



SFMTA

**BUILDING PROGRESS**

# Potrero Yard Modernization Project

Project Update

SFMTA Board of Directors  
June 20, 2023

An aerial photograph of Potrero Yard, a large transit facility, with a blue color overlay. The yard is filled with numerous buses and streetcars parked in rows. In the background, there are industrial buildings and hills. The text is overlaid on the left side of the image.

**Potrero Yard,**  
**originally opened**  
**in 1915,** was as a  
streetcar facility, and  
covered for trolley  
coaches in 1949. At  
over 100-years old,  
this facility serves  
100,000 Muni riders,  
is home to the 5, 5R,  
6, 14, 22, 30 and 49  
lines.

An architectural rendering of the Potrero Yard Modernization Project. The image shows a multi-story building with a modern, industrial aesthetic. The building features a mix of materials, including brick and large glass panels. A prominent feature is a long, low structure with a perforated brick facade, likely housing transit maintenance and training facilities. Above this, there are several levels of residential units with balconies and large windows. The building is situated on a city street with cars and a person walking visible in the foreground. The overall scene is set against a blue-tinted sky, suggesting a clear day.

The **Potrero Yard Modernization Project** will build first in the world **infrastructure**, expand and modernize Muni's transit maintenance and training capabilities, and add housing in one of the densest cities in the United States.

### Efficiency

Repair buses faster, improving Muni's reliability

### Sustainability

Provide the green infrastructure needed for all-electric fleet

### Future Growth

Accommodate fleet as it grows -- room for 54% more buses at the yard

### Work Conditions

Improve environments, amenities and safety conditions for 800+ staff

## The project is designed and scoped to address several critical policy priorities:

- ***State of Good Repair*** via the replacement of a 100-year-old maintenance yard.
- ***Climate and decarbonization*** via expanded vehicle capacity for electric transit vehicles.
- ***Housing*** via advancing a 500-unit project consistent with the adopted Housing Element.
- ***Project Delivery*** via taking lessons learned and using new innovative methods of delivery.

### Follow-ups from November 2022

Introduce the Potrero  
Neighborhood Collective  
(PNC) and the Lead Developer  
Plenary Americas

Review the PNC proposal, now  
scope of work for the Potrero  
Yard Modernization Project

Review project delivery and  
prepare process for project  
delivery oversight.

## The project uses a DBFM (Design, Build, Finance, Maintain) approach.

The Preliminary Development Agreement (PDA) Phase terms were approved by the SFMTA Board on March 1, 2022.

The award of the PDA to the Potrero Neighborhood Collective (PNC) was approved by the Board on November 21, 2022.

To date, a **core component of success for this project has been due to our outreach methods and team.** This includes in-reach with SFMTA staff, outreach to the Mission and with our Potrero Neighborhood Working Group.

## 2018

**January** First Potrero Yard public event

**August** Working Group recruitment

**December** Project workshops



**October**  
Staff In-reach

**February**  
Community design workshop



**August** at Franklin Square: Public event and Site tours



## 2019

**October**  
Open house and pre-application meeting



## 2020

**Summer**

Working Group committees

- **Urban Design**

- **Housing**

- **Community Benefits / Public Art / Open Space**

Consult with Panning for urban design guidelines and project objectives, building envelope, massing.



