



CAC
Naming & Signage Rights
Agreement

July 11, 2017

Transbay Transit Center

TJPA



Agreement Key Terms

Agreement between TJPA and salesforce.com

25-Year Term – Projected more than \$110,000,000

- \$1,010,000 upon signing
- \$9,112,700 on the commencement date
- \$3,278,181 starting in year 4 – escalated by 3% each year thereafter
- Additional 20% increase in annual payments when Caltrain service begins in Phase 2

Naming Rights Valuation

Master Lessee/Asset Manager Proposals:

	C&W	LINCOLN	YOUNGWOO & ASSOC.
Total Projected Naming Rights Revenue	\$2.00 M	\$2.29 M*	\$1.07 M
% Transit Center Naming Rights Shared with TJPA	85%	85%	**
Total Projected Naming Rights Revenue to TJPA	\$1.70 M	\$2.18 M	< \$1.07 M

* This is the lower end of the range presented by the proposer. TJPA found the upper end of the range (\$5.34M) to be overly optimistic. The low range was used to develop facility revenues included in the agreement approved by the TJPA Board.

** Proposer did not propose to share promotional platform revenues directly, but rather as part of an overall participation rent.

Agreement Terms

Salesforce gets exclusive naming rights to:

- **Transit Center “Salesforce Transit Center”**
- **Rooftop Park “Salesforce Park”**
- **Amphitheater “Salesforce Amphitheater”**

Salesforce may also name the following components:

- **Rooftop Park Children's Playground**
- **Grand Hall**



Agreement Terms

- **Location of signage and artwork will be mutually agreed upon by the TJPA and Salesforce**
- **Salesforce must pay for corporate events in the park and facilities separately – like other users**
- **Park Hours:**
 - November 1 through April 30: 6:00 AM to 8:00 PM**
 - May 1 through October 31: 6:00 AM to 9:00 PM**
 - Operations of the restaurant and café and events are not restricted by the above closing times**
 - Operating hours of the park can be changed by mutual consent**

