

MINUTES

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

Wednesday, March 22, 2017

1:30 p.m. to 3:00 p.m.

TJPA Offices  
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

CLOSED SESSION

There was no member of the public who indicated that they would like to comment on the item scheduled for discussion in closed session.

1. Call to Order

The meeting was called to order at 1:37pm.

2. Roll Call

Present: Ben Rosenfield, Steve Heminger and Mark Zabaneh.

3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Gov. Code section 54956.8)

Property: Transbay Transit Center (generally located between Mission, Beale, Howard, and Second Street in San Francisco; Assessor's Block 3721, Lots 006 and 124; Assessor's Block 3720, Lots 010 and 011; Assessor's Block 3719, Lot 003)

Agency negotiator: Mark Zabaneh, TJPA Executive Director; Shuprotim Bhaumik, HR&A Advisors, Inc.; Joan Story, Sheppard Mullin

Negotiating parties:

- Cushman & Wakefield
- Lincoln Property Company

Under negotiation: Price and terms of payment for long-term master lease of Transbay Transit Center

ADJOURN CLOSED SESSION AND RECONVENE SPECIAL MEETING – The closed session was adjourned at 2:19pm.

#### 4. Announcement of Closed Session

Secretary Dea announced that there was no action to report.

#### 5. Action Item:

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

Chair Rosenfield stated that the next 3 items are usual standing business items. The committee just met less than a month ago and there is no action requested by TJPA at this point.

MTC Executive Director Heminger stated that he is still getting used to how to track the project. Mr. Heminger stated that he received a two-page commitment schedule and cash flow schedule. Mr. Heminger asked which one should be used for tracking. Sara DeBord, TJPA Chief Financial Officer (CFO) stated that the TJPA uses different tools, but have created the commitment schedule and cash flow schedule to help Chair Rosenfield. Per Ms. DeBord, the TJPA will provide budget and forecasted Estimate at Completion (EAC) updates as part of the construction presentation at a regular meeting. Ms. DeBord stated that the workbooks provided show that commitments remaining are approximately \$222M. If the project comes in at \$2.15 billion, the corresponding cash flow will show approximately \$496 million remaining to spend. The workbooks sent on Friday show funding sources.

Mr. Heminger questioned if the cash flow chart eventually catches up to commitments and Ms. DeBord confirmed that it does. Mr. Heminger asked if the new estimate, developed for the project prior to executing the financial arrangements can be provided at the committee meetings so that the committee can track how the project is trending. Ms. DeBord stated that the \$2.259 billion budget, adopted by the Board, will be part of the construction updates. The updates will show the budget and where the project is trending.

Mr. Heminger asked what completion date the budget is based on. Ms. DeBord replied that the budget is based on a Substantial Completion Date of December 2017. Mr. Heminger asked if the TJPA is still tracking to the December 2017 date, and stated that the commitment and cash flow schedules show cells out to 2018. TJPA Executive Director Zabaneh stated that those are for close-out and tenant improvements.

Mr. Heminger asked what the level of confidence is, for meeting the targeted December 2017 substantial completion date. Ron Alameida, Director of Design and Construction, stated he is at a 99% confidence level. Mr. Alameida stated that the project team was monitoring McGuire and Hester and the park progress, and Dennis Turchon, TJPA Senior Construction Manager stated that the park does have a later substantial completion date. Mr. Heminger asked if the building can be opened without the park. Mr. Alameida confirmed that it can, and that the project team is currently anticipating a March – April timeframe for the park. The other point Mr. Alameida made regarding opening is remembering that substantial completion is different than being operational, which is trending in March. In terms of the construction contract, the cost being discussed, and delivery of the building, the project is on track for December 22, 2017.

Mr. Heminger asked what work is ahead. Mr. Alameida stated that per the risk slide from a previous presentation, the project team is trying to determine what issues will come out of low voltage and commissioning. Per Mr. Alameida, at this time no one has raised any red flags, and that there is nothing tangible to point to currently that would move his confidence level. Mr. Heminger asked if the fire marshal is a concern. Mr. Alameida stated that the fire marshal is on the risk register. He also stated that fire alarm approvals are being reviewed currently and that is always somewhat of a risk.

Mr. Heminger asked what is the interrelationship between finishing the building and getting it ready to use. He also asked if the TJPA has any deadlines on getting out of the temporary space. Mr. Zabaneh stated that the TJPA has to vacate the Block 4 portion of the Temporary Terminal by June 30, 2018, as part of the Parcel F option agreement. Chair Rosenfield asked if the TJPA will owe penalties on that date if the TJPA is still on the site. Mr. Zabaneh stated there would be a \$3 million penalty. Mr. Heminger asked if the TJPA is trending towards March and April for the Transit Center becoming operational. Mr. Alameida, stated that the current projection is AC Transit and Muni being fully operational by March.

Chair Rosenfield asked when the TJPA will have a firmer sense of the retail build-out schedule. Mr. Zabaneh stated that the schedule will be coordinated once the TJPA selects an asset manager, and that he thinks retail is going to take 18 months to 2 years to be fully built out. Per Mr. Zabaneh, the TJPA will select an asset manager by June of this year.

Mr. Heminger stated that it would be helpful to have a high level schedule also, so that the committee can have a forecast. Mr. Heminger requested having an approved schedule and a forecast so that the committee can see the project status. Chair Rosenfield stated these updates will be provided at the next regular, non-special meeting.

#### Public Comment:

Roland Lebrun inquired about the square footage of the retail build-out. Mr. Zabaneh replied that 100,000 square feet of retail will be available. Mr. Lebrun asked how many months it will take for the build-out. Mr. Zabaneh stated 18 months, but once the asset manager is on board, the TJPA will verify that number.

*(Per concurrence from the Committee, Items 6 and 7 were called together.)*

6. Discussion Item/Possible Action:  
**Opportunity to Comment on Contracts, Change Orders and Contract Amendments that Require CRC Review**

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

Public Comment:

Roland Lebrun stated that he had questions regarding Item 7. He inquired about the meeting handout which lists \$500 million in Community Facilities District (CFD) funds, and he was under the impression that the project was expecting \$800 million. Nadia Sesay, Director of the Controller's Office of Public Finance and Interim Director of OCII, stated that Mr. Lebrun was not looking at a complete list. Mr. Lebrun asked if all the funding is going to Phase 2 or where the money would go. Chair Rosenfield noted that public comment is limited to comments, and that the public can follow up with staff on further questions. However, Chair Rosenfield provided a brief answer to Mr. Lebrun's question, by stating that a portion of the CFD funds are to be used for Phase 1 construction and a portion of the funds are for repaying the City Bridge Financing. After those commitments are met, funding can be used for other potential purposes. Mr. Lebrun stated that he would like a breakdown explaining where the funding is going, and what the potential funding capacity is for Phase 2.

8. New Business

- Agenda for Next Meeting

In the next meeting, the committee will revert back to standard quarterly updates with full construction updates.

9. 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.

Roland Lebrun thanked the committee for fixing the issue of posting the agenda on the member websites.

10. Adjourn

The meeting was adjourned at 2:37pm.

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).