

MINUTES

**TRANSBAY TRANSIT CENTER
COST REVIEW COMMITTEE MEETING**

Friday, February 17, 2017

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

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 1:34pm

2. Roll Call:

Present: Ben Rosenfield, Andy Fremier (MTC Executive Director Heminger's designee),
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 SESSSION AND RECONVENE REGULAR MEETING – The closed session was adjourned at 2:25pm.

4. Announcement of Closed Session

Secretary Dea announced that there was no action to report.

5. Action Item:

Approving the Minutes of the November 18, 2016 Meeting

Public comment: None.

Chair Rosenfield motioned to approve the minutes, seconded by TJPA Executive Director Zabaneh, and followed by MTC Deputy Executive Director Fremier.

The minutes of the November 18, 2016 meeting were approved.

6. Discussion Item:

Program Budget and Construction Status Update (presentation)

Dennis Turchon, TJPA Senior Construction Manager, presented item 6.

Mr. Fremier asked if risks were taken into account when calculating the Estimate at Completion (EAC). Mr. Turchon stated that the risk elements were included in the EAC. Chair Rosenfield asked if the building management systems and communication systems are normal risks for a project such as the Transbay Transit Center (TTC) Project. Mr. Turchon stated that having the two systems commissioned and working properly are normal risks for facilities such as the transit center.

Mr. Fremier questioned if there are ties to Caltrans that require the Transit Center to be operational by the end of 2017 and what would occur if operations started in 2018. Sara DeBord, TJPA Chief Financial Officer (CFO) stated that the Caltrans Cooperative Agreement and TIFIA loan requires Substantial Completion of Phase 1 by December 31, 2017. Mr. Fremier asked what gets triggered if the Substantial Completion date is missed. Ms. DeBord stated that some type of approval would be needed from TIFIA. Mr. Fremier asked if either one of those are considered a top risk. Ms. DeBord stated that the risk is incorporated into Schedule Mitigation.

Chair Rosenfield inquired if the option agreement on Block 4 ends on June 30, 2018. Nadia Sesay, Director of CCSF Office of Public Finance and Interim Director of OCII, stated that the option ends in August 2018.

Chair Rosenfield asked if the budget forecasts include tenant improvements. Mr. Turchon stated that the tenant improvements are a separate effort and are part of the asset manager discussion.

Chair Rosenfield asked when the project will be publicly opened. Mr. Turchon stated that retail and buses will not be operational in December, but the building will be ready. Ron Alameida, Director of Design and Construction for the TTC, stated that AC Transit's and Muni's readiness for operations will be in March 2018, due to training needs. Mr. Alameida also stated that public activities will be incrementally ramped up between January to March 2018. Per Mr. Alameida, Scott Boule, Legislative Affairs and Community Outreach Manager will work with Mr. Alameida to strategize on opportunities to educate the public. Mr. Boule stated that the TJPA will work with transit operators regarding a grand public opening.

With regards to the 28-day closure of Beale Street, Mr. Fremier inquired about a detour plan and signage for commuters coming out of BART. Mr. Turchon stated that the TJPA will distribute notices and will provide some notices to MTC.

Public Comment:

Roland Lebrun asked Mr. Turchon to elaborate on why the traffic bridges need to be removed. Mr. Turchon replied that the traffic bridges are higher than the roadway and were not designed or built for long term use. The permanent road will be built on grade.

Roland Lebrun asked what is underneath the bridge. Mr. Turchon responded that the trainbox is underneath the bridge.

** Per concurrence of the Committee, item 9 was presented prior to item 7, and Items 7 and 8 were called together.*

7. Discussion Item/Possible Action:

Professional Service Contracts and Amendments that Require CRC Review/Recommendation

Ms. DeBord presented this item and provided a handout. Ms. DeBord suggested that the CRC approve items explicitly funded or anticipated to be funded by city financing, per the Cost Oversight Agreement. Based on the Cost Review Committee (CRC) authorization provided at the November 2016 meeting, the TJPA issued Notices to Proceed (NTPs) totaling \$83 million in January 2017, and has prepared its first draw request for a construction invoice in the amount of \$3.4 million net, after retention is withheld. This quarter, the TJPA is seeking approval to issue NTPs and change orders not to exceed \$122 million for construction and \$1.5 million for program-wide administrative costs, specifically legal services. The new authorization would allow for commitments to exceed \$200 million, although the objective is to spend \$140 to \$150 million of City Financing. Per Ms. DeBord, the TJPA proposes that as bond proceeds come in, the TJPA will re-class the appropriations.

In addition, if the \$13 million open space fee before the IPIC for the park is approved, \$13 million will be re-classed from the City Financing appropriation. The TJPA has \$30.1 million left to authorize for the park trade subcontractor and wants to issue a full NTP. At future meetings, the TJPA will provide a projected draw schedule. For February, the requested draw is the previously noted \$3.4 million. For March onwards, the draws are estimated to be in the \$5 to \$15 million range.

