

**TRANSBAY JOINT POWERS AUTHORITY
CITIZENS ADVISORY COMMITTEE**

MEETING MINUTES
Tuesday, June 6, 2017

TJPA Offices
201 Mission Street, Suite 2100
San Francisco, CA

5:30 p.m. to 7:30 p.m.

CITIZENS ADVISORY COMMITTEE

Bruce Agid, Chair
Keysha Bailey, Vice Chair

Paul Bendix
Anthony Birdsey
Paolo Cosulich-Schwartz
Jackson Fahnestock

Robert Feinbaum
Helen Han
Derrick Holt
John Kutay
Charley Lavery

Sean McGarry
Nathan Morales
Patty-Jo Rutland
Jason Smith

Executive Director
Mark Zabaneh

Staff Liaison
Skip Sowko

CAC Secretary
Vacant

1. Call to Order

Chair Agid called the meeting to order at 5:30 pm.

Members Present: Chair Agid, Vice Chair Bailey, Jackson Fahnestock, Robert Feinbaum, Derrick Holt, Sean McGarry, Nathan Morales, Patty-Jo Rutland, and Jason Smith.

Members Absent: Paul Bendix, Anthony Birdsey, Paolo Cosulich-Schwartz, Helen Han, John Kutay, and Charley Lavery.

A quorum was achieved.

2. Staff Report

Skip Sowko, Senior Design & Engineering Manager, reported that the first round of site tours of the Transit Center construction site for CAC members was held and that additional tours will be scheduled before the next CAC meeting in July. He said that a member has expressed interest in an orientation prior to the tour next month. Julie Markus, the TJPA's new receptionist, was introduced; she assisted with setting up the CAC meeting and may become the new CAC secretary.

Mr. Sowko turned the floor over to Ron Alameida, the San Francisco Public Works Director of Design & Construction for the Transbay Transit Center, to provide a brief preview of his upcoming report to the TJPA Board of Directors regarding the TJPA's decision to cease further work on the Tim Hawkinson sculpture. Mr. Alameida began by noting that the Hawkinson piece was a key feature of the Transbay Transit Center Public Art Program, which includes five site-specific artworks. He explained that the 40-foot-tall figure was to be composed of recycled concrete from the old bus ramp and sited in Mission Square, but that after years of analysis, there were still significant engineering challenges to overcome to complete the work. There were also concerns about the stability of the piece as well as the construction schedule and resulting impacts, as the window of opportunity to construct the work before completion of Mission Square is now closed. He stated that the other four artworks are moving forward as planned.

Mr. Sowko then provided an update on the Phase 2 design, reiterating that in April the San Francisco County Transportation Authority (SFCTA) approved the TJPA's request for funds to continue design work on the Downtown Rail Extension. As part of the funding allocation, the TJPA will be looking at tunneling options in an effort to reduce surface impacts. A tunneling options workshop with the TJPA and SFCTA and consultants convened on May 30. Mr. Sowko reported that the workshop was productive and that a follow-up workshop would be scheduled. TJPA expects to publish the results of the study at the end of the summer.

TJPA Executive Director Mark Zabaneh concluded the staff report by notifying CAC members that the Metropolitan Transportation Commission's (MTC) Program Allocation Committee would hold a public hearing on June 14, 2017 to hear comment on proposed additions to the Regional Measure 2 (RM2) operating program, specifically the allocation of \$3 million of additional annual operating funds for the Transbay Transit Center. He requested that CAC members attend the public hearing to advocate for the additional \$3 million (this would add to the \$5 million annual operating funds that the TJPA currently receives for the Temporary Terminal). Mr. Zabaneh noted that this request is on behalf of the transit operators as well as the TJPA, and he is not aware of any opposition. The MTC will consider the proposed RM2 fund programming changes at its July 26, 2017 meeting. Mr. Sowko would also email the information on the June 14 public hearing to the CAC members.

Public Comment:

Jim Patrick commented that the CAC had expressed their opposition of the Hawkinson sculpture previously and wrote a letter to the TJPA Board of Directors stating their position.

Roland Lebrun asked for the names of the companies involved in the May 30 tunnel options workshop. Mr. Sowko replied that the workshop included the TJPA's design consultants Parsons Transportation Group and McMillan Jacobs, as well as program management consultants AECOM, Mott MacDonald, and EPC. Brierley Associates, SFCTA's consultant, and WSP, California High-Speed Rail Authority's consultant, also attended.

3. Approval of Meeting Minutes: May 9, 2017

The May 9, 2017, minutes were amended as follows:

- Item 2 (page 2). The following comment from Chair Agid was added: "Chair Agid expressed on behalf of himself and the CAC, acknowledgement and appreciation for the contributions of Scott as the liaison to the CAC and for his work on the project."
- Item 4, fourth paragraph (page 3). The abbreviation "CAC" was changed to "Community Benefit District."

A unanimous voice vote approved the minutes with amendments.

