

MINUTES

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

Friday, May 18, 2018

2:00 p.m. to 4:00 p.m.

TJPA Office  
201 Mission Street, Suite 2100  
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 2:02 p.m.

**2. Roll Call**

Present: Ben Rosenfield, Mark Zabaneh, Steve Heminger (*arrived during presentation of Item 4*), Kenneth Folan (*alternate for Steve Heminger until Mr. Heminger arrived*)

**3. Action Item:**

**Approving the Minutes of the April 5, 2018 Meeting**

There was no public comment

Mr. Zabaneh motioned to approve the minutes, seconded by Chair Rosenfield and none opposed. The minutes of the April 5, 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 and Nicholas Foster, Senior Planner from SF Planning Department, presented the item.

Mr. Hart provided updates on properties within OCII's jurisdiction and noted that the current forecasted completion for Block 1 may change. Regarding Block 4, he stated that OCII is negotiating with the developer regarding the purchase the site, and that the parties are at an impasse currently. Mr. Hart stated that OCII is anticipating a Disposition and Development Agreement ("DDA") in the next six to eight months.

Mr. Foster provided updates on properties within SF Planning Department's jurisdiction. Mr. Foster stated that planned issuance of Salesforce Tower's final Temporary Certificate of Occupancy (TCO) was either on May 18, 2018 or May 21, 2018, and grand opening of the building was scheduled for May 22, 2018. For 524 Howard, the Planning Commission reduced the time extension of a conditional use authorization, to align with the timing of the residential tower entitlement. Mr. Foster reported that 181 Fremont received final TCO, and that forecasted TCO for 75 Howard and 50 First Street were 1<sup>st</sup> Quarter of 2021 and 3<sup>rd</sup> Quarter of 2021 respectively. Regarding 555 Howard and Parcel F, there were current negotiations and discussions on Below Market Rate (BMR) requirements.

Chair Rosenfield stated that the properties listed in or below Group 3 of the handout are expected to be completed, for repayment of the Interim Financing, given that over half of the actual/estimated net CFD amounts within Group 3 had been committed by the Project.

5. Discussion Item:  
**Program Budget and Construction Status Update**

Ron Alameida, Director of Design and Construction of the TTC and Dennis Turchon, TJPA Senior Construction Manager, presented the item.

Mr. Turchon stated that the Bus Deck would be ready on June 1, 2018, for AC Transit to begin training; and the southern part of the Bus Plaza would be fully activated on June 16, 2018, for Muni operations. He noted that Muni began bus service at the northern part of the Bus Plaza in December 2017. Mr. Turchon stated that the bus on-ramp merge issue was expected to be completed by June 1, 2018, prior to commencement of AC Transit training.

Mr. Heminger inquired about the budget slide in the presentation and asked if the project has spent \$41 million of the Metropolitan Transportation Commission's (MTC) contribution to the Interim Financing. Mr. Zabaneh replied affirmatively.

Chair Rosenfield questioned whether mid-August was the operational timeline for the transit center and what main risks would prevent meeting the timeline. Mr. Alameida confirmed that AC Transit's revenue service was targeted for August 12, 2018, and Muni was anticipating commencement of its other bus lines in June 2018. Mr. Alameida stated that the physical construction progress was trending optimistically and that notable remaining risks were commissioning the fire and life safety-related Information Technology (IT) systems, and completing the E2 pylons. Mr. Alameida stated that the project team was monitoring the risks.

Mr. Heminger inquired if TJPA had received TCO for the transit center. Mr. Alameida replied that the anticipated TCO date was June 15, 2018, and the project was on target to meet the date.

Mr. Heminger asked about the status of Muni's overhead contact system (OCS). Mr. Turchon stated that completion of OCS work at the northern end of the Bus Plaza was expected at the end of May 2018.

6. Discussion Item:

**Facility Readiness Update**

Martha Velez, TJPA facility manager, presented the item.

Chair Rosenfield inquired if thirteen leases were expected to be signed by the end of the 3<sup>rd</sup> quarter in 2018, based on the slide entitled, "Colliers Progress Report by Stage" in the presentation. Ms. Velez, confirmed that Chair Rosenfield's understanding of the slide was correct. She explained that the zero in front of the number thirteen represented the actual lease(s) signed, and the number thirteen was the forecasted number of executed leases. Mr. Heminger questioned whether it was typical for there to be no actual leases signed for the 3<sup>rd</sup> quarter of 2018. Ms. Velez replied affirmatively and stated that there is a process of vetting, reviewing terms and conditions of the leases, negotiations and so forth. She added that larger tenants required more time. Mr. Zabaneh asked Ms. Velez to confirm whether financial terms were agreed upon prior to issuance of the letters of intent and commencement of lease negotiations. Ms. Velez confirmed that the tenant allowance and tenant's contribution were understood before lease negotiations began. Mr. Heminger inquired whether TJPA required City approval for the leases. Ms. Velez stated that approval of leases required TJPA Board approval.

Chair Rosenfield queried whether a janitorial contract has been signed. Ms. Velez confirmed that a contract was signed with Township, after a request for proposal (RFP) process.

