

MINUTES

**TRANSBAY TRANSIT CENTER PROGRAM
COST REVIEW COMMITTEE SPECIAL MEETING**

Thursday, April 5, 2018

11:00 a.m. to 1:00 p.m.

City Hall
1 Dr. Carlton B Goodlett Place, Room 316
San Francisco, CA

COMMITTEE MEMBERS

Ben Rosenfield, City and County of San Francisco (CCSF) Controller (Chair)
Steve Heminger, Executive Director of the Metropolitan Transportation Commission (MTC)
Mark Zabaneh, Executive Director of the Transbay Joint Powers Authority (TJPA)

Secretary
Michelle Dea

ORDER OF BUSINESS

1. Call to Order

The meeting was called to order at 11:06 a.m.

2. Roll Call

Present: Ben Rosenfield, Mark Zabaneh, Steve Heminger

3. Action Item:

Approving the Minutes of the February 16, 2018 Meeting

There was no public comment.

Mark Zabaneh motioned to approve the minutes, seconded by Steve Heminger and none opposed. The minutes of the February 16, 2018 meeting were approved.

4. Discussion Item:

Status Updates from Planning Department and Office of Community Investment and Infrastructure (OCII) on Projects in the Redevelopment Area/Transit Center District

Shane Hart, OCII Project Manager, presented the item.

Mr. Hart stated that there are issues between the developer of Block 4 and the City. He stated that the completion date for Block 4 may change in the future.

Chair Rosenfield summarized the three groups of properties in the handout for Agenda Item No. 4 as follows: completion of the first group of properties required for the base project commitment for Phase 1; completion of the second group required to repay the bridge loan at \$150 million; and completion of the third group required to repay the bridge loan at \$250 million. Chair Rosenfield stated that completion in the third group is likely needed, based on anticipated project costs. Chair Rosenfield asked Mr. Zabaneh to confirm if his understanding was correct. Mr. Zabaneh stated that there was still a chance of remaining within groups 1 and 2.

Mr. Heminger stated that his understanding is that properties in groups 1 through 3 are currently under construction. Chair Rosenfield clarified that 524 Howard Street and 75 Howard Street, in group 3, have not yet commenced construction. Mr. Hart stated that the completion date of 524 Howard does not seem likely. Mr. Heminger requested updates from SF Planning Department for properties in group 3. Chair Rosenfield stated that SF Planning needs to provide updates as requested and attend the next Cost Review Committee (CRC) meeting.

5. Discussion Item:
Program Budget and Construction Status Update

Ron Alameida, Director of Design and Construction of the Transit Center, presented the item.

Mr. Alameida stated that the anticipated date for issuance of Temporary Certificate of Occupancy (TCO) for the transit center was June 15, 2018, and bus operations are expected to commence between June to August 2018.

Chair Rosenfield inquired whether paving projects adjacent to the transit center will be completed when the transit center opens. Mr. Alameida replied that the objective was to have the paving work coincide with the opening date. He stated that the project team was coordinating with neighbors in preparation for transit center operations.

Mr. Alameida stated that updates to the Estimate-at-Completion (EAC) will be presented to the TJPA Board, the week following the CRC meeting. He further stated that the updated EAC will take into account schedule delays, as well as, potential costs related to extra work requested by San Francisco Municipal Transportation Agency (SFMTA). Mr. Heminger requested further details regarding SFMTA's request. Mr. Alameida stated that the original scope of work was to install Overhead Contact System (OCS) lines to 2nd Street. However, there has been a request to extend the work to 4th Street. Mr. Zabaneh stated that TJPA has indicated to SFMTA that it would not perform the extra work.

Mr. Heminger asked what mechanics are used to withhold liquidated damages from the Construction Manager/General Contractor's (CM/GC) contract, and questioned how disputes are handled. Mr. Alameida stated that the CM/GC contract has adequate retention to accrue liquidated damages and the project has been using a dispute resolution advisor or dispute resolution board, to resolve some disputes. Chair Rosenfield stated that staff should be

mindful that TJPA still intends to request \$35 million for tenant improvement and legal costs, which are above the EAC. Chair Rosenfield stated that TJPA should acknowledge that some of the \$100 million in targeted savings would be spent. Mr. Zabaneh confirmed affirmatively, and stated that he believes TJPA will preserve some of the reserves.

There was discussion on the timing of vacating the temporary terminal and penalty associated with not vacating the temporary terminal by June 30, 2018. Mr. Zabaneh stated that the purchase agreement is being revised and that the June deadline no longer applied. He further stated that \$3 million may be credited to the purchase of Block 4, if certain requirements were not met by specified dates in the agreement. He stated that the credit would affect future revenue for Phase 2 of the Program, but not Phase 1.

Chair Rosenfield inquired on the current risk of the project. Mr. Alameida replied that electrical work was still the issue. Mr. Heminger asked which authority will issue the TCO. Mr. Alameida stated that TJPA, being the Authority Having Jurisdiction of the project, would issue the TCO. He stated that issuance of TCO would hinge on recommendations from the San Francisco Fire Department (SFFD) and the Department of Building Inspection (DBI). Mr. Alameida stated that a punch list was currently in development and that the CM/GC has a system online.