4. Presentation of Retail Merchandising Plan for the Transbay Transit Center

Martha Velez, TJPA Facility Manager, introduced asset management team member Julie Taylor from Colliers International, which is handling retail leasing at the Transit Center. Ms. Taylor presented Colliers' retail merchandizing plan and elaborated on the following main topics:

- Proposed space assignments by Transit Center level
- Leasing schedule; the team is currently in the pre-marketing phase—understanding each space, working on a target tenant list, and preparing marketing materials
- Store opening dates (measured from completion of "hard hat" construction of the Transit Center)
- Expectations for proposals
- Marketing campaign
- Tenant requirements package
- Peer review team

Prior to Ms. Taylor's presentation, Robert Feinbaum followed up from last month's presentation asking for clarification on whether local tenants pay more per square foot than national chains. Ms. Taylor stated that it depends; generally, tenants that have deep experience in San Francisco have more confidence and willingness to pay a higher rent than

a chain that does not have the same experience. She stated that it's hard to generalize. After the presentation, Mr. Feinbaum asked whether Colliers is exploring expansion tenants, such as East Coast chains looking for a West Coast location. Ms. Taylor said there is a lot of interest in the Transit Center and that they engage regularly with prospects that are out of market. Colliers works with a national network of brokers and does a lot of traveling to see concepts in other markets. They cold-call all the time and are reaching out. Mr. Feinbaum also asked if retailers with three or four locations always use a broker. Ms. Taylor said that retailers will typically have an agent by their second location, to help them decide on that location. Finally, Mr. Feinbaum asked whether there would be a disadvantage to securing a tenant like Trader Joe's first, to draw in other tenants. Ms. Taylor relayed her experience with Trader Joe's and the difficulties encountered but agreed with Mr. Feinbaum that a retailer similar to Trader Joe's would provide a \$35–\$40 million anchor, and would be a tremendous traffic generator.

Patty-Jo Rutland asked about the Italian food hall Eataly (currently in New York, Boston and Chicago) and whether Colliers would consider a large business like that. Ms. Taylor agreed that Eataly would be an incredible amenity for the Transit Center, but they are currently looking for 25,000 square feet in San Francisco. She noted that they are able to get favorable deals because they are so desirable. While Colliers would love to secure a tenant like them, there may be equally desirable local alternatives. Ms. Rutland also mentioned that she sees a lot of stores closing and wondered whether the food hall concept is better suited for the Transit Center rather than other types of retail. Ms. Taylor agreed and emphasized that the project was planned for a large concentration of food establishments.

Jackson Fahnestock asked whether there would be small venues on the roof, for frozen yogurt or hot dogs, for example. Ms. Taylor said that she's hoping some of the ground floor restaurants will participate in their cart program. Pearl Media could help with the tie-in of the carts to their ground floor businesses. Mr. Fahnestock asked about truck access for the food operations. Ms. Velez stated that Lincoln will be able to work with retail tenants to manage the flow of goods and deliveries into the Transit Center via their loading docks and would require careful planning.

Vice Chair Bailey asked whether Colliers is sourcing local retail, or are they also looking at regional or national retailers. Ms. Taylor said that many local businesses have grown from their local roots to become regional. To her, a business is "local" if it resonates with the community because it's well known locally even though the business has more than one location. Colliers would also consider a local business with no track record if the business had a great business plan. Colliers expects to have a spectrum, and the key consideration is identifying the best operator in each category. Certain businesses will be chains. Regarding restaurants, food is always skewing local because of the San Francisco food culture and tastes. Vice Chair Bailey also asked who would be doing the economic evaluations and Ms. Taylor responded that Lincoln would be handling. They have a pro forma, but tenant improvements will vary depending on the tenant and their desirability for the Transit Center. Lincoln will evaluate the qualifications, financials, and economics of every deal. Mr. Zabaneh mentioned that Ms. Velez will also assist in the evaluations.

Chair Agid complimented Ms. Taylor on the presentation, which he said was well put together. He prefaced his questions by noting that his main concerns have to do with the schedule and bringing in tenants as soon as possible. In her presentation, Ms. Taylor stated that the store opening dates are measured from the date of completion of “hard hat” construction. He asked for the definition of “completion of hard hat construction.” Mr. Alameida responded that it refers to the date of substantial completion, according to the contractual schedule. Chair Agid asked about other dates presented by Ms. Taylor—tenant construction starting in April 2018 and lease execution in December 2017—and whether there are possibilities to move these dates up. Ms. Taylor said that it’s hard to execute a lease when a tenant doesn’t yet know what they’re getting. In the pre-marketing phase, she needs to answer all the architectural questions to get the dialog going. This process takes time given the time and financial commitment tenants will be making. Also, tenants have stakeholders that need to vet their choices which she cannot rush. She further noted the importance of including local retail and that it’s often hard to get local businesses to seal the deal until after operations begin. Leasing is a sequential process whereby certain lead businesses will make a commitment, with the others following once leasing has begun. She emphasized that the plan she presented is realistic given the tenant mix desired. Chair Agid followed up on the issue of locals not being willing to sign until the fences come down (i.e., when operations begin in March 2018). Ms. Taylor reiterated that 80% of the ground floor spaces will have proposals within six months, but this doesn’t mean that prospective tenants will have signed. Again, it depends on the business. Chair Agid asked what the pop-up schedule looks like. Ms. Taylor said that pop-ups don’t take as long as traditional businesses to bring in. Colliers is working with Lincoln to make sure they have outside spaces with electrical hook-ups so that pop-ups can plug in easily. The plan is to make sure that pop-up retail is in place by the date the buses begin. Capital outlay for pop-ups is simple, and pop-ups will make commitments knowing the traffic is coming. Chair Agid suggested highlighting pop-ups in the presentation—maybe not for the Board meeting on Thursday, but for a follow-up plan. Chair Agid also wanted to know where to direct business contacts who may be interested. Ms. Velez directed everyone to the “Doing Business with TJPA” page of the TJPA’s website, which contains the Collier contacts’ information. Chair Agid also asked whether there is a target mix of local retail. Mr. Zabaneh responded that the market will have the final say on the mix. Nathan Morales asked whether there would be signage on the skin (or awning) of the building. Ms. Taylor responded that the signs would go over the storefronts and not on the awning.

