



RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PARTIAL RELEASE OF THE TRANSPORTATION AUTHORITY'S AGREEMENT FOR QUITCLAIM OF INTEREST IN PORTIONS OF 77-79 NATOMA STREET, 564 HOWARD STREET, AND 568 HOWARD STREET PARCELS TO BE SOLD AS PART OF PARCEL F BY THE TRANSBAY JOINT POWERS AUTHORITY (TJPA) SUBJECT TO TJPA AGREEING TO CERTAIN CONDITIONS

WHEREAS, The Transbay Transit Center/Caltrain Downtown Extension (TTC/DTX) consists of three interconnected elements: replacing the outmoded terminal with a modern terminal; extending Caltrain 1.3 miles from Fourth and King streets to the new TTC at First and Mission Streets, with accommodations for future high-speed rail service; and creating a new transit-friendly neighborhood with 3,000 new homes (35 percent of which will be affordable) and mixed-use commercial development.; and

WHEREAS, Phase 1 consists of the TTC, bus and pedestrian ramps, and the train box and Phase 2 consists of the DTX; and

WHEREAS, Phase 1 is under construction and bus operations in the new Transbay Transit Center are scheduled to start in December 2017 while work on Phase 2 is on hold due to a significant funding gap; and

WHEREAS, The Transportation Authority granted the Transbay Joint Powers Authority (TJPA) Prop K sales tax funds to acquire 77-79 Natoma Street, 564 Howard Street, and 568 Howard Street properties in February 2009 and January 2011 respectively; and

WHEREAS, Each Prop K grant required a Quitclaim Agreement, allowing the transfer of



TJPA's interest in these properties to the Transportation Authority if the Transbay Transit Center was not constructed as planned; and

WHEREAS, Upon funding the acquisition of the aforementioned properties, the Transportation Authority and TJPA entered into Agreements for Quitclaim of Interest to revert the interest in these properties to the Transportation authority if 1) TJPA abandoned the Transbay Transit Center project by a vote of its Board prior to commencement of actual passenger bus service at the project site, or 2) Caltrans filed a written notice of its intent to exercise its Power of Termination to re-take title to the formerly State-owned parcels for failure to construct the project on a timely basis; and

WHEREAS, The intent of the quitclaim agreements is to protect the interests of the funding programs (e.g. Prop K) in the event the project was not completed; and

WHEREAS, The Transportation Authority's reversionary interest in the properties purchased through the grants will expire when the Transbay Transit Center is completed in late 2017; and

WHEREAS, At a special meeting on July 9, TJPA staff presented an anticipated Phase 1 cost increase of \$246.9 million over the current \$1.889 billion budget approved in July 2013; and

WHEREAS, To avoid project delays and further associated cost increases, the TJPA Board is scheduled to adopt a revised Phase 1 budget and full funding plan at its September 2015 meeting; and

WHEREAS, TJPA has proposed a strategy to close the funding gap that includes deferral of the bus storage facility estimated to cost \$19.5 million; the sale of "Parcel F" (described below), which was intended to fund Phase 2 and is anticipated to generate \$160 million; and other potential



options to close the remaining \$87.5 million funding gap including redirecting Community Facilities District funds from Phase 2 to Phase 1; and

WHEREAS, In September 2015, TJPA is planning to conduct an auction of the real estate known as “Parcel F”, which is an aggregation of several parcels which includes all or most of the formerly State-owned Parcel F, acquired from the California Department of Transportation (Caltrans), 75 Natoma and 546 Howard Streets, funded by the Metropolitan Transportation Commission (MTC), portions of 77-79 Natoma (Resolution 08-47) 564 Howard Street (Resolution 14-29) funded by the Transportation Authority, and 568 Howard Street (Resolution 14-29) funded by the Transportation Authority and MTC; and

WHEREAS, Parcel F contains approximately 29,000 square feet of net developable area and is located mid-block between First, Second, Howard, and Natoma Streets, directly across from the new Transbay Transit Center; and

WHEREAS, Maximizing the proceeds from the sale of Parcel F is critical to close the anticipated Phase 1 cost increase and to manage cashflow of anticipated expenditures for the project; and

WHEREAS, TJPA has requested that the Transportation Authority approve the removal of the reversionary language from portions of several properties purchased with Prop K funds (see Attachment 1) prior to the planned sale of Parcel F at a live auction scheduled for September 2, 2015; and

WHEREAS, The anticipated square footage of the Transportation Authority-funded parcels to be incorporated into Parcel F are estimated as 77-79 Natoma (1,380 square feet), 564 Howard ~795 square feet), and 568 Howard (13 square feet); and



WHEREAS, TJPA has asked MTC to take similar action related to its interest in 568 Howard Street, which MTC approved on July 22, 2015; and