Agreement Terms

Security

Must maintain security plan; plan is consistent with APTA recommendations

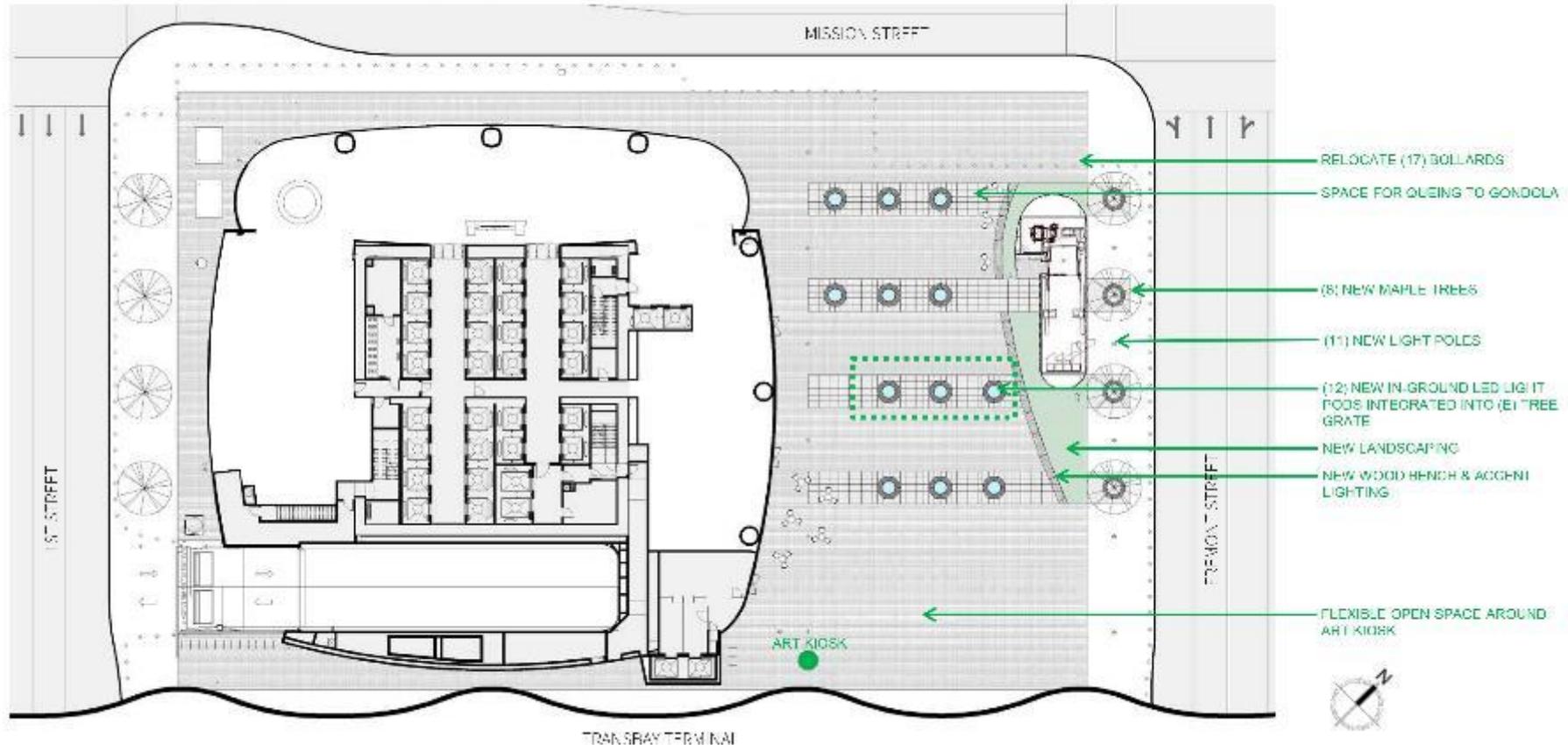
Facility Operations and Maintenance

TJPA shall ensure that regular cleaning and maintenance are comparable to that of Grand Central Terminal

Agreement does not impose restrictions on

- competitor advertisements
- sponsorships and events

Proposed Changes to Existing Design





Mission Square Design



Recommendation

Approve the Naming and Signage Rights Agreement to provide Salesforce the right to name the new Transit Center the “Salesforce Transit Center” and the right to receive certain other benefits over the course of a 25-year term.

Approve a Memorandum of Agreement regarding Mission Square and a confidential First Amendment to Security Agreement between TJPA and Transbay Tower LLC regarding design of the plaza located at 415 Mission Street.

Examples of Naming Rights in other Public Facilities

Chicago's Millennium Park

- AT&T, Boeing, Exelon, BP

Chicago's Transit Authority

- Apple (a right of first refusal to name the station stop outside of an Apple flagship store)

Denver's Regional Transportation District

- University of Colorado (The A Line to Denver International Airport)

New York City's Metropolitan Transportation Authority (MTA)

- Barclay's – Atlantic AV (Subway station @ Barclay's Center)

Philadelphia's Southeastern Pennsylvania Transportation Authority

- AT&T (Pattison Station on the Broad Street Line)

San Diego's Metropolitan Transit System

- UC San Diego (UC San Diego Blue Line)

* Dallas Area Rapid Transit (DART) and Anaheim Regional Transportation Center (ARTIC) are also pursuing naming rights



Facility Operations Cost

Asset Manager Revenue & Expense Estimates

Estimated Revenues & Expenses (Stabilized Year Estimates – FY 20-21)

	FY 20-21
Estimated Revenues	
Retail	\$5.51M
Advertising	\$3.96M
Promotional Events and Event Rentals	\$3.13M
Naming Rights and Sponsorship	\$8.04M
Total Revenue	\$20.65M
Estimated Ongoing Expenses (excludes facility reserve*)	
O&M Cost (janitorial, repairs, etc.)	-\$13.20M
Respondent Incentive Payments, Fees, and Admin Cost	-\$6.04M
TJPA Administrative & Insurance Costs	-\$4.80M
Security	-\$6.89M
Total Ongoing Expenses	-\$30.93M
Ongoing Tenant Improvements	-\$1.68M
TJPA NET INCOME SUBTOTAL (Year 3, stab. year)	-\$11.96M

*Facility reserve will be funded by tax increment revenues.