Public Comment:

Jim Patrick stated he was a local business owner and that local retailers can also move swiftly, so Colliers should go after them. He also stated that “end of hard hat construction” needs to be clearly articulated, and suggested moving that date back to October. He also suggested to build partnerships with prospective tenants.

5. Construction Update

Dennis Turchon, TJPA Senior Construction Manager, and Mr. Alameida presented the construction update. Mr. Alameida noted the 11-week schedule delay, and invited Steve Humphreys from Construction Manager/General Contractor (CM/GC) Webcor/Obayashi to

discuss the current construction challenges and mitigation strategies involving electrical work, the column covers on the ground and bus levels, and interior finishes.

Robert Feinbaum asked what Mr. Alameida meant by “supplementing the contractor” with regard to mitigating impacts from an underperforming contractor. Mr. Alameida responded that when crews aren’t reaching expected levels of productivity (as is the case with the column cover trade subcontractor), the underperforming contractor will be provided with more resources, whether through contingency or shifting resources. This does not mean that the TJPA is paying extra. Nathan Morales asked whether another contractor could install the column covers. Mr. Humphreys explained that the CM/GC had a written commitment from the contracted trade subcontractor for the covers in March, but that the contractor’s schedule continued to push out. The CM/GC is now pursuing the work with another existing trade subcontractor on the job who is capable of doing the ground level work.

Chair Agid emphasized that at the time of contract award, many trade packages were awarded at a premium (meaning above the engineer’s estimate), and the contractors should be coming in with the resources and expertise that is commensurate with the fee they are being paid. He asked for confirmation that if scope is pulled from a contract that the corresponding dollars are pulled as well; Mr. Humphreys responded affirmatively. Mr. Alameida added that if scope is added to a contract, the CM/GC contingency can be drawn down for that. Chair Agid asked what the most critical issues are and how much of the 11-week slip can be brought back. Mr. Alameida responded that electrical is the main issue. Framing and interior finishes have also been issues, and the team is trying to complete wall framing to hand over spaces free and clear to the electrical contractor. He emphasized that the team is trying to bring back the entire schedule to the contractual substantial completion date, but they are positioning themselves for alternatives. The security operations center has to be working, the Bus Deck and Bus Plaza have to be operational; these are the hot spots right now. Chair Agid asked that going forward an additional slide be added to the construction update presentation to address the milestones relative to the transition to bus operations. Mr. Alameida stated that going forward, Ms. Velez will be addressing operational readiness.

Mr. Fahnestock asked about tracking Buy America compliance. Mr. Alameida noted that Buy America compliance was a huge issue until about a year ago but because they addressed issues early on, they are now resolved.

Public Comment: None.

6. Public Comment

Jim Patrick stated he would like to see more data points regarding the sinking of the Millennium Tower and inquired whether the TJPA should consider suing Millennium for potential damage to the Transit Center’s foundation. He also advocated for the TJPA to develop a standard lease document to streamline Board approval and he requested a homeless management policy.

7. CAC Member Comments & Future Agenda Requests

Mr. Feinbaum referenced a June 4, 2017 opinion piece in the San Francisco Examiner by Stanford Horn regarding bringing Caltrain downtown this year and suggested to invite Mr. Horn to discuss his proposal at a future CAC meeting. Jason Smith stated he would like to hear more about the homeless management policy, which ties in with security, and Chair Agid noted that the item has already been identified as a future priority agenda item.

Future agenda requests include: 1) transition into operations at the TTC and AC Transit's readiness; 2) presentation from the Director of the City's Department of Homelessness and Supportive Housing regarding a proactive strategy to prevent homeless encampments once the TTC opens; 3) review of the plans for Mission Square; 4) review of bus and traffic circulation in the area surrounding the Transit Center; 5) coordination between the Greater Rincon Hill Community Benefit District and the Asset Management team; and 6) train doors and platform heights for DTX.

Public Comment:

Roland Lebrun expressed his opinion regarding Mr. Horn's op-ed piece and stated it is essentially infeasible due to a number of reasons.

8. Adjourn

Chair Agid adjourned the meeting at 7:27 pm.