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February 23, 2024

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 – Resolution approving a \$4,350,000 continuation payment under the Predevelopment Agreement for the Potrero Yard Modernization Project (Project) between Potrero Neighborhood Collective LLC and the City and County of San Francisco, acting by and through the San Francisco Municipal Transportation Agency, dated November 2, 2022.

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors approve a Resolution for a \$4,350,000 continuation payment (Continuation Payment) under a Predevelopment Agreement (PDA) for the Project between Potrero Neighborhood Collective LLC (PNC) and the City and County of San Francisco (City) and authorize the SFMTA Director of Transportation to make the Continuation Payment to PNC on the terms and conditions in the PDA.

Background

The Project is part of the SFMTA's Building Progress Program (Program), a \$2+ billion multi-year effort to repair, renovate, and modernize the SFMTA's aging facilities to improve the overall transportation service delivery system in San Francisco. Built in 1915, Potrero Yard is scheduled to be the first site that the SFMTA will modernize and improve under the Program due to the age of the current facility and changes in bus fleet technology that make the current facility obsolete. The Project will have a new, multilevel bus facility that will not only improve maintenance and storage capabilities, but also contribute to a greener, more sustainable, and more reliable transportation system for San Francisco. The new bus facility will increase the capacity of Potrero Yard by over 50 percent and provide the green infrastructure needed for an all-electric fleet. These improvements are needed to ensure space for 213 of the SFMTA's electric trolley buses, both 40 foot and 60 foot, which the current facility cannot accommodate.

A key component of the Program is to maximize the use of SFMTA properties through joint development. Accordingly, the Project includes both a bus yard component (Bus Facility) and a housing component (Housing Component) designed to maximize the number of housing units in recognition of the physical parameters of the Bus Facility and the design guidelines



established for the overall Project. The Project would also include common infrastructure to be shared by the Bus Facility and the Housing Component (Common Infrastructure).

Over the last seven years, the SFMTA has engaged a complete City team on the Project, partnering with the San Francisco Planning Department (Planning Department), the Mayor's Office of Housing and Community Development, the Office of Economic and Workforce Development and San Francisco Public Works.

The Developer Partner and Predevelopment Agreement Period

On November 1, 2022, the SFMTA Board of Directors approved awarding the Project's Predevelopment Agreement to the preferred proposer following a procurement process – Potrero Neighborhood Collective LLC. Although the SFMTA remained the project sponsor for the Project's environmental review, the PDA requires that PNC perform all needed Project predevelopment activities, including the entitlement process, design advancement, community outreach, and supporting the environmental review process. During the PDA period, SFMTA and PNC are also developing agreements for the design, financing, and construction of the Bus Facility, the maintenance of the Bus Facility infrastructure and the Common Infrastructure, and the design, financing, construction and operation of the Housing Component. Once the SFMTA and PNC mutually agree to the terms of those agreements, they will be finalized and presented together to the SFMTA Board of Directors and Board of Supervisors for final approval.

The PNC development team includes the following parties: Plenary Americas US Holdings, Inc. as the equity member; Mission Economic Development Agency, Young Community Developers and Tabernacle Community Development Corporation as the affordable housing developer; Arcadis as the design consultant; Plant Construction Company, L.P. and The Allen Group, LLC as the construction management consultant; and WT Partnership as the infrastructure facility maintenance consultant.

Community and Stakeholder Engagement

Since December 2017, the Project team has led an extensive, inclusive, and transparent stakeholder engagement process to develop and design the new Potrero Yard. Community engagement has guided the Project through initial planning, the lead developer procurement process, and the launch of the City's first public-private partnership that produced the draft 100 percent schematic designs we have today. This input has influenced project design leading up to the 50 percent draft schematic design for the Bus Facility which was completed last summer. The 100 percent final schematic design for the Bus Facility is under final review. Please see Attachment 1 for a summary of Community and Stakeholder Engagement from 2018 through 2024.