Mr. Heminger requested a status on the gondola to the rooftop park. Mr. Turchon stated that the gondola, owned and operated by Boston Properties, was anticipated to be open to the public when the park is activated.

7. Discussion Item:

**Grand Opening Update**

Christine Falvey, SF Public Works, presented the item.

Ms. Falvey stated that the remaining parts of the transit center would open later this summer. She also stated that formal dates for the ribbon cutting ceremony and the neighborhood block party would be provided after the project reaches TCO.

Chair Rosenfield inquired whether the plan was to have a grand opening event immediately prior to commencement of AC Transit's operations. Ms. Falvey replied that ideally, the neighborhood block party would occur prior to revenue service starts. Ms. Falvey stated that

if TCO was not achieved on time, or if the project team did not believe the project could reach the TCO on time, then staff would reassess the scheduled events.

Mr. Heminger asked when the temporary terminal is expected to begin demolition. Mr. Zabaneh stated that it would be at least one year.

8. Discussion Item/Possible Action:  
**Review of Proposed TJPA Fiscal Year 2018-2019 Budget**

Sara DeBord, TJPA Chief Financial Officer, presented the item.

Ms. DeBord noted that there would be further refinements of the fiscal year 2018-2019 budget by June 2018, but TJPA does not expect significant changes. She stated that funding from Regional Measure 3 (RM3) was currently not included in the operating budget. Mr. Heminger clarified that if RM3 passes, TJPA would receive funding for half a year. Ms. DeBord stated that TJPA would adjust its budget accordingly.

Mr. Zabaneh asked Ms. DeBord to elaborate on the TJPA Board's discussion and policy regarding TJPA's operating and maintenance (O&M) reserve for the first three years. Ms. DeBord stated that the TJPA's reserve policy, updated in November 2017, was to set a target of 25% of transit center expenses to be held in an O&M reserve. She stated that because revenue would be based on projections (and not actual historical costs), and TJPA would not have working capital from non-transit activities, a 25% reserve seemed prudent for the first few years.

Ms. DeBord stated that TJPA understood that the primary tenants of the transit center, SFMTA and AC Transit, had budget constraints. She stated that TJPA was informed of AC Transit's \$500,000 budget for the coming year, and she believed AC Transit based its budget on TJPA's projections presented in January 2018. However, she noted that the budget that was presented in January, showing the use of the entire O&M reserve, was for illustrative purposes. Ms. DeBord stated that for the operating budget, TJPA would attempt to balance a conservative reserve and minimizing operator contributions. She stated that TJPA would spend some of its O&M reserve, currently totaling approximately \$8 - \$9 million, but not all of the reserve.

Chair Rosenfield inquired whether there were any costs that had not been carried in the capital budget or operating budget, and whether there were any future budgeting issues that she could foresee. Ms. DeBord stated that she was not aware of any costs that had not been carried in the capital or operating budgets.

Mr. Heminger asked when the CRC would stop meeting. Chair Rosenfield stated that he thought CRC meetings would end after completion of closeout and claims. Chair Rosenfield suggested the following discussions at the next CRC meeting: the end date for CRC meetings, and frequency of future meetings, after active constructions progresses to closeout phase.

Mr. Heminger inquired about litigation, in addition to the issues with 301 Mission. Mr. Alameida stated that the project team has been trending known risks in the Estimate at Completion (EAC). Mr. Alameida stated that there were expected risks related to the electrical subcontractor. Mr. Heminger asked whether a report on risks related to claims can be provided. Mr. Alameida reiterated that the EAC has already accounted for risks, with the exception of what the Construction Management/General Contractor (CM/GC) has not submitted. Mr. Heminger inquired about the likely occurrence of claims. Mr. Turchon replied that the percentage of possible risk was close to 100%.

Chair Rosenfield requested updates on the budget as the Project progressed through its final phases. Ms. DeBord stated that TJPA would keep the CRC posted, as requested.

There was no public comment.

9. Action Item:

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

Sara DeBord, TJPA Chief Financial Officer, presented the item.

Ms. DeBord stated that there was no additional request for draws or commitments on City Financing.

There was no public comment.

10. Discussion Item/Possible Action:

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

Dennis Turchon, TJPA Senior Construction Manager, presented the item.

Ms. DeBord addressed a missing item from the staff memo. She stated that TJPA would seek TJPA Board approval for a \$5 million increase to Jones Day's contract. She stated that the \$5 million amount is anticipated for several months of activities. Chair Rosenfield asked if the \$5 million is within the previous authorization and Ms. DeBord confirmed that it was. Chair Rosenfield questioned how much had been spent to date for the contract. Ms. DeBord stated \$5.7 million.

Mr. Turchon noted that traction power was in one single line item in the CCO Log for the Transit Center, but now it was being separated into two line items, to isolate the voided scope for trade package 4.2. Chair Rosenfield inquired whether the issues with SFMTA discussed in the last meeting had been resolved. Mr. Turchon confirmed that the issue had been resolved and stated that the project is only installing traction power up to 2<sup>nd</sup> Street. He added that the project has support from SFMTA's Director.

There was no public comment.

11. New Business

- Agenda for Next Meeting

12. 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.

There was no public comment.

13. ADJOURN – The meeting was adjourned at 3:08 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](http://www.sfethics.org).