

File No. 101219

Committee Item No. 5
Board Item No. 21

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date November 15, 2010

Board of Supervisors Meeting

Date November 23, 2010

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form (for hearings)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

OTHER

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(Use back side if additional space is needed)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Municipal Transportation Agency Resolution No. 10-118
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Relocation Assistance Brochure
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Relocation Assistance Handbook
* <input checked="" type="checkbox"/>	* <input checked="" type="checkbox"/>	Relocation Impact Study
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

Completed by: Alisa Somera Date November 12, 2010
Completed by: Alisa Somera Date November 10, 2010

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

2000

(

(

(

1 [Relocation Impact Study and Last Resort Housing Plan for Central Subway Project.]

2
3 **Ordinance approving the San Francisco Municipal Transportation Agency's Relocation**
4 **Impact Study and Last Resort Housing Plan for the Central Subway Project.**

5 NOTE: Additions are single-underline italics Times New Roman;
6 deletions are ~~strike-through italics Times New Roman~~.
7 Board amendment additions are double-underlined;
8 Board amendment deletions are ~~strike-through normal~~.

8 Be it ordained by the People of the City and County of San Francisco:

9 Section 1. Findings

10 The San Francisco Municipal Transportation Agency (SFMTA) will be acquiring real
11 property for the Central Subway Project, a federal New Starts project. On July 27, 2010, the
12 Board of Supervisors authorized the SFMTA to acquire three easements for the Project tunnel
13 and two fee acquisitions for the Moscone and Chinatown Station sites by eminent domain
14 (Resolution Nos. 0360-10, 0361-10, 0362-10, 0363-10, 0364-10).

15 Federal regulations (49 CFR § 24.205) require that an agency that will be acquiring real
16 property for a federally financed project study the impacts associated with the displacement of
17 commercial and residential occupants and develop solutions to minimize the adverse impacts
18 of displacement. On July 13, 2010, the Federal Transit Administration concurred with the
19 Relocation Impact Study and Last Resort Housing Plan (the "Plan") subject to comments that
20 have been incorporated into the Plan.

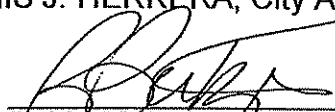
21 Federal regulations (49 CFR § 24.10) require that agencies have an appeals process
22 for persons who believe that the agency has failed to properly consider the person's
23 application for relocation assistance with respect to a federally financed project. Chapter 24B
24 of the Administrative Code establishes a Relocation Appeals Board to hear appeals by such
25 persons.

1 The Plan supplements Chapter 24B of the Administrative Code for the Central Subway
2 Project by providing, consistent with federal regulations, (1) a 60-day maximum period for
3 filing appeals; and (2) for a person to be able to review and copy the relevant files of the
4 Agency prior to filing a complaint or appeal. The Plan also clarifies that the appeals process
5 does not apply to eligibility or compensation for goodwill.

6 Section 2. The Board of Supervisors approves the Relocation Impact Study and Last
7 Resort Housing Plan for the Central Subway Project.

8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA, City Attorney

10 By:



11 Robin M. Reitzes
12 Deputy City Attorney
13
14
15
16
17
18
19
20
21
22
23
24
25

Gavin Newsom | Mayor

Tom Nolan | Chairman

Jerry Lee | Vice-Chairman

Cameron Beach | Director

Cheryl Brinkman | Director

Malcolm Heinicke | Director

Bruce Oka | Director

Nathaniel P. Ford Sr. | Executive Director/CEO

MEMORANDUM

Date: September 16, 2010

To: Honorable Members of the Board of Supervisors

From:  Nathaniel P. Ford Sr.
Executive Director/CEO SUBJECT: Request for Approval of the SFMTA's Central Subway Project
Relocation Impact Study and Last Resort Housing Plan

The purpose of this memo is to request your approval of the San Francisco Municipal Transportation Agency's (SFMTA) *Relocation Impact Study and Last Resort Housing Plan for the Central Subway Project*.

Background

The Third Street Light Rail Transit (LRT) Project is the most significant capital investment in generations for the SFMTA. Phase 1 of the 6.9-mile two-phase project, the T Third line, began revenue service in April 2007, restoring light rail service to the heavily transit-dependent Third Street corridor in eastern San Francisco for the first time in 50 years.

