapters 6, 14B, and 21 of the Administrative Code, as applied to the Potrero Yard Modernization Project, to authorize the San Francisco Municipal Transportation Agency to: procure design, construction, finance, maintenance, asset management, and other services (Joint Development Services) for the Project utilizing a joint development delivery method; select a developer team utilizing a best-value selection process; and, provided that the City elects to proceed with the Project after completing its review under the California Environmental Quality Act, exempt agreements for Joint Development Services from certain contracting requirements in Chapters 6, 14B, and 21 of the Administrative Code, but requiring the payment of prevailing wages, implementation of a local business enterprise utilization program, and compliance with the City's local hire policy and first source hiring Ordinance.**

Amendments to Current Law

There are no amendments to current law. The Potrero Yard Modernization Project (Project) is in its conceptual planning and study phase. If the Board of Supervisors adopts this ordinance and the San Francisco Municipal Transportation Agency ("SFMTA") elects to enter into any agreement with a qualified private entity to further study and develop the Project by providing design, construction, finance, maintenance, asset management, and other services (Joint Development Services), the agreement would be exempt from certain procurement and contracting requirements under Administrative Code Chapters 6, 14B, and 21, except that payment of prevailing wages, implementation of a local business enterprise utilization program, and compliance with the City's local hire policy and first source hiring ordinance would apply, as applicable.

Background Information

The SFMTA is exploring the technical and financial feasibility to simultaneously develop and integrate a new bus maintenance and storage facility (Bus Facility) with private multi-family housing, including affordable housing, and commercial space at its Potrero Yard property in the Mission District. The SFMTA estimates the Project could accommodate a range of 525 to 575 residential units, for which the SFMTA would establish a goal of at least 50 percent affordable units, and encourage the Project to seek additional funds to maximize affordable units up to 100 percent.

The SFMTA estimates the cost to construct the Project would be approximately \$500 million (in 2019 dollars and exclusive of costs not directly related to construction, such as architectural, engineering, financing, administrative, and permitting costs), and anticipates construction of the Project could commence in 2023 and be completed in 2026.

Based on the unique risks involved in potentially integrating an operating Bus Facility with private housing and commercial components, the SFMTA has determined it is appropriate and in the City's best interest at this time to pursue a joint development approach to further study, develop, and deliver the proposed Project on time and within budget.

Under a joint development approach, the SFMTA could contract with a single private entity and transfer to that entity all or portions of the Project's design, construction, financing, maintenance, and real estate risks, giving the SFMTA budget and schedule certainty and making joint development financially feasible while operating the Bus Facility safely, efficiently, and reliably in a manner compatible with the Project's joint development components. This contract and any related agreements would be submitted to the Board of Supervisors for approval to the extent required under Charter Section 9.118.

The ordinance describes the procurement method the SFMTA would follow for the Project, would allow design stipends to be paid to certain qualified respondents, and exempts the agreements for Joint Development Services from certain procurement and contracting requirements under Chapters 6, 14B, and 21, but still requires compliance with the payment of prevailing wages, including compliance with the requirements of the State Apprenticeship Program, implementation of a local business enterprise utilization program, and compliance with the City's local hire policy and first source hiring ordinance, as applicable.

The SFMTA plans to issue a request for proposals for Joint Development Services and select and enter into a pre-development agreement with the successful proposer in 2021. As soon as practicable thereafter, the SFMTA will submit for review to the Board of Supervisors term sheets for any subsequent agreements with costs that could exceed \$10 million or terms beyond ten years, which term sheets will serve as the basis for negotiating the agreements. The SFMTA estimates it will submit completed agreements for review and approval by the Board of Supervisors in the first quarter of 2023.

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