**Continuation Payment**

The PDA requires PNC to suspend its predevelopment work if the Project environmental impact report (EIR) is certified and the needed Project entitlements are approved and effective – including the General Plan amendment and the special use district ordinances for the Project that have been submitted to the Board for approval (EIR/Entitlement Milestone). If the SFMTA elects to have PNC continue the predevelopment work after the EIR/Entitlement Milestone, it must send a continuation notice to PNC (Continuation Notice) and pay PNC a \$4,350,000 continuation payment (Continuation Payment). The Continuation Payment requires approval from the Board of Supervisors under Section 9.118 of the San Francisco Charter because the combined amount of the Continuation Payment and any potential termination payment under the PDA could be over \$10,000,000.

The SFMTA has determined that PNC has incurred substantial predevelopment costs in pursuing the Project entitlements, supporting the SFMTA's efforts for the Project's environmental review (including the EIR), and performing the Project predevelopment work, which would have been otherwise been borne by the SFMTA. The SFMTA has also determined that the Entitlements will increase the value of the Project Site by more than the \$4,350,000 amount of the Continuation Payment.

Request for Approval

The SFMTA respectfully requests that the San Francisco Board of Supervisors approve the General Plan amendment and the special use district ordinances for the Project and approve the Resolution to authorize the SFMTA Director of Transportation to issue the Continuation Notice and make the Continuation Payment to PNC on the terms and conditions in the PDA.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jeffrey P. Tumlin'.

Jeffrey P. Tumlin
Director of Transportation



Attachment 1

Community and Stakeholder Engagement

Since December 2017, the Project team has led an extensive, inclusive, and transparent stakeholder engagement process to develop and design the new Potrero Yard. The project we have today has been developed through a community-driven process. Our approach to public participation has been to engage and communicate with a broad and diverse group of stakeholders, while proactively seeking input and elevating voices of those who have been historically left out of the planning process. Community engagement has guided the Project through initial planning, the lead developer procurement process, and the launch of the City's first public-private partnership that produced the draft 100 percent schematic designs we have today.

Major outreach activities to educate the community about the Project and solicit feedback have included community events and open houses, tours of Potrero Yard, regular meetings of the Potrero Yard Neighborhood Working Group, listening sessions with community organizations, and grassroots outreach to individual residents. Bilingual English-Spanish communications have been part of the engagement from the start. Events have been advertised through both electronic and print materials, including mailings, posters, flyers, palm cards, digital and print ads, e-newsletters, emails, and the project website. Informational and engagement materials have included fact sheets, brochures, event boards, PPT presentations, videos, story maps, surveys, comment cards, feedback forms, and family-friendly activities.

Since 2018, the Project has hosted 42 meetings with the Potrero Yard Neighborhood Working Group, many of whose members have been involved since the group's inception. The group has been instrumental in providing in-depth feedback on all stages of the project. Additional events since 2018 include 40 public tours of the yard as well as 17 project-sponsored events featuring bi-lingual English-Spanish translation and interpretation, including:

Event	Format	Date
Introduction to Building Progress and Potrero Yard	Open House	1/18/2018
Project Workshop #1	World Café	12/5/2018
Project Workshop #2	World Café	12/8/2018
Community Design Workshop #1	Workshop	2/21/2019
Community Design Workshop #2	Workshop	2/23/2019
Community Event	Open House & Yard Tours	8/10/2019



Open House and Pre-Application Meeting	Open House	10/26/2019
Spring Update and Conversation	Telephone Town Hall	6/6/2020
SF Planning Environmental Impact Report Scoping Meeting	Zoom Video Conference	9/2/2020
Winter Virtual Update and Conversation (English)	Online Town Hall	12/5/2020
Winter Virtual Update and Conversation (Spanish)	Online Town Hall	12/12/2020
Local Business Enterprise Informational Outreach Session	Online Zoom Meeting	4/27/2021
Virtual Community Meeting	Online Zoom Meeting	7/13/2021
Get to Know Potrero Neighborhood Collective and Pre-Application Meeting	Hybrid In-Person/Zoom Meeting	12/13/2022
Community Open House	Open House	3/18/2023
Virtual Public Meeting	Online Zoom Meeting	5/17/2023
Community Open House	Open House	9/20/2023