Mr. Heminger queried whether there were recovery measures if TCO issuance was delayed. Mr. Alameida stated that relating to AC Transit's start of bus operations, mitigation measures have been planned. Mr. Alameida provided examples for interim life safety measures, in the event that the fire alarm system does not meet TCO requirements by June 15, 2018. Mr. Heminger stated that it would be helpful for TJPA to provide a copy of the punch list to the CRC, once it is developed.

There was no public comment.

6. Discussion Item:
Facility Readiness Update

Martha Velez, TJPA Facility Manager, presented the item.

Ms. Velez noted that of the 35 spaces, 24 letters of intent were awaiting processing, and that anticipated revenue from rent was trending well.

Chair Rosenfield inquired if pop-ups will be open during opening of the transit center. Ms. Velez replied that the plan is to have vending machines at the Bus Plaza in June (when SFMTA starts operations there). The other pop-ups will be available when the transit center opens.

Public comment:

Jim Patrick provided suggestions on strategies regarding signage, way finding, and marketing. He suggested having additional signage at other plazas.

7. Discussion Item/Possible Action:

Funding Sources for Tenant Improvements

Sara DeBord, TJPA Chief Financial Officer (CFO), presented the item.

Ms. DeBord requested that the committee take formal action to approve \$25 million in City Financing for base building and tenant improvements. She stated that the total estimate for based building and tenant improvements was \$35.5 million. Chair Rosenfield stated that he is comfortable with approving \$25 million for building and tenant improvements at the current time, and that the balance of \$10.5 million may be requested in the future, after the operating budget becomes more solidified.

There was no public comment.

Mr. Heminger motioned to approve \$25 million in City Financing for base building and tenant improvements, seconded by Mr. Zabaneh. The item was approved without objection.

8. Action Item:

Expenditure and Commitment of Proceeds of the City Financing that Require CRC Approval

Sara DeBord, TJPA CFO, presented the item.

There was no request under Agenda Item No. 8. Ms. DeBord stated that staff will provide an updated cash flow in the future, when the project requires further draws from City Financing.

There was no public comment.

9. Discussion Item/Possible Action:

Opportunity to Comment on Contracts, Change Orders and Contract Amendments that Require CRC Review

Sara DeBord, TJPA CFO, and Ron Alameida, Director of Design and Construction of the Transit Center, presented the item.

Ms. DeBord provided a brief overview of the professional service contracts and amendments that were listed in the packet to the CRC. Mr. Alameida addressed questions and comments on construction change orders (CCO).

Mr. Heminger asked if TG4.2 in the handout for Agenda Item No. 9 was related to the overhead wiring work requested by SFMTA. He inquired about the role and authority of the CRC and asked whether the CRC can make a recommendation to the TJPA Board to not approve the change order for TG4.2. Secretary Dea stated that the Cost Oversight Agreement allows the CRC to make recommendations to the TJPA Board on this item.

Chair Rosenfield asked for clarification on the nature of the issue regarding the OCS wiring work. Mr. Zabaneh stated that the issue was whether TJPA's CM/GC contract would be

increased to include the extra work. Mr. Alameida stated that he believes the work is not required and that SFMTA could perform the extra work in the future. Mr. Zabaneh reiterated that TJPA has stated to SFMTA that it would not perform the extra scope at such a late stage in the project. Mr. Heminger motioned to send a communication to the TJPA Board, recommending SFMTA perform the extra work at a later time, under its budget. Without objection, Chair Rosenfield stated that he would work with the CRC secretary to draft a communication to the TJPA Board.

Chair Rosenfield stated that costs incurred to-date and forecasted for tenant improvements and legal services, need to be reported and tracked for the City Financing. Mr. Heminger recommended revising the EAC in the Budget slide for the next TJPA Board meeting, to account for the CRC's action today, related to tenant improvements funding. Mr. Zabaneh agreed to revise the EAC, by including the \$25 million approved amount for tenant improvements and approved costs to date for legal services. Mr. Zabaneh stated that forecasting legal costs may be an issue for TJPA.

There was no public comment.

10. New Business

- Agenda for Next Meeting.

Chair Rosenfield stated that the next meeting will follow the same agenda as today's meeting.

11. Public Comment

This item allows members of the public to comment generally on matters within the CRC's purview that are not on the agenda.

Jim Patrick expressed concerns regarding transparency on the Downtown Extension Project (DTX) and stated that he would like to see the transit authority's report regarding the alignment.

Chair Rosenfield stated that the DTX is not part of the CRC's scope and suggested that Mr. Patrick make his request through the TJPA Board.

12. ADJOURN – The meeting was adjourned at 12:16 p.m.

The Ethics Commission of the City and County of San Francisco has asked us to remind individuals that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [Campaign and Gov't Conduct Code, Article II, Chapter 1, § 2.100, et seq.) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102, telephone (415) 252-3100, fax (415) 252-3124 and web site: www.sfethics.org.