**Sep-Dec** Public RFP survey  
**December** Online town hall



**July** Virtual community meeting to respond to developer questions

**August**  
DEIR period closes

**December**  
Public tours restart



## 2021

## 2022

**August** Staff In-reach

**November** Developer Selection announced

**December** Working Group meets PNC team; Pre-application meeting



## 2023

**March**  
Staff In-reach

**March**  
Community open house

**May** Staff In-reach, Community Meeting



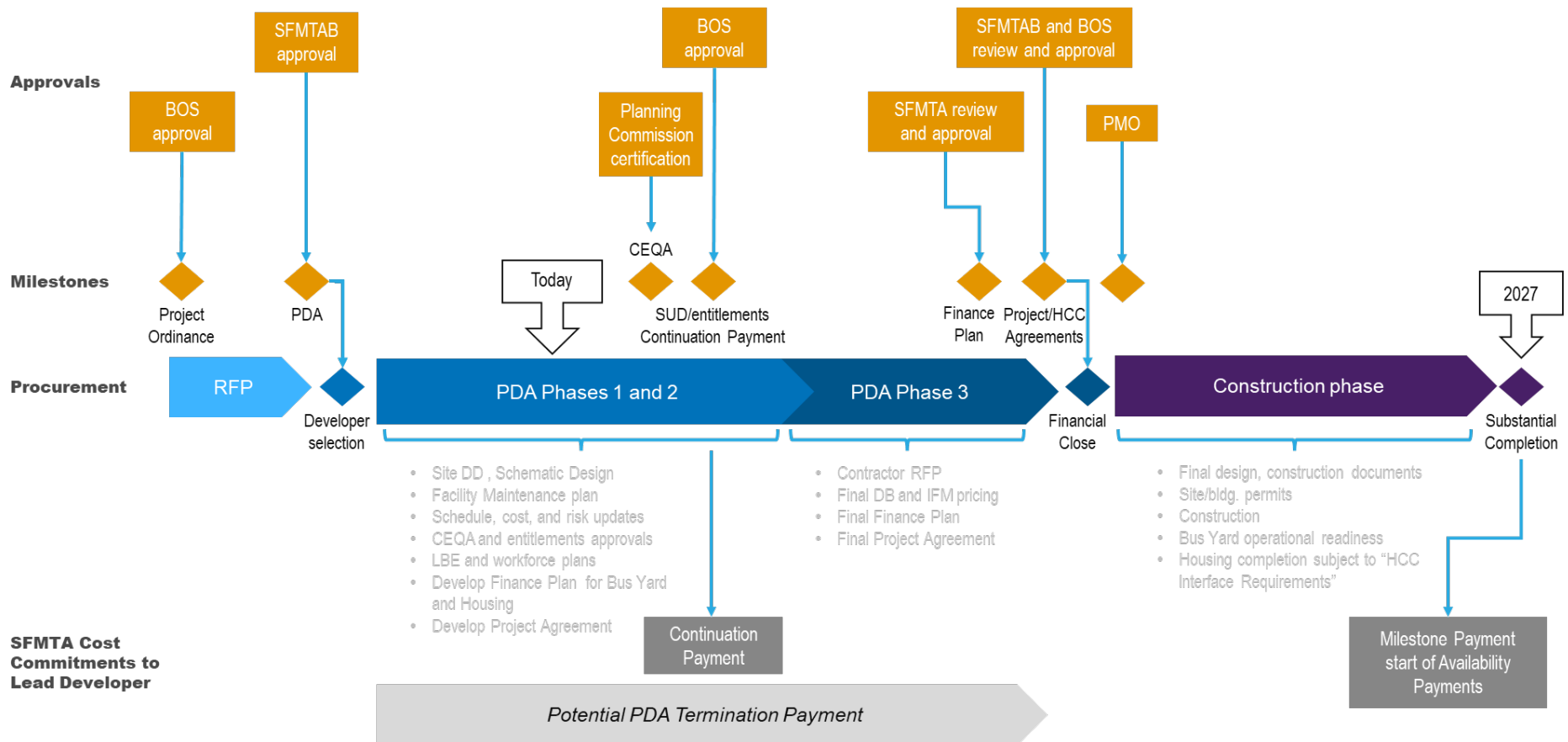
**Potrero Yard Neighborhood Working Group:** [Background Information](#)  
**Detailed Project Updates:** [Potrero Yard Neighborhood Working Group](#)

**Active engagement has also been a foundational principal of this project** – we go to the communities where they are and work with our partners. Since starting our partners at PNC have been supporting us leading the way.