Phase 2, the Central Subway Project, will extend the new Third Street line by constructing three new subway stations and one surface station to provide rail service to the Financial District and Chinatown. The extended light rail line will serve regional destinations such as Union Square, the Moscone Convention Center, Yerba Buena and AT&T Park, and will connect directly to BART and Caltrain, the Bay Area's two largest regional-commuter rail services.

The primary purpose of the Third Street LRT Project is to provide residents with faster, more reliable and more comfortable transit service. Chinatown and the Financial District are two of the most congested and heavily developed areas in San Francisco. The Planning Department projects that by 2030, the population along the corridor of the Third Street Line and the proposed Central Subway alignment will increase 26 percent and employment will increase 61 percent, factors that are larger than the growth in population and employment anticipated for the City as a whole.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2010 SEP 20 PM 1:42

BY



The SFMTA estimates that the Central Subway will serve 56,000 riders in its first year of operation in 2018 increasing to 76,000 daily riders projected for 2030.

Property Acquisitions

On July 27, 2010, the Board of Supervisors approved the SFMTA moving forward with five eminent domain actions -- three easements for the Project tunnel, and two fee acquisitions for the Moscone and Chinatown Station sites.

The Moscone Station site is at 266-286 4th Street at the corner of Folsom Street in the Yerba Buena Neighborhood South of Market Street. The property is owned and operated by Convenience Retailers LLC, a multi-state gas service station and convenience store enterprise. It is also occupied by an independent contractor hired by the property owner for smog shop services.

The Chinatown Station site is at 933-949 Stockton Street at Washington Street in Chinatown. It is owned by a private entity, Norman P. Chan Inc. This property contains eight retail tenants, including four restaurants, two hair salons, one meat market, and a property management firm on the ground floor. The second floor contains 18 residential units, which are occupied by 19 families (approximately 56 individuals).

SFMTA continues to negotiate with all five property owners, but is preparing eminent domain actions, as necessary, to maintain the Project schedule.

Central Subway Relocation Impact Study and Last Resort Housing Plan (Relocation Plan)

As required under federal regulations, the SFMTA has prepared the *Central Subway Relocation Impact Study and Last Resort Housing Plan (Relocation Plan)* to study the impacts associated with the displacement of commercial and residential occupants, and develop solutions to minimize the adverse impacts of displacement. The *Relocation Plan* is an evolving document; thus, even after it is approved by the Board of Supervisors, it will continue to be updated as new information is obtained. Some of the elements of the *Relocation Plan* include the following:

- the number of households to be displaced, the family characteristics of the persons to be displaced, with special consideration given to impacts on minorities, seniors, and persons with disabilities;
- an estimate of the number of comparable replacement dwellings in the area that may be available to meet the needs of the persons to be displaced;
- information about the businesses to be displaced;
- an estimate of the availability of replacement business sites;

- the relocation advisory services and benefits to be offered by the SFMTA to residential and commercial tenants.

On July 13, 2010, the FTA approved the SFMTA's *Relocation Plan* (Enclosure 1), including the *Brochure* and *Handbook*, which are appendices to the *Relocation Plan*. On August 3, 2010, the SFMTA Board of Directors approved the *Relocation Plan* (Resolution No. 10-118). Since then, the *Relocation Plan* has been revised to include updated information regarding residential and commercial comparable replacement units available as of August 2010, as well as other relatively minor revisions.

Universal Field Services (SFMTA's Relocation Consultant) and the Chinatown Community Development Center (CCDC), subconsultants to the Project Management/Construction Management consultant, AECOM, have been engaged to assist residential and commercial tenants who will need to be relocated as a result of the Project. The Relocation Consultant specializes in relocations resulting from displacement of persons due to public projects. CCDC is assisting the Relocation Consultant in Chinatown with outreach and translations in meetings with the residential and commercial tenants.

SFMTA staff, the Relocation Consultant, and CCDC have conducted extensive interviews and held many meetings with residential and commercial tenants. All official notices, letters, and outreach materials have been translated into Chinese for the non-English-speaking tenants.