Additional meetings and listening sessions have taken place with 50+ community organizations since 2018, including: 1850 Bryant; Acción Latina; African American Construction Coalition; Arts Community: Artspan, Precita Eyes, Horizons, other individuals; Black 2 the Future; BuildOut California; Calle 24; Council of Community Housing Organizations (CCHO); Dogpatch Neighborhood Association; Friends of Franklin Square; Hampshire Street Business: Little Mission Studios, Verdi Club SF and Hardesty Dwyer; Hispanic Chamber of Commerce San Francisco (HCCSF); Hunters View HOPE SF; HVY W8 Trucking Company; Hyper Hyper Local Business Group - Bayview Hunters Point District 10; Kansas Street SAFE Neighborhood Association; KQED; Latino Democratic Club; Latino Task Force (LTF); Livable Cities; Mariposa -11th-San Bruno-Utah-Street Neighborhood Association (MUNA); Mariposa Gardens; Micro LBE Black Contractor Coalition; Mission Destino; Mission Economic Development Agency (MEDA); Mission Housing (Calle 24, MHDC, MEDA, United to Save the Mission, and 1850 Bryant; Mission Housing Development Corporation (MHDC); Mission YIMBY/Mission Neighbors For Housing; Northeast Mission Business Association (NEMBA); PODER; PODER: Bicis del Pueblo; Potrero Boosters; Potrero Dogpatch Merchants Association; Project Artaud; Renaissance Entrepreneurship Center – Bayview; Rowan Homeowners Association; San Francisco African American Chamber of Commerce: Leadership and Business Accelerator Programs; San Francisco Latino & Black Builders



Association; San Francisco Latino Parity and Equity Coalition (SFLPEC); SF Bicycle Coalition; SF Housing Action Coalition (SFHAC); SF Transit Riders; SF Transit Riders; Sierra Club; SPUR; TogetherSF; United to Save the Mission (USM); Walk SF; and Women Business Enterprise Council – Pacific.

The Project has also participated in annual community-sponsored events, including Carnaval SF; District 9 Neighborhood Beautification Day; Fiesta de las Americas; Friends of Franklin Square Park Cleanups; KQED Fest; Phoenix Day; Potrero Hill Festival; Sunday Streets - Valencia Street; and Transit Month.

Feedback from stakeholders substantially informed the Project's developer procurement documents, including a public benefit vision for the Project. This document, entitled *Public Benefit Principles*, was appended to the RFP, and described the essential public benefit concepts that the Project should incorporate, depicted them through examples, and allowed the proposers flexibility and interpretation to present how they would be achieved in their submitted proposals. Stakeholders also provided significant feedback on the overall program for the housing and commercial component of the Project and the Design Guidelines. Since November 2022, the SFMTA and the Potrero Neighborhood Collective (PNC), the selected Project lead developer, have worked with the community and other stakeholders to further develop project design. Stakeholders were engaged on open decision points, such as the look and feel of the new building, ideas for the Project's community and commercial spaces, the streetscape on 17th Street, landscaping, and public art.

Paralleling the community outreach effort has been an extensive in-reach effort to frontline staff at Potrero Yard, including maintenance, operations, and administrative employees. Since November 2022, six in-reach meetings were held to update and solicit input from frontline staff, in addition to involving leadership at the Potrero Yard in the design of interior spaces in the Bus Facility. The SFMTA is working to establish a workforce housing preference for SFMTA employees at the site. A staff survey was developed with feedback from labor partners and targeted input from transit operators, maintenance, and other frontline staff. The survey was completed on January 10, 2024 and assessed SFMTA employees' housing needs and interest in the proposed workforce housing. Similar SFUSD and other Bay Area school district employee housing surveys informed the SFMTA survey. Distribution of the SFMTA survey began on September 19, 2023, with an initial focus on transit operators, maintenance, and other frontline staff.

Additional information about the Building Progress Program and the Project can be found at:

- [SFMTA.com/BuildingProgress](https://www.sfmta.com/BuildingProgress)
- [SFMTA.com/PotreroYard](https://www.sfmta.com/PotreroYard)