- Community Listening Sessions (ongoing)
- Pre-Application Meeting (December 13, 2022)
- District 9 Beautification Day (February 11, 2023)
- In-Reach Meetings (March 14, 2023 and May 26, 2023)
- Open House (March 18, 2023)
- Civic Design Review (March 20, 2023)
- KQED Fest (April 28, 2023)
- Virtual Public Meeting (May 17, 2023)
- Carnaval San Francisco (May 27-28, 2023)
- Survey on Open Decision Points (March – May)



The project is currently on-schedule, and the **critical path is advancing 100% schematic design, CEQA environmental requirements and land use entitlements/zoning**. A key focus for the project team is to keep the project on schedule.





The project is currently on-schedule, and the **critical path is advancing 100% schematic design, CEQA environmental requirements and land use entitlements/zoning**. A key focus for the project team is to keep the project on schedule.

### Schedule Milestone and Upcoming Tasks Include

- **March 2023:** *Draft 50% schematic design* submitted to SFMTA
- **April 2023:** *Project application* submitted to Planning Department
- **May 2023:** *Final 50% schematic design* submitted to SFMTA
- **Anticipate Winter 2022:** At close of Predevelopment Agreement phases 1 & 2, CEQA and Entitlements certified by Planning Commission and approved by Board of Supervisors
- **Anticipate Winter/Spring 2024:** At close of Predevelopment Agreement phase 3, Agreements for Project and Housing/Commercial Components are approved by SFMTA Board and Board of Supervisors

## Current Project Risks

**Schedule Pressures:** finalize design and secure financing for all housing units prior to starting bus yard operations in 2027.

**Housing Finance Competitiveness:** competitiveness is intense due to limited funding availability amidst a statewide housing crisis, requiring competition with limited rounds within the project schedule.

**Design Guidelines:** Conforming to the City's Design Guidelines that limit building height, massing, building materials, and other aspects of the Project's architecture and design.

**Economic and Market Conditions:** Following years of historic lows for interest rates, since 2022 the Federal Reserve has implemented a series of interest rate hikes that has impacted interest rates on loans, cost of raw building materials, and labor availability.

The project is managed to the critical path schedule. Over the past 8-months, we have been **evaluating project risk** associated with rising construction costs and macro and micro economic headwinds.

To date, our contingency plans, including adjustment to the overall Building Progress Program allow us to **maintain the programmed scope and schedule with no change**. Costs are within the current **Fixed Budget Limit (FBL)** but are being negotiated as part during PDA Phase.



# Potrero Neighborhood Collective (PNC)

- Introduction
- Project Update

**Partnership** – as stewards of public project, prioritizing collaboration with the City in designing and entitling Potrero Yard

**Innovation** – managing solutions to challenging circumstances to meet City transit and housing needs

**Economic Inclusion** – maximizing participation of SF residents through Local Business Enterprises (LBEs), Local Hire, and workforce development (job training) opportunities

**Community Voices** – meeting community where they are to fully integrate the diversity of thought that reflects community

**Racial Equity** – program and design decision-making that intentionally incorporates anti-racist principles and practices to ensure equity for residents, contractors, and skilled and unskilled labor

# The Potrero Neighborhood Collective (PNC) is the City's Partner on the project and shares the same values as the City.

These values are stated and are informed by three guiding principles.

### PNC GUIDING PRINCIPLES



#### MINDFULNESS

Honoring place, space, and people



#### ADAPTABILITY

Meeting community where they are



#### CONSISTENCY

Community presence from concept through operations

PNC uniquely combines **global leadership in infrastructure development with local expertise** – all with a commitment to innovation, efficiency, and community inclusion.