Residential Relocation Assistance Program

The residential relocation assistance program includes advisory assistance from the Relocation Consultant to help tenants find comparable replacement housing over approximately the next 15 months. The Relocation Consultant plans on proposing three available comparable replacement units to each household. The tenants are also free to search for and propose their own replacement units.

Such assistance will also include providing social services, moving assistance and replacement housing payments. Under federal law, residential tenants are entitled to 42 months of housing payments, based on the difference between the rent of a comparable replacement unit and the old rent, or the difference between the rent of a comparable replacement unit and 30% of the tenant's monthly income, whichever is less. Normally, the replacement housing payment is capped at \$5,250; however, when it is difficult to find comparable decent, safe and sanitary replacement housing, the FTA will consider approving increasing the amount of assistance under what is known as the Last Resort Housing Program. As discussed below, the *Relocation Plan* received approval from the FTA for increased subsidies for the residential tenants under this program.

The SFMTA intends to set up an escrow account to make monthly installment payments directly to the new landlords of the residential tenants after they have moved into their replacement housing.

As explained more fully below, to address the concerns of residential tenants for long-term relocation solutions (longer than the 42-month subsidy provided by the FTA), SFMTA and the Mayor's Office of Housing (MOH) are negotiating a Memorandum of Understanding (MOU) for 18 dwelling units to be offered to the residential tenants at a low-income housing project being planned at Broadway and Sansome Streets.

Recommendations in the *Relocation Plan*

There are five major policy issues in the *Relocation Plan*, which the FTA and SFMTA Board of Directors approved:

1. Overcrowded Living Conditions, and SFMTA Housing Occupancy Standards
2. Long-Term Replacement Housing Plan – second move to the Broadway and Sansome Project
3. Rental of Residential Units Prior to Acquisition
4. Rent Differential Payment Procedures –Last Resort Housing
5. Rent-Up of Vacant Replacement Housing Units

Below are summaries of the issues.

1. SFMTA Housing Occupancy Standards

The FTA recommended that SFMTA have housing occupancy standards or guidelines to employ in searching for comparable replacement housing for the 19 households living in 18 overcrowded dwelling units at 933-949 Stockton Street. Comparable replacement housing must be decent, safe and sanitary, adequate in size and functionally equivalent to the current housing situation, within the financial means of the tenants, and in a location that is not less desirable than the current location:

The *Relocation Plan* contains the following guidelines, which will be applied consistently for families of like size and composition:

- ✓ Replacement dwelling units must have at least one bedroom or living/sleeping room for each two persons.
- ✓ Replacement dwellings which differ from the displacement dwelling (e.g., in size) may be considered comparable if they include other features which make them equal to or better than the displacement dwelling.

- ✓ One person may qualify for a separate bedroom if that person is disabled or incapacitated and requires additional space for medical equipment or maneuverability.
- ✓ Separate bedrooms and gender separation may be provided for children 12 years of age or older.
- ✓ Comparable replacement dwellings may include bathrooms within each individual unit.¹

Replacement housing will also have to comply with the San Francisco Housing Code, which provides as follows:

SF Housing Code Section 503(b): requires at least 1 room have not less than 120 square feet (s.f.) of superficial floor area (sfa). Every room used for both cooking and living or both living and sleeping must have not less than 144 s.f. of sfa. A bedroom must have at least 70 s.f. of sfa, for a maximum of 2 persons; there must be at least 50 additional s.f. of sfa area for each additional person occupying the bedroom. Children under age 6 are not counted for determining whether a family with minor children complies with the Housing Code.

2. Long-Term Replacement Housing – second move to the Broadway/Sansome Project

As mentioned above, the FTA will provide funding for up to 42 months of rent for the residential tenants moving from the Chinatown site. The tenants, who are currently under rent control, are concerned about what happens after the 42-month period. Although SFMTA has no legal obligation to do so, SFMTA recommends a long-term housing option for the tenants. SFMTA staff and MOH are negotiating an MOU regarding MOH's planned Broadway/Sansome Project. The proposed terms of the MOU are as follows:

- ✓ SFMTA will provide \$8 million in non-federal funds for the hard and soft construction costs for 18 affordable residential dwelling units in Broadway/Sansome. This will be a non-equity position with no guaranteed payback to the SFMTA. MOH would loan the funds to CCDC and, as a condition of the loan, CCDC would make 18 units of replacement housing (unit mix to be determined) available for the displaced tenants from the Chinatown site at affordable rental rates if they are within the "affordable" income category and choose to move into Broadway/Sansome. The tenants will be guaranteed low rental rates for as long as they reside at the project. Only the tenants who sign the lease are eligible to remain on the property for as long as they are income-eligible.