**Tenant improvements assumed to be funded by owner.

Estimated TJPA Cash Flow, Stabilized Year

Estimated Cash Flow to TJPA (Stabilized Year Estimates – FY 20-21)

	FY 20-21
Total TJPA Revenue	\$20.65M
Total Ongoing Expenses (excludes facility reserve)	-\$30.93M
Ongoing Tenant Improvements	-\$1.68M
TJPA NET INCOME SUBTOTAL (Year 3, stab. year)	-\$11.96M
<i>Committed TJPA Funding</i>	
Estimate CBD contribution (per CBD Management Plan)	\$1.72M
MTC (per temporary terminal contribution)	\$5.38M
Current Leases	\$0.43M
TJPA NET INCOME (Gap/Surplus, Year 3, stab. year)	-\$4.43M
Contribution to Facility Operating Reserve	-\$0.50M
TJPA NET INCOME (Gap/Surplus, Year 3, stab. year)	-\$4.92M

Projected Operations Funding Strategy:

Operators Responsible for Total Funding Need

	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21
TJPA NET INCOME (GAP/SURPLUS)	-\$7.34M	-\$14.09M	-\$6.19M	-\$4.92M
<i>Funding Allocation:</i>				
AC Transit (66.2%)	-\$4.86M	-\$9.33M	-\$4.10M	-\$3.26M
SFMTA (20.4%)	-\$1.50M	-\$2.87M	-\$1.26M	-\$1.00M
Greyhound (4.4%)	-\$0.32M	-\$0.62M	-\$0.27M	-\$0.22M
Amtrak (2.0%)	-\$0.15M	-\$0.28M	-\$0.12M	-\$0.10M
SamTrans (1.0%)	-\$0.07M	-\$0.14M	-\$0.06M	-\$0.05M
WestCAT Lynx (2.0%)	-\$0.15M	-\$0.28M	-\$0.12M	-\$0.10M
Golden Gate Transit (4.0%)	-\$0.29M	-\$0.56M	-\$0.25M	-\$0.20M
Total Operator Funding Commitment	-\$7.34M	-\$14.09M	-\$6.19M	-\$4.92M

*Costs as shown assume that initial capital improvements are funded by sources other than the operators.

Projected Operations Funding Strategy

TJPA Pays \$6.60M into Operating Reserve

	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21
TJPA NET INCOME (GAP/SURPLUS)	-\$7.34M	-\$14.09M	-\$6.19M	-\$4.92M
TJPA Operating Reserve/Site License Fees	\$ -	\$6.60M	\$ -	\$ -
Total Remaining Funding Need	\$7.34M	\$7.49M	\$6.19M	\$4.92M
<i>Funding Allocation:</i>				
AC Transit (66.2%)	-\$4.86M	-\$4.96M	-\$4.10M	-\$3.26M
SFMTA (20.4%)	-\$1.50M	-\$1.53M	-\$1.26M	-\$1.00M
Greyhound (4.4%)	-\$0.32M	-\$0.33M	-\$0.27M	-\$0.22M
Amtrak (2.0%)	-\$0.15M	-\$0.15M	-\$0.12M	-\$0.10M
SamTrans (1.0%)	-\$0.07M	-\$0.07M	-\$0.06M	-\$0.05M
WestCAT Lynx (2.0%)	-\$0.15M	-\$0.15M	-\$0.12M	-\$0.10M
Golden Gate Transit (4.0%)	-\$0.29M	-\$0.30M	-\$0.25M	-\$0.20M
Total Operator Funding Commitment	\$7.34M	\$7.49M	\$6.19M	\$4.92M

*Costs as shown assume that initial capital improvements are funded by sources other than the operators.