	<p><b>Infrastructure Developer and Workforce Housing Developer</b></p> <ul style="list-style-type: none"> <li>• Plenary Americas is a US-based company with US headquarters in Los Angeles.</li> <li>• Portfolio of 59 public-private-partnership projects in North America. Total value of over \$17.3 billion. ~120 people who are responsible for managing the business in the US and Canada.</li> <li>• Predevelopment experience including design, CEQA, permitting, stakeholder engagement.</li> </ul>
  	<p><b>Affordable Housing Developer</b></p> <ul style="list-style-type: none"> <li>• Experience developing affordable housing in San Francisco (Casa Adelante – 2060 Folsom, 1990 Folsom, 1296 Shotwell, Alice Griffith Apartments)</li> <li>• Invested in enhancing the capacity of Black-led and Latin-led neighborhood rooted organizations in direct response to historic racial injustices committed against BIPOC communities.</li> </ul>
 	<p><b>Design Team</b></p> <ul style="list-style-type: none"> <li>• +30 years in architecture and design industry in infrastructure (Salt Lake City Intermodal Hub, <u>GoRaleigh</u> Operations and Maintenance Facility, GRT Northfield Drive Bus Facility, Hamilton Transit Maintenance Storage Facility)</li> <li>• +23 years of affordable housing (Casa Adelante, Hope SF Potrero Hill, The Avery, Parcel Q).</li> </ul>
   	<p><b>Consultants</b></p> <ul style="list-style-type: none"> <li>• +30 years of Bay Area commercial construction experience (100 Van Ness, UCSF – Clinical Science Building, Pier 70 – Horizontal Improvements + Public Realm)</li> <li>• +19 years of facilities maintenance and operational management experience</li> <li>• +35 years of Bay Area communications consulting</li> </ul>

The foundation of the project is a modern and expanded bus yard growing from 221,450 gsf to 698,687 gsf to accommodate 213 trolley buses (54% increase) 829 employees, an 78% increase to current staff.

**78%**  
increase  
On-Site  
Employees

**54%**  
increase  
Bus  
Storage

**Enhanced Employee Wellness** including natural light and dedicated employee outdoor spaces.

**Roof Deck** caps the bus yard and insulates noise and vibration to mitigate impact on Potrero Yard residents and surrounding neighbors.

**Podium** provides structural integrity to build proposed housing above bus yard.

**Enclosed and Centralized Maintenance**  
Activities on ground floor to insulate noise within building.

**Public Visibility to Yard Operations** through a glass wall on 17th Street and metal screening around 2nd and 3rd floors.

**Support Transportation Demand Management** Planning including parking for Non-Revenue Vehicles, car share service, and bicycles.

# Design Updates



**Workforce Housing**  
Hampshire Street

**Affordable Family (North) Housing**  
Bryant and 17<sup>th</sup> streets

**Affordable Family (South) Housing**  
Bryant and Mariposa streets

**Affordable Senior Housing**  
Bryant Street

The current housing concept is proposed to include four different buildings with target tenant type based on household income. The proposed housing meets height requirement to minimize potential shadow impact on Franklin Square Park.

The proposed housing program is subject to funding sources and market feasibility.

In May 2023, PNC submitted an updated housing proposal to the City that includes a total of up to 513 affordable housing units that includes 793 bedrooms with the following housing mix. Pursuing the opportunity to prioritize workforce housing for Muni operations and maintenance workers.

Proposed Housing Unit Types	Proposed No. of Units	Proposed Bedroom Count	Anticipated Area Median Income (AMI) Levels Targeted
Affordable Senior	101	Studio, 1 bedroom	15% to 45%
Affordable Family (North)	89	Studio and mix of 1, 2, and 3 bedroom	30% to 60%
Affordable Family (South)	102		30% to 80%
Workforce	218		80% to 120%
Property Management	3	2 bedroom	N/A



Target AMI for all housing is based on eligibility requirements as defined by the Mayor’s Office of Housing and Community Development (MOHCD). For more information, please visit: <https://sf.gov/reports/may-2022/income-and-rent-limits-inclusionary-rental-units>.

Targeted AMI levels for Affordable Senior, Family (North), and Family (South) are subject to change based on restrictions of funding sources.



In May 2023, PNC submitted an updated Commercial and Retail concept proposal to the City that includes three commercial spaces and an undetermined number of spaces for Street Vendors on 17th Street.