¹ The tenants at the Chinatown site currently share bathrooms, which are located in the hallways of the building.

- ✓ SFMTA's payment of the \$8 million will be disbursed in two installments -- half at the time the construction loan closes and the other half when the project receives a temporary certificate of occupancy.
- ✓ SFMTA will provide no additional rent or utility subsidy for Broadway/Sansome. The tenants will be responsible for paying 30 percent of their eligible income in rent, which amount will rise or be reduced annually if the tenants' income rises or falls. The tenants will have to demonstrate prior to moving into Broadway/Sansome, and annually thereafter, that they are within the "affordable" income category or else they will not be able remain at the site.
- ✓ If Broadway/Sansome is not completed within 42 months, the SFMTA would use non-federal funds to cover the rental subsidy for the tenants until the tenants are able to move into the Project. Those tenants who elect not to move into Broadway/Sansome would only receive rental subsidies for 42 months. If Broadway/Sansome was not able to secure financing to be completed, the disbursed SFMTA funds would be returned and the SFMTA would explore other options for long-term replacement housing.

The proposed Broadway/Sansome Project will further satisfy the City policy, contained in the Chinatown Area Plan (a section of the City's General Plan) of replacing affordable housing units that are demolished in Chinatown.

SFMTA requested and the FTA approved paying the costs of a second move for those tenants who choose to and are income-eligible to move into Broadway/Sansome after it is constructed.

3. Rental of Residential Units Prior to Acquisition

The *Relocation Plan* includes authority for the SFMTA to enter into a "protective rental plan" so that if a tenant moves prior to acquisition of the property by the SFMTA, the property owner of the Chinatown site does not re-rent any residential or commercial unit at the property once it is vacated. The City Attorney's Office has drafted a "protective rental agreement" and sent it to the attorney representing the owner of the Chinatown site to review.

With a protective rental plan, SFMTA would pay the property owner an amount equal to the rental payments the property owner would have reasonably received if it had leased vacant units to new tenants. The protective rental agreement would terminate when the SFMTA gains possession of the property.

The SFMTA has considered the following factors in its decision to enter into a protective rental agreement:

- Comparable vacant rental properties in the subject area are scarce.
- There is a good probability that vacant building units would be re-rented prior to the SFMTA gaining control of the property.
- The SFMTA's possible cost of relocation benefits to any subsequent tenants would exceed the cost to pay the owner to keep vacated building units vacant.
- Reoccupation of the vacated building units might delay delivery of the property for construction.
- The FTA has advised that protective rental agreements are a customary practice in federal projects requiring relocation of tenants.

4. Rent Differential Payment Procedures – Last Resort Housing

As mentioned above, federal regulations guarantee a rent differential payment of up to \$5,250 to assist permanently displaced households in either renting or purchasing a replacement dwelling. Federal regulations also provide that whenever a project cannot proceed in a timely manner because comparable replacement dwellings are not available within the \$5,250 regulatory maximum, alternate assistance may be justified. This is known as the Last Resort Housing Program.

By approving the *Relocation Plan*, the FTA approved rent differential payments under the provisions of Last Resort Housing because of the following factors:

- Rents at the Chinatown site are below market rate due to rent control and overcrowded, below-code conditions.
- Comparable decent, safe and sanitary replacement housing is scarce in the Chinatown neighborhood, and current market rates are high and not subject to rent control for new occupants of an existing unit.

Regardless of the amount, a displaced person's rent differential is fully "vested" immediately upon occupancy at the replacement dwelling, even if there is a later change in the person's income, occupancy, family characteristics, rental rate, or in the condition or location of the actual replacement property.

5. Rent-Up of Vacant Replacement Housing Units

The SFMTA's Relocation Consultant has conducted a survey and advises that there currently are vacant dwelling units available in Chinatown and in nearby neighborhoods in San Francisco. However, vacancies change constantly. Thus, the SFMTA may want to rent vacant replacement dwelling units to hold them in case the residential tenants of the Chinatown site want to occupy them.