Projected Operations Funding Strategy: Operating Reserve and MTC Funding

	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21
TJPA NET INCOME (GAP/SURPLUS)	-\$7.34M	-\$14.09M	-\$6.19M	-\$4.92M
TJPA Operating Reserve/Site License Fees	\$ -	\$6.60M	\$ -	\$ -
MTC Funding	\$3.00M	\$3.00M	\$3.00M	\$3.00M
Total Remaining Funding Need	-\$4.34M	-\$4.49M	-\$3.19M	-\$1.92M
<i>Revised Funding Allocation</i>				
AC Transit (66.2%)	-\$2.87M	-\$2.97M	-\$2.11M	-\$1.27M
SFMTA (20.4%)	-\$0.89M	-\$0.92M	-\$0.65M	-\$0.39M
Greyhound (4.4%)	-\$0.19M	-\$0.20M	-\$0.14M	-\$0.08M
Amtrak (2.0%)	-\$0.09M	-\$0.09M	-\$0.06M	-\$0.04M
SamTrans (1.0%)	-\$0.04M	-\$0.04M	-\$0.03M	-\$0.02M
WestCAT Lynx (2.0%)	-\$0.09M	-\$0.09M	-\$0.06M	-\$0.04M
Golden Gate Transit (4.0%)	-\$0.17M	-\$0.18M	-\$0.13M	-\$0.08M
Total Operator Funding Commitment	-\$4.34M	-\$4.49M	-\$3.19M	-\$1.92M

Projected Operations Funding Strategy: Operating Reserve and MTC Funding, and Naming Rights Agreement

	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21
TJPA NET INCOME (GAP/SURPLUS)*	-\$7.34M	-\$14.09M	-\$7.87M	-\$7.22M
TJPA Operating Reserve/Site License Fees	\$ -	\$6.60M	\$ -	\$ -
MTC Funding	\$3.00M	\$3.00M	\$3.00M	\$3.00M
Naming Rights Agreement	\$ -	\$ -	\$ -	\$3.28M
Total Remaining Funding Need	-\$4.34M	-\$4.49M	-\$4.87M	-\$0.94M
<i>Revised Funding Allocation</i>				
AC Transit (66.2%)	-\$2.87M	-\$2.97M	-\$3.23M	-\$0.62M
SFMTA (20.4%)	-\$0.89M	-\$0.92M	-\$0.99M	-\$0.19M
Greyhound (4.4%)	-\$0.19M	-\$0.20M	-\$0.21M	-\$0.04M
Amtrak (2.0%)	-\$0.09M	-\$0.09M	-\$0.10M	-\$0.02M
SamTrans (1.0%)	-\$0.04M	-\$0.04M	-\$0.05M	-\$0.01M
WestCAT Lynx (2.0%)	-\$0.09M	-\$0.09M	-\$0.10M	-\$0.02M
Golden Gate Transit (4.0%)	-\$0.17M	-\$0.18M	-\$0.19M	-\$0.04M
Total Operator Funding Commitment	-\$4.34M	-\$4.49M	-\$4.87M	-\$0.94M

*Reflects zero Naming Rights revenue generated by Lincoln Property Company team.

Summary Operator Commitment

	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21
TJPA NET INCOME (GAP/SURPLUS)	-\$7.34M	-\$14.09M	-\$6.19M	-\$4.93M
Less: TJPA Operating Reserve/Site License Fees (\$6.6M in FY 18-19)	\$7.34M	\$7.49M	\$6.19M	\$4.92M
Less: Additional MTC Contribution (\$3M)	-\$4.34M	-\$4.49M	-\$3.19M	-\$1.92M
Less: Naming Rights Agreement Payments (\$3M)*	-\$4.34M	-\$4.49M	-\$4.87M	-\$0.94M

*Reflects zero Naming Rights revenue generated by Lincoln Property Company team, and Naming Rights payment flowing to operations in Year 4.

Proposed Naming Rights Agreement Overview

Estimated Naming Rights Cash Flow to TJPA (FY 17-18 to FY 20-21)

	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Naming Rights Agreement	\$10.1M			\$3.28M

- The Naming Rights Agreement will provide guaranteed payments per year, escalating at 3% per year, with year four set at \$3.28M.
 - Payments upfront of \$1M at the time of signing and \$9.1M at the time of bus operation commencement.
 - Revenue for year 4 of the agreement is guaranteed to be \$3.28M.
- The first three years' payments (FY 17-18, 18-19, and 19-20) will be allocated to upfront retail tenant improvements (estimated to be \$27.1M). Beginning in FY 20-21, payments will support the cost of the Transit Center's operations.
- Over the 25 year term, naming rights fees will total more than \$110M.
- In exchange for this naming rights fee, Salesforce will be granted the exclusive rights to name the Transit Center and its components (including the Rooftop Park, amphitheater, etc.).
- Salesforce also retains an option to extend the agreement for an additional 5-year term.