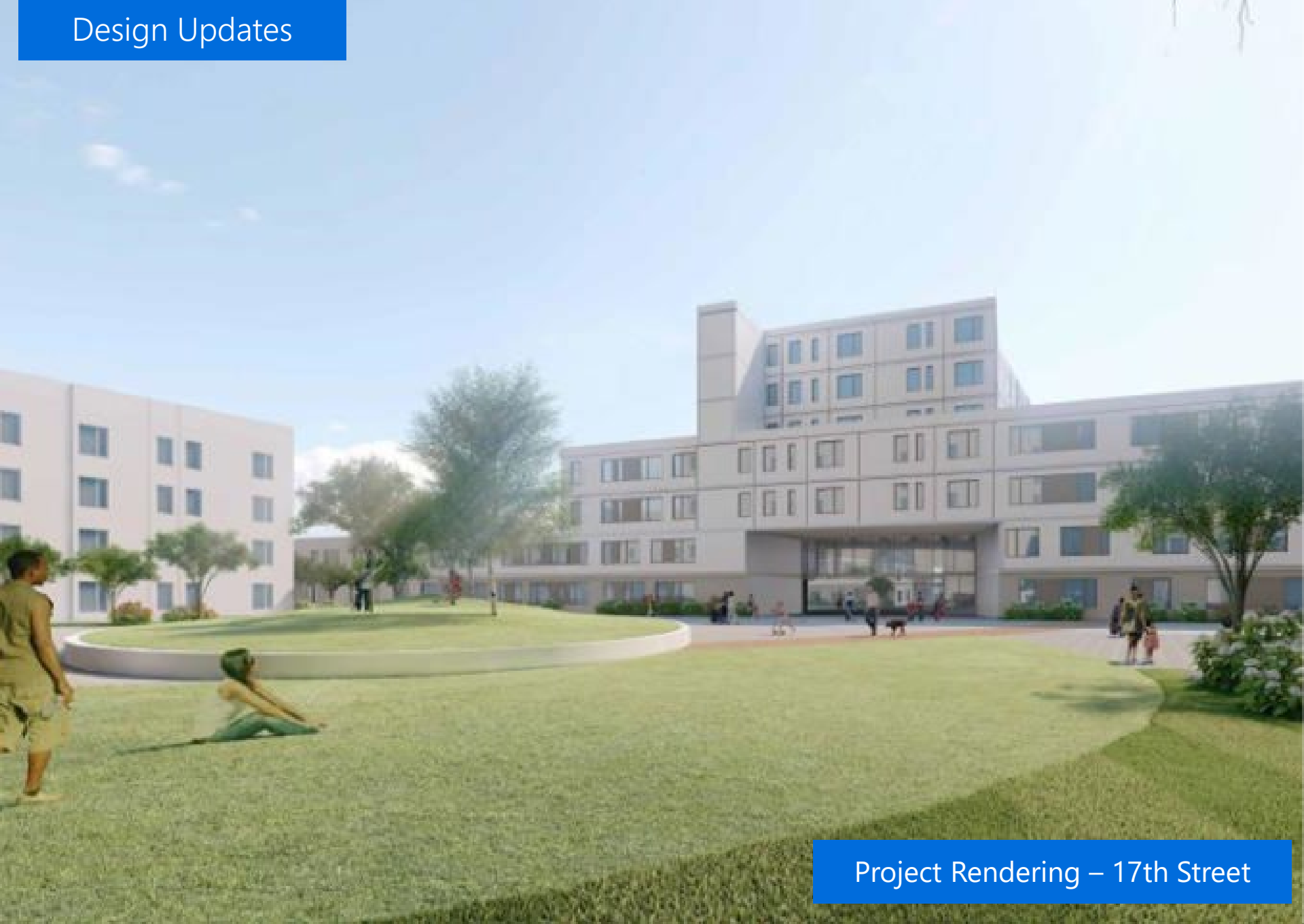
### Commercial Spaces Planned

Bryant & Mariposa	Commercial	1052 SF
17th & Bryant	Commercial	1284 SF
17th & Bryant	Restrooms	142 SF
17th & Hampshire	Commercial	789 SF
17th Street	Street Vendors	TBD