The *Relocation Plan* authorizes the SFMTA to participate in the rent-up of vacant comparable housing units as they become available and hold them as potential replacement housing resources for the tenants of 933-949 Stockton Street. The carrying cost of such rentals would be a project expense eligible for federal reimbursement.

Services Available for Commercial Tenants

The business relocation assistance program for commercial tenants will provide advisory assistance, moving cost assistance, and reestablishment payments. Although not reimbursable by the FTA, California law also requires compensation for loss of goodwill. SFMTA has hired a goodwill appraiser to assess the loss of goodwill resulting from relocation of the commercial tenants. SFMTA has included a summary of the relocation process for commercial tenants and an explanation of how goodwill benefits are calculated in Enclosure 2. The services available for commercial tenants are described below.

Business Planning and Advisory Services:

SFMTA's Relocation Consultant will be performing the following services for commercial tenants:

- Explaining relocation payments, the basis of monetary benefits and how they are determined.
- Assisting the business in identifying realty and personalty issues
- Conducting interviews with the businesses to obtain replacement site requirements, anticipated difficulties in finding a replacement site, and identification and resolution of personal property
- Identifying suitable replacement business locations
- Assisting displaced businesses in obtaining and becoming established in a suitable replacement location
- Minimizing hardships by providing counseling and advice as to other sources that may be available to assist the business, such as programs administered by the Small Business Administration

Monetary Benefits Available to Businesses:

- Reimbursement of actual costs for moving expenses for personal property, including packing and unpacking, dismantling and reassembling of the property. It also includes modifications to personal property and utilities necessary to adapt them to the replacement site. Reimbursement for moving expenses also includes the cost of replacement licenses, permits, and fees and actual reasonable and necessary professional services to plan the move,

move, and reinstall the personal property. There is no cap on federal reimbursement for moving expenses.

- In addition, a \$10,000 maximum business reestablishment expense payment, which covers modifications to make the replacement location suitable for conducting the business, including exterior signage, redecoration (such as paint, paneling, or carpeting), and advertisements.
- In lieu of actual moving and reestablishment expenses, businesses could receive a fixed payment of not less than \$1,000 or more than \$20,000 based on the prior earnings of the business, substantiated through tax returns, financial statements or similar evidence.
- Compensation for loss of goodwill. The actual goodwill payment will not be determined until after a new site is identified by the commercial tenants and will depend on the individual circumstances of each tenant and provisions of their leases, if any. See Enclosure 2 for a discussion of goodwill.

Relocation Appeal Process

The *Relocation Handbook* and *Relocation Brochure* each describe the appeals process for residential and commercial tenants, respectively, who believe that the SFMTA has failed to properly consider the person's application for assistance, which may include eligibility for, the amount of, a relocation payment authorized under federal law.² Appeals will be conducted by the City's Relocation Appeals Board, which holds regular meetings on the first Wednesday of every month at 11:00 a.m. whenever there is pending business. Each residential and commercial tenant has been given copies of the respective booklet, which has been translated into Chinese for those tenants not fluent in English. The *Relocation Handbook* and *Relocation Brochure* have been amended to require a 60-day maximum period for filing appeals and to provide that a complainant be able to review and copy the relevant files of the Agency prior to filing a complaint.

Central Subway Project Funding

The \$1.578 billion FTA New Starts Project, including the proposed relocation expenses, is to be funded by a combination of federal, state and local money. SFMTA staff estimates that approximately \$4,187,600 will be spent in relocating residential and commercial tenants, which sum includes expenses for the Relocation Consultant. The Project's cost and funding summary is set forth in Enclosure 3.

Request for Approval of the Relocation Plan

The SFMTA respectfully requests that this item be heard at the earliest possible committee meeting of the San Francisco Board of Supervisors.

² The appeals process does not apply to eligibility or compensation for goodwill.

Attached please find an original and four copies of a proposed Ordinance for Board of Supervisors consideration. An ordinance is required because the existing provisions of the Administrative Code do not contain a time limit for filing appeals or complaints. The proposed 60-day maximum period is consistent with federal regulations and will only apply to the Central Subway Project. Also, federal regulations require that an appellant be able to review and copy relevant documents of the displacing agency prior to filing an appeal, a procedure that is not provided for in the existing ordinance.

