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September 30, 2025

**The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102**

***Subject: Request for Approval – First Amendment to Lease Agreement with the
Transbay Joint Powers Authority extending the lease term to December 31, 2050
with two ten-year extension options***

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) respectfully requests that the San Francisco Board of Supervisors authorize the Director of Transportation to execute a First Amendment to Lease Agreement (Lease Amendment) with the Transbay Joint Powers Authority (TJPA) for continued Muni operations at the Salesforce Transit Center (Transit Center) bus plaza through December 31, 2050, with up to two ten-year extension options if mutually approved by the Director of Transportation and the TJPA.

BACKGROUND

The Transit Center located at First and Mission Streets, was designed and constructed as a replacement facility for the former Transbay Terminal. It is a premier transit hub and connector for local and regional transit providers, including Muni, AC Transit, Golden Gate Transit, WestCAT, Amtrak, and Greyhound.

On June 5, 2018, the SFMTA Board adopted Resolution No. 180605-084, authorizing a Transit Center Lease with TJPA (Lease) for a pilot program for bus facilities at the Transit Center bus plaza. The pilot program demonstrated successful coordination among agencies and consistent ridership demands. Hence, the arrangement has become an ongoing operational commitment.

The Transit Center provides the SFMTA with a facility to operate multiple lines of Muni service from the Transit Center's bus plaza at street level.

Multiple Muni lines operate at the Transit Center, including the 5/5R-Fulton, 7-Haight, 38/38R-Geary, 25-Treasure Island, and 714 BART Early Bird. The Transit Center also serves AC Transit's transbay routes from East Bay, WestCAT buses from Contra Costa County, Golden Gate Transit from Marin County, Amtrak buses from Emeryville, and Greyhound buses. It has below-grade space built to

accommodate Caltrain and the California High Speed Rail. The ongoing coordination among the TJPA, SFMTA, AC Transit, and other transit agencies ensures the success of the Transit Center to serve the local and regional riders.

The Lease provides approximately 50,436 square feet of exclusive-use space for Muni bus operations at the Transit Center bus plaza to enhance the SFMTA's transportation network, improve its connectivity to other regional transit agencies, and provide improved facilities for both riders and operators. TJPA provides ongoing maintenance as well as janitorial and security services to the bus plaza and the rest of the Transit Center, including in the SFMTA's exclusive-use areas, operator restrooms, and associated public areas.

The annual operating charge paid by the SFMTA under the Lease is based on the Transit Center's operating expenses and revenues for that fiscal year. When operating expenses exceed revenues, the resulting deficit will be charged proportionally to each Transit Center public transit operator based on the percentage of exclusive-use area it occupies. An estimated annual operating charge based on estimated operating revenues and operating expenditures is established in advance of each fiscal year and paid on a quarterly basis. Quarterly payments are adjusted if actual operating revenues and operating expenditures for the prior quarter differ from the estimated amounts for that quarter. The SFMTA's exclusive-use area under the Lease contains approximately 50,436 square feet, or 21.8%, of the total exclusive-use area in the Transit Center. The current fiscal year annual operating charge is \$1,203,280. For fiscal year 2026 – 2027, the estimated annual operating charge is projected to be \$1,130,000. It is anticipated that the annual operating charges will decrease over time as the TJPA revenue program grows. The SFMTA has the right to terminate the Lease if the SFMTA's projected annual operating charge for an upcoming fiscal year would exceed \$3,000,000.

The Transit Center's operating expenses consist of management, janitorial services, security, maintenance, utility, insurance, taxes as well as repairs and expenses incurred in daily operations. Its revenues include retail, advertising space, event space rental, regional funding measures, and naming rights/sponsorship agreements – all sources other than the Transit Center public transit operator proportional payments for excess operating expenses.

One of the keys to minimizing the operating deficit and SFMTA's annual operating charge is the acquisition of strong, long-term commercial tenants and partners. TJPA has a naming rights agreement with Salesforce.com, Inc. to name the Transit Center the Salesforce Transit Center. It has also engaged Colliers International to manage retail leasing strategy. With the future extension of Caltrain and California High Speed Rail to the Transit Center, TJPA anticipates that ridership and retail space demands would increase, resulting in operating revenues to offset costs.

The Lease is currently on a month-to-month basis. Continuing operations at the Transit Center bus plaza allows the SFMTA to maintain a critical connection point for multiple ridership Muni routes and to support efficient transfers between local and regional transit services. Accordingly, the Lease

Amendment will extend the Lease term to December 31, 2050, with two 10-year extension options if mutually approved by the Director of Transportation and TJPA.

STAKEHOLDER ENGAGEMENT

The SFMTA has conducted stakeholder engagement while negotiating the Lease Amendment. The stakeholder representatives include SFMTA management, SFMTA Real Estate staff, and TJPA management. The consensus is that by extending the Lease term via the Lease Amendment, the SFMTA will be able to continue using the Transit Center bus plaza to serve the public.

No direct outreach was conducted for the Lease Amendment as it merely extends the Lease term to continue Muni operations at the Transit Center bus plaza.

ALTERNATIVES CONSIDERED

Multiple Muni lines have operated at the Transit Center since it opened in 2018. An alternative to the Lease Amendment is relocating those existing Muni lines from the Transit Center, but that would be enormous cost for the SFMTA. This alternative has not been seriously considered, nor does SFMTA staff recommend it, as it would not be in keeping with previous decisions to develop and operate a regional transit center with direct connections between Muni and regional transportation networks.

The SFMTA Board approved the Lease Amendment at its July 15, 2025 meeting. The SFMTA respectfully requests that the Board of Supervisors authorize the Director of Transportation of the SFMTA to execute the Lease Amendment for continued Muni operations at the Salesforce Transit Center (Transit Center) through December 31, 2050, with up to two ten-year extension options if mutually approved by the Director of Transportation and TJPA.

Sincerely,



Julie Kirschbaum
Director of Transportation