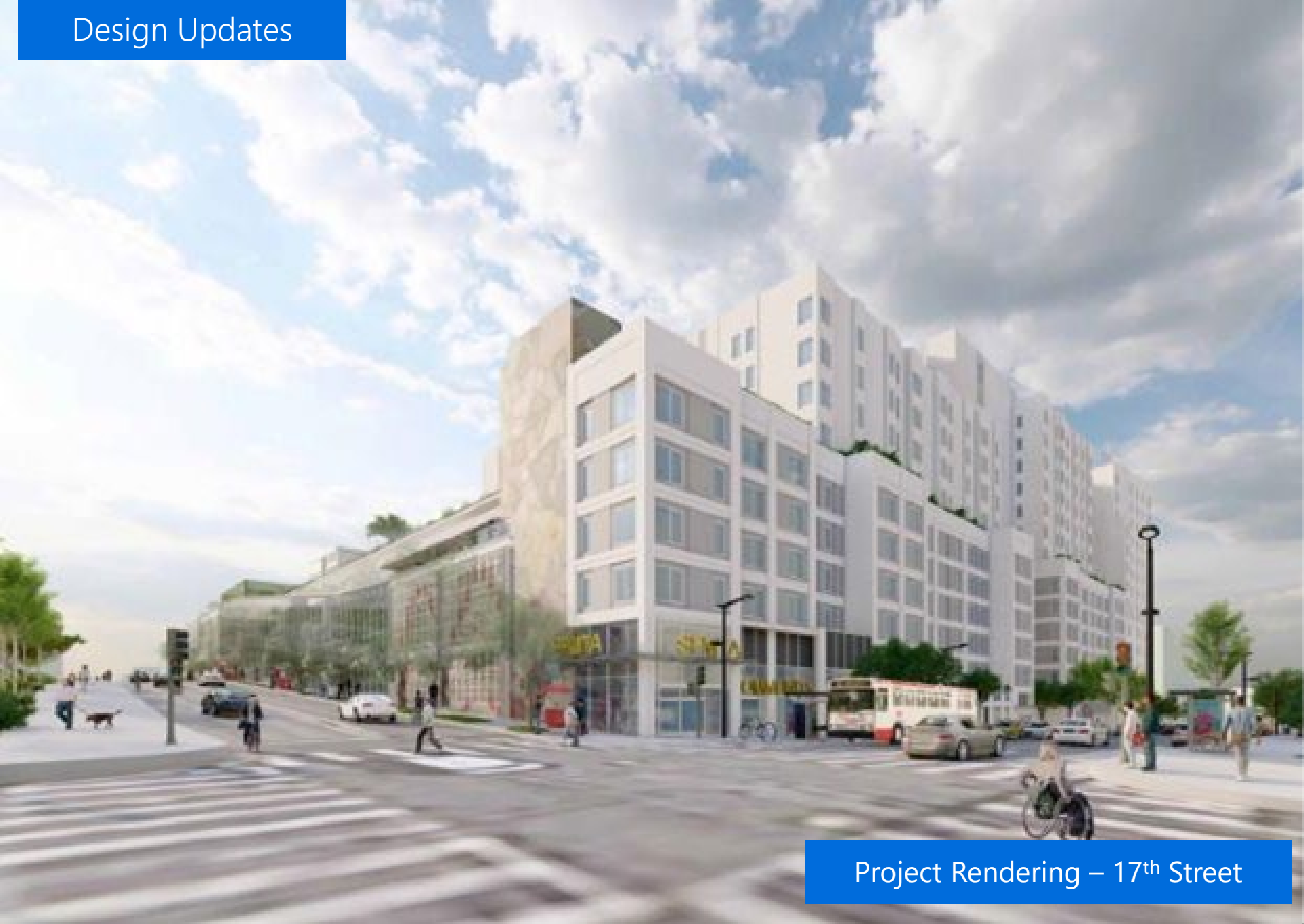


Project Rendering – 17th and Hampshire Streets (night)

The proposed commercial and retail program is subject to funding sources and market feasibility.