In addition to the Ordinance, please find enclosed the following Enclosures:

1. Enclosure 1: *Relocation Impact Study and Last Resort Housing Plan*
2. Enclosure 2: Summary of How Goodwill Loss is Established
3. Enclosure 3: Third Street Light Rail Project Central Subway Cost and Funding Summary Chart
4. Enclosure 4: SFMTA Board Resolution 10-118

Enclosure 1

Relocation Impact Study and Last Resort Housing Plan

Relocation Impact Study and Last Resort Housing Plan

Relocation Program Planning Information for the
San Francisco Municipal Transportation Agency's
Central Subway Project

September 8, 2010

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2010 SEP 20 PM 1:42
BY W

Enclosure 2

Summary of How Goodwill Loss is Established

Goodwill:

Goodwill consists of the benefits that accrue to a business as a result of its location, reputation for dependability, skill or quality, and any other circumstances resulting in a probable retention of old or acquisition of new patronage.

Goodwill is a part of business value, which includes:

- ✓ Furniture and Equipment (F&E) (tangible assets)
- ✓ Working capital (tangible assets)
- ✓ Goodwill (intangible assets)

Business value equals profits times a multiplier. Goodwill value equals Furniture and Equipment (F&E) minus Inventory.

Compensation for Goodwill loss is available if the business owner proves all of the following*

1. The loss is caused by the acquisition of the property.
2. The loss cannot be prevented by relocation or by taking reasonable steps to preserve the Goodwill.
3. Compensation for Goodwill loss will not be duplicated by other payments made.

**Documents are necessary to support claims.*

Goodwill Loss Process

Step 1: Establish Goodwill at current site

Step 2: Determine Goodwill at relocation site

Step 3: Calculate Goodwill loss caused by acquisition by SFMTA

Relocation Site Factors

- What is different at the new location?
- Traffic counts
- Visibility location (corner, side street, etc.)
- Access for customers and deliveries
- Economic changes

- Competition changes
- Occupancy costs (rent)
- Square footage
- Customer demographics

Quantifying Goodwill at the Relocation Site

- Is it the same business at the relocation site?
- Will expenses increase, decrease or remain the same?
- Will revenues increase, decrease or remain the same?
- How will the changes affect profits?
- New equipment and improvements?
- Different for every business.

Illustration of Goodwill Loss

Step 1: Current Location

Revenue	\$500,000
Less:	
Cost of Goods Sold	(\$200,000)
Operating Expenses	<u>(\$200,000)</u>
Owner's Cash Flow	\$100,000

Step 2: Estimate Value

Owner's Cash Flow	\$100,000
Owner's Cash Flow Multiplier	x 3.0
Fair Market Value of Total Assets	\$300,000
Less:	
Fixtures and Equipment	(\$150,000)
Working Capital	<u>(\$50,000)</u>
Goodwill Value	\$100,000

Step 3: Relocation Site Changes

- Move to Similar Location
- Same Revenues
- Changes:
 - Increased Rent by \$20,000 per year

- Required Additional Equipment Investment not covered by relocation and reestablishment - \$30,000

Step 4: Relocation Site Goodwill Impact

Owner's Cash Flow	\$100,000
Less: increase in Rent	<u>(\$20,000)</u>
Owner's Cash Flow – Relocation Site	\$80,000
Multiplier	<u>x 3.0</u>
Fair Market Value of Total Assets	\$240,000
Less: New Fixtures and Equipment	<u>(\$180,000)</u>
Working Capital	<u>(\$50,000)</u>
Goodwill Value:	\$10,000

Step 5: Goodwill Loss

Goodwill Value – Before Acquisition:	\$100,000
Goodwill Value at Relocation Site:	<u>\$10,000</u>
Goodwill Loss:	\$90,000

Enclosure 3

**THIRD STREET LIGHT RAIL PROJECT
CENTRAL SUBWAY
Cost and Funding Summary Chart**

Cost	(\$Million)
Conceptual and Preliminary Engineering	59.41
Program Management & Construction Management	132.78
Final Design	85.94
Construction Contracts	986.68
Vehicles	26.39
Contingency	160.26
Right-of-Way	34.84
Other Professional Services	92.00
Total Central Subway Cost	\$ 1,578.30