WHEREAS, After reviewing the project status, causes of the cost increase and anticipated funding strategy, Transportation Authority staff recommend approval of the TJPA's request, given that maximizing the resale value of Parcel F is critical to close the Phase 1 funding gap, and to manage cashflow of anticipated expenditures for the project; and

WHEREAS, There is no impact on the Transportation Authority's adopted budget by the recommended action; and

WHEREAS, At its June 24, 2015 meeting, the Citizens Advisory Committee was briefed on the subject request and adopted a motion of support for the staff recommendation; and

WHEREAS, On July 21, 2015, the Plans and Programs Committee received a project update which focused on the anticipated Phase 1 cost increase and proposed strategy to close the funding gap and at that same meeting also considered and unanimously recommended approval of the staff recommendation; and

WHEREAS, Following a discussion at the July 28, 2015 Transportation Authority Board meeting where Chair Wiener raised concerns about the near doubling of costs for Phase 1 since the original baseline budget was established and expressed a loss of confidence in TJPA management of this critical project for the City and the region, the Board approved a motion amending the Quitclaim of Interest with conditions, as shown in Attachment 2, with the intent of wanting to improve the level of confidence in the proposed revised cost estimate for Phase 1 and to ensure that Phase 1 is fully funded and delivered expeditiously; now, therefore, be it



RESOLVED, That the Executive Director is hereby authorized to execute a partial release of the Transportation Authority's Agreement for Quitclaim of Interest in portions of 77-79 Natoma Street, 564 Howard Street, and 568 Howard Street parcels to be sold as part of Parcel F by TJPA provided that TJPA agrees to the conditions listed in Attachment 2; and be it further

Attachments (2):

1. Exhibit indicating the locations of the properties that aggregate into a single Parcel F to be auctioned by TJPA in September 2015
2. Amendments to Resolution 16-03



The foregoing Resolution was approved and adopted by the San Francisco County Transportation Authority at a regularly scheduled meeting thereof, this 28th day of July, 2015, by the following votes:

Ayes: Commissioners Avalos, Breed, Christensen, Cohen, Kim, Mar, Tang, Wiener and Yee (9)

Nays: (0)

Absent: Commissioners Campos and Farrell (2)

Scott Wiener
Scott Wiener
Chair
8/6/15 Date

ATTEST: Tilly Chang 8/10/15
Tilly Chang
Executive Director
Date

Transbay Transit Center

Natoma St

Outside Face of Train Box Shoring Wall

Train Box Easement

PORTION OF LOT 015A
3192 O.R. 15A

TRANSBAY PARCEL F PROPERTY

State Parcel F
AB 3721
Lot 015A

PORTION OF LOT 015A
3171 O.R. 484

PORTION OF LOT 015A
2966 O.R. 336

546 Howard
AB 3721
Lot 016

540 Howard
AB 3721
Lot 015

530 Howard
AB 3721
Lot 014

81-83 Natoma
AB 3721
Lot 108

77-79 Natoma
AB 3721
Lot 029

75 Natoma
AB 3721
Lot 031

Venting Facilities Easement

Bus Ramp Easement

564 Howard
AB 3721
Lot 019

Bike Ramp to Lower Concourse

BUS RAMP PROPERTY

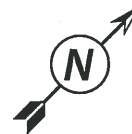
568 Howard
AB 3721
Lot 020

Controlled Vehicle Ramp to Lower Concourse

Howard St

Bus Ramp

SITE PLAN PARCEL F PROPERTY



GRAPHIC SCALE

(IN FEET)
1 inch = 20 ft.

Attachment 2: Amendments to Resolution 16-03

1. The Transbay Joint Powers Authority (TJPA) shall cooperate fully in the 90-day cost review of Phases 1 and 2 of the Transbay Transit Center Project that was called for by the Metropolitan Transportation Commission (MTC) at its July 22, 2015 Commission meeting. The cost review will be led by MTC in coordination with the Transportation Authority and the City and County of San Francisco (Controller's Office). The cost review is expected to come up with recommendations for both project phases. For Phase 1, the focus will likely be on what can be done to increase confidence that this will be the last cost increase.
2. In deference to the aforementioned cost review, TJPA shall agree to only amend the Phase 1 cost and funding plan sufficiently to reflect the sale of the parcel known as "Parcel F", to be auctioned on September 2, 2015 at a minimum bid price of \$160 million, and any other grants or funding sources that are identified by the time of TJPA's September Board meeting until the cost review is completed and presented to the MTC Commission.
3. TJPA agrees to continue working with MTC, the City and County of San Francisco, the Transportation Authority and other funding partners to develop a full funding plan for Phase 1 that includes specific recommendations for any additional financing that is needed for Phase 1 beyond the existing TIFIA loan and interim bridge financing with Goldman Sachs Bank USA and Wells Fargo Securities LLC.