Project Rendering – 17th Street



Project Rendering – 17<sup>th</sup> Street



Project Rendering – Mariposa and Hampshire Streets



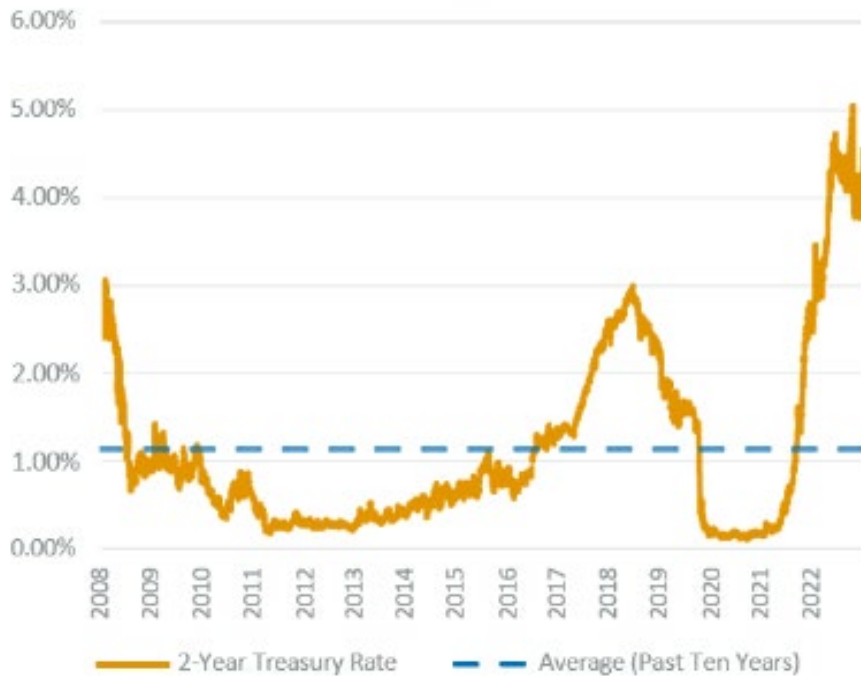
Project Rendering – Bryant and Mariposa Streets



Project Rendering

**Borrowing costs remain high. Short-term and long-term interest rates remain elevated when compared to the past decade,** largely due to the Federal Reserve’s efforts to combat high inflation. However, as inflation continues to subside, borrowing rates are expected to trend downward toward historical averages, though timing is uncertain.

Short-Term Borrowing Rates, 2013-2023<sup>1</sup>



Long-Term Borrowing Rates, 2013-2023<sup>1</sup>

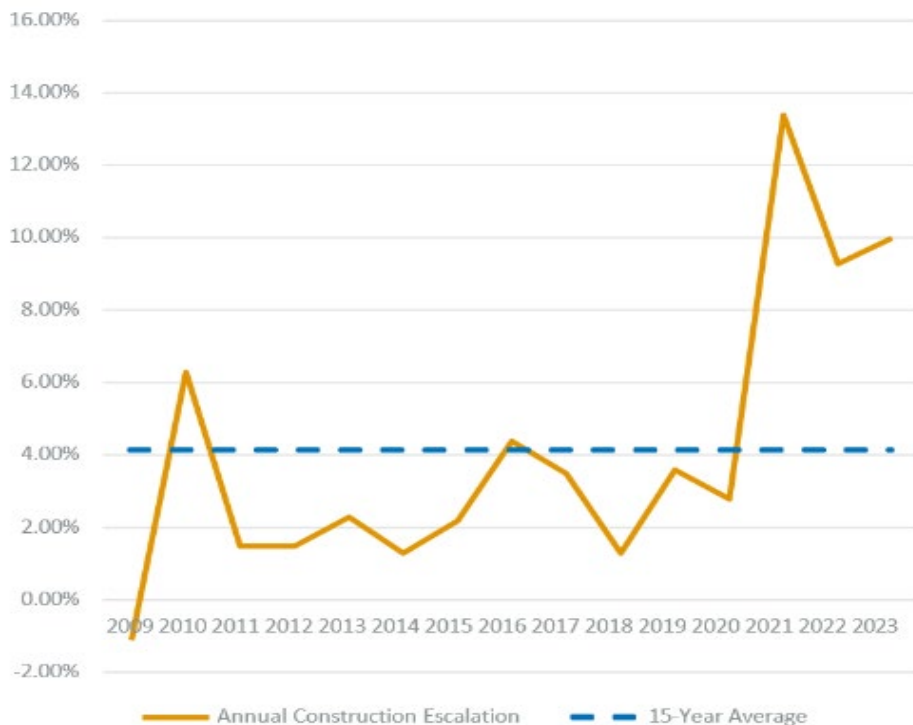


The City of San Francisco is the **second most expensive city for construction in the US**, behind only New York City.