Chair Rosenfield stated that the committee is considering how to control and approve City Financing commitments and disbursements. The TJPA is working on a draw schedule, showing when payments are expected to occur. Per Chair Rosenfield, it would be helpful to work on a commitment schedule and show how commitments ebb and flow against the City bridge financing, given when Community Facilities District (CFD) bonds will be sold. The commitment schedule should show what the TJPA will need to commit against, before CFD bonds are sold and impact fees arrive for the park.

Ms. DeBord stated that the commitments in the handout represent all of the anticipated construction commitments. Once the TJPA issues the Notices to Proceed, including bus storage work, there is no more construction work to award, with the exception of change orders. Ms. DeBord stated that one critical item, if the committee were to take an action, is to approve the commitment for TG13.1 – roof park landscaping and irrigation.

Chair Rosenfield stated that he has reservations about the issuance of City financed NTPs exceeding \$150 million, the target for the draw. Chair Rosenfield stated that approving \$122 million above and beyond the \$83 million that has already been committed, brings the total approval to \$205 million. Chair Rosenfield stated that he would like to understand the commitments further before the committee authorizes the NTPs.

Chair Rosenfield suggested authorizing NTPs against the City Financing up to \$150 million total, and approving the \$3.4 million draw. Per the Chair, the TJPA can provide more information within 3 – 4 weeks. The committee could meet again prior to the next quarter; or have a follow-up meeting between the middle of next week to the week after.

Ms. DeBord stated that \$83 million has already been authorized. Therefore, another \$67 million could be authorized. Ron Alameida, Director of Design and Construction for the TTC, asked if the CRC is authorizing \$150 million today. Mr. Alameida also stated that as long as the NTP for the park could be issued, this was satisfactory.

Public comment:

Roland Lebrun commented on the agenda being different than what is posted on MTC's website. Mr. Lebrun also asked if the committee discussed the Parsons contract amendment. Chair Rosenfield stated that the committee did not discuss details of amendments, but discussed the gross aggregate of amendments.

Roland Lebrun stated that he has a strong opposition on further funding of the Parsons contract. Mr. Lebrun stated that two years ago, he asked the Board to terminate the contract, but the Board decided to extend it. Mr. Lebrun, expressed his opinion that the DTX will not

never get built as designed by Parsons, as Parsons has no core competency in the subject matter. Mr. Lebrun stated that he does not see any sense in spending further funds on the contract, and that his recommendation is to ask TJPA Board to terminate the contract immediately.

Mr. Fremier stated that he wants to understand Phase 2 work and fund sources for Phase 2. Ms. DeBord responded that for Phase 2 work, Parsons is providing engineering and AECOM is providing program management. Currently, Phase 2 is funded primarily with existing Prop K funds that have been already allocated. The TJPA is in the process of working with the San Francisco County Transportation Authority for additional funds. Approximately \$1 million in Community Facilities District (CFD) transportation impact fees has also been received specifically for Phase 2. CFD funds have funded some Parsons work and a peer review study. Chair Rosenfield asked if the Phase 2 costs were part of the City Financing authorization request, and Ms. DeBord confirmed they are not. Chair Rosenfield stated that for the Phase 2 costs, the committee has the ability to comment to the Board, but does not have direct authority, unlike City Financing costs.

Chair Rosenfield motioned to authorize up to \$150 million for Notices to Proceed, approve a draw of \$3.4 million plus the cost of issuance and set up a follow-up meeting, seconded by Mr. Fremier.

The motion was approved.

8. Discussion Item/Possible Action:

Construction Contract Amendments and Change Orders that Require CRC Review/Recommendation

Public Comment

9. Discussion Item:

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

Clerk Dea announced that an additional handout is provided for item 9.

Nadia Sesay, Director of the Controller's Office of Public Finance and Interim Director of OCII, presented this item. Ms. Sesay stated that the additional handout includes two added columns: "CFD projections" and "October 2015 CFD Estimated Completion". Director Sesay went over the schedule for the projects in the Transit Center District.

Chair Rosenfield thanked Ms. Sesay for the update and stated that since there has been some schedule slippage for some of the projects, it is ideal to be intending to spend less of the City Financing than the maximum amount.

Ms. Sesay stated that the takeaway is that most of the properties are under construction. She also stated that properties can annex into the CFD if they upsize. Ms. Sesay stated that continued engagement with the Planning Department is needed because there are some

properties that may not have been included in the handout. Ms. Sesay stated that the handout will continue to be modified to reflect changes.

Mr. Zabaneh asked if the CFD amounts are in millions. Director Sesay answered yes, millions in the aggregate net proceeds. Chair Rosenfield stated that a portion of the CFDs, \$146 million, are anticipated for the project. Chair Rosenfield also stated that after the \$146 million, funds will become a source of repayment for the City bridge financing.

Public Comment:

Roland Lebrun stated he went to the MTC 15 years ago, to request that MTC block the sale of Block 5 because he believes the parcel is needed for Phase 2.

10. New Business

- Agenda for Next Meeting

Chair Rosenfield had suggestions regarding how to agendize City Financing items and items that the committee are allowed to comment on.

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.

None.

12. Adjourn

The meeting was adjourned at 3:21pm.

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.