Funding	(\$Millions)
Federal 5309 New Starts	942.20
State RTIP Grant	88.00
CMAQ	6.03
State TCRP Grant	14.00
Proposition 1B-2006 MTC Share	100.00
Proposition 1B-MTA Share	100.00
Proposition Additional 1B-MTA Share	40.00
Proposition K Sales Tax Funds	123.98
High Speed Rail Funds	27.00
Option Local and Regional Sources	137.09
Total Central Subway Funding	\$ 1,578.30

Enclosure 4

SFMTA Board Resolution 10-118

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 10-118

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2010 SEP 20 PM 1:42
BY R

WHEREAS, The Central Subway Project ("Project") – Phase II of the Third Street Light Rail Project will extend the Muni light rail line (primarily by subway) to serve the South of Market, Union Square and Chinatown neighborhoods; and

WHEREAS, The SFMTA Board of Directors adopted Resolution No. 10-049 on April 20, 2010, which requested the Board of Supervisors to consider adoption of a Resolution of Necessity for the acquisition of the Property at 266-286 4th Street, San Francisco, for the Moscone Station construction; and

WHEREAS, The SFMTA Board of Directors adopted Resolution No. 10-050 on April 20, 2010, which requested the Board of Supervisors to consider adoption of a Resolution of Necessity for the acquisition of the Property at 933-949 Stockton Street, San Francisco, for the Chinatown Station construction; and

WHEREAS, The SFMTA is required to relocate all impacted owners, commercial and residential tenants under federal, state and local law; and

WHEREAS, For any federally funded construction project that requires acquisition of real property and relocation of persons and personal property, federal regulations (49 CFR Part 24) require that the SFMTA develop a *Relocation Impact Study and Last Resort Housing Plan* (the "*Relocation Plan*"); the purpose of the *Relocation Plan* is to explain the SFMTA's process for relocating all impacted commercial and residential tenants at the two fee parcels that will be acquired for the Project; and

WHEREAS, The Federal Transit Administration has reviewed and approved the *Relocation Plan* for compliance with federal law and guidelines; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors has reviewed and approves the *Relocation Impact Study and Last Resort Housing Plan*, including the recommendations contained therein; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors recommends that the Board of Supervisors approve the Central Subway Project's *Relocation Impact Study and Last Resort Housing Plan*; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors authorizes the Executive Director/CEO to take such actions that are consistent with the City's Charter and all applicable law to implement the relocations according to the standards, guidelines, and recommendations set forth in the *Relocation Plan*.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of AUG 03 2010.

R. Brummer
Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

Relocation Assistance Brochure

Rights and Benefits
Under the Federal Relocation Assistance Program for
Affected Businesses and Non-Profit Organizations

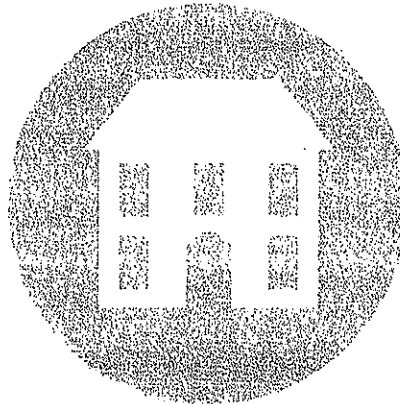
RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2010 SEP 20 PM 1:42
BY

Summarizing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, including 49 Code of Federal Regulations (CFR) Part 24, issued January 4, 2005. Much of the content of this brochure was provided by The United States Department of Transportation, Federal Highway Administration, Office of Real Estate Services, Publication Number FHWA-HEP-05-031.

Relocation Assistance Handbook

Information for Persons Displaced by Publicly Funded Acquisition Projects

Occupants of Rental Property



RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2010 SEP 20 PM 1:42
BY Yc

This handbook is presented to you as a courtesy of the San Francisco Municipal Transportation Agency and is intended to summarize your rights under federal law (42 U.S.C. 4601 *et seq.*) and implementing regulations found in 49 CFR Part 24. A Relocation Advisor will also be available to help explain the assistance that is available through this program. This summary has been provided for general information purposes only and it is not meant to be interpreted as law.