1 Source: Arcadis' 2023 International Construction Costs Report

2 Source: California Construction Cost Index

California Construction Cost Escalation, Past 15 Years<sup>2</sup>



Multiple factors, including post-COVID construction demand, inflation, supply chain disruptions (such as the Ukraine war), and labor shortages, have led to **significant construction cost escalation in California and the US.**

Construction escalation is anticipated to further normalize as inflation abates.





# Project Delivery Team

- Project Management
- Project Management Oversight

**Integrated Project Delivery Team**

**SFMTA**

**Public Works Department**

**Mayor's Office of Economic  
and Workforce Development  
(OEWD)**

**Mayor's Office of Housing and  
Community Development  
(MOHCD)**

**Planning Department**

**City Attorney's Office**

**As part of the Building Progress Program, the Potrero Yard Modernization Program has an integrated project management team, governed through a Memorandum of Understanding between Departments.**

This allows for rapid problem solving, clear paths of escalation and problem solving and maximizing internal city talent.

**There are 20 core team members** who work on the Potrero project and a total team of 70 professionals working to bring the City the best value out of this project.

**SFMTA**

Jonathan Rewers  
Kerstin Magary (Acting Project Director)  
Jason Gallegos  
Paul Bignardi  
Bonnie-Jean von Krogh  
John Angelico

**Public Works**

Tim Kempf  
Sean O'Brien

**Mayor's Office of Housing**

Robert Baca  
Cindy Heavens

**OEWD**

Ted Conrad

**City Attorney**

Carol Wong  
Yadira Taylor  
Isidro Jimenez

**Nossaman P3 Legal Advisor**

Andree Blais  
Corey Boock  
Evan Caplicki

**ARUP P3 Technical Advisor**

Ignacio Barandiaran  
Alfonso Mendez  
Orion Fulton

**Investigate project conditions**, reviewing documents, and conducting site visits to gain a comprehensive understanding of the project's schedules, costs, and risks.

**Assess the project team's management capacity and capability** to meet project scope, schedule and budget as well as stated project goals.

**Conduct oversight assessments**, making recommendations, and providing focused and accurate reports.

**Verify the project team's cost estimating** methodologies and assessing the completeness and objectivity of cost estimates.

**Make recommendations and proactively solve problems** in collaboration with the project team, document **and provide professional opinions and reports the DOT and MTAB** discussing findings, conclusions, and recommendations.

In addition to the innovative project delivery methods to date, the project team will also release this calendar year a **Request for Proposals for Project Management Oversight (PMOC)**.

PMOCs aim will be to ensure effective project management, address issues promptly, and provide reliable information and recommendations to support project success. **Reports are expected every 6-months to the Director of Transportation and SFMTA Board.**

# Thank you.

Jonathan Rewers  
Building Progress Program Manager  
[Jonathan.Rewers@SFMTA.com](mailto:Jonathan.Rewers@SFMTA.com)

Bonnie Jean von Krogh  
Building Progress Public Affairs Manager  
[BonnieJean.vonKrogh@SFMTA.com](mailto:BonnieJean.vonKrogh@SFMTA.com)

John Angelico  
Public Information Officer  
[John.Angelico@SFMTA.com](mailto:John.Angelico@SFMTA.com)

[SFMTA.com/BuildingProgress](http://SFMTA.com/BuildingProgress)

Chris Jauragui  
Plenary Americas  
[chris.jauregui@plenarygroup.com](mailto:chris.jauregui@plenarygroup.com)

