

**THIS PRINT COVERS CALENDAR ITEM NO.: 10.4**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance & Information Technology

**BRIEF DESCRIPTION:**

Adopting a resolution of local support for programming Regional Measure 3 (RM3) bridge toll funds in the amount of \$22,593,096 for three SFMTA projects: (1) the Potrero Modernization Project for \$3,503,055; (2) the Presidio Modernization Project for \$12,594,945; and (3) the Light Rail Vehicle Procurement for \$6,495,096; and providing assurances that the SFMTA will comply with Metropolitan Transportation Commission policies.

**SUMMARY:**

- RM3 bridge toll funds were approved by Bay Area voters in June 2018. Although increased tolls started to be collected in January 2019, legal challenges prevented MTC, acting as the Bay Area Toll Authority, from disbursing the funds until the challenges were dismissed in January 2023 by the State Supreme Court.
- RM3's Expenditure Plan includes \$140,000,000 of funds for SFMTA Muni fleet and facility capital projects. This resolution is in support of the SFMTA's first formal request for RM3 fund allocations.
- To receive RM3 funds, the Metropolitan Transportation Commission (MTC) requires that the SFMTA adopt a resolution of local support for the projects to be funded and provide assurances that the SFMTA will comply with MTC's RM3 implementation policies.
- The \$22,593,096 of RM3 funds will be programmed to the Potrero Modernization Project (\$3,503,055), the Presidio Modernization Project (\$12,594,945), and the Light Rail Vehicle Procurement (\$6,495,096).
- The adoption of this resolution does not constitute the approval of any specific project that may be funded by the grant program. Rather, projects would be subject to CEQA review, as determined according to their scopes.

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

DIRECTOR 

SECRETARY 

**DATE**

November 15, 2023

November 15, 2023

**ASSIGNED SFMTAB CALENDAR DATE:** November 21, 2023

**PURPOSE**

Adopting a resolution of local support for programming Regional Measure 3 (RM3) bridge toll funds in the amount of \$22,593,096 for three SFMTA projects: (1) the Potrero Modernization Project for \$3,503,055; (2) the Presidio Modernization Project for \$12,594,945; and (3) the Light Rail Vehicle Procurement for \$6,495,096; and providing assurances that the SFMTA will comply with Metropolitan Transportation Commission policies.

**STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES**

This action supports several SFMTA Strategic Plan Goals:

- Goal 5: Deliver reliable and equitable transportation services.
- Goal 6: Eliminate pollution and greenhouse gas emissions by increasing use of transit, walking, and bicycling.
- Goal 8: Deliver quality projects on-time and on-budget
- Goal 9: Fix things before they break, and modernize systems and infrastructure
- Goal 10: Position the agency for financial success.

**TRANSIT FIRST POLICY PRINCIPLES**

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.
2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
9. The ability of the City and County to reduce traffic congestion depends on the adequacy of regional public transportation. The City and County shall promote the use of regional mass transit and the continued development of an integrated, reliable, regional public transportation system.
10. The City and County shall encourage innovative solutions to meet public transportation needs wherever possible and where the provision of such service will not adversely affect the service provided by the Municipal Railway.

**DESCRIPTION**

RM3 Funds for the SFMTA:

The SFMTA is requesting that the MTC allocate \$22,593,096 for three SFMTA projects described below. This amount represents 9.4% of the \$140,000,000 of RM3 funds designated for SFMTA fleet and facilities and included in the RM3 Expenditure Plan approved by the voters. The SFMTA has broad latitude to spend these funds as it deems fit. For the fleet, RM3 funds are a valuable match source to federal grants. For facilities, RM3 funds provide primary funding because funding for facilities is generally hard to secure.

Project Descriptions and RM3-Funded Scope:

i. **Potrero Modernization Project**

Project Description: The Potrero Modernization Project will rebuild the Potrero Transit Division from the ground up, replacing a 1915 building that last received major renovations in 1950 when it was converted to a trolleybus yard. The new multi-floor facility will increase capacity from 93-60' and 45-40' trolleybuses to 213 60' and 40' trolleybuses and is being constructed to have a lifespan of approximately 100 years. This project is being delivered through a public private partnership.

RM3 Allocation Scope: \$3,503,055 will help move the project through the detailed design, Final Environmental Impact Review (FEIR) and entitlements. To complete the current 100% Schematic Design, the project completed 5 years of outreach to determine the essential elements required in the new building, including complex design work to ensure the different tasks and needs fit together in the available space. The project is coordinating with the Planning Department to construct affordable housing adjacent to and above the bus facility, if feasible and if funding is available. The bus facility is moving towards 100% Final Design. When the Final Design is complete, detailed design, FEIR, and the entitlement process will begin.

ii. **Presidio Modernization Project**

Project Description: This project will result in the partial demolition and reconstruction of the existing 110+ year old transit facility to service an all-electric Battery Electric Bus (BEB) transit fleet. The site is 5.4 acres located on Geary Boulevard between Presidio Avenue and Masonic Avenue. The existing facility services 132 40' trolley buses in a building that was last significantly upgraded in 1950. The new facility is projected to service 215+ 40' and 60' BEBs that represent the next era of electric, zero-emission bus transportation. There is an option to build a SFMTA Paratransit operations facility above the transit facility, which would replace facilities that are currently being leased. Additionally, parallel development plans are being drafted to build a mixed-used development of commercial space and up to 600 units of affordable and market rate housing adjacent to the transit facility. All facility plans include a commitment to preserve the historic 1912 Muni structure's features as a part of the mixed use development.

RM3 Allocation Scope: \$12,594,945 of RM3 funds would help pay for planning, environmental review and clearance phase action, requests for qualifications and proposals, and Final Design.

iii. **Light Rail Vehicle (LRV) Procurement**

Project Description: This on-going program first expanded the Light Rail Vehicle (LRV) fleet by 68 vehicles to better meet current and future ridership. The current request is to purchase 151 new LRVs to replace outdated Breda vehicles that will reach the end of their useful 30-year Federal Transit Administration proscribed 30-year lives. The new LRVs are being manufactured by Siemens in its Sacramento facility and contain state-of-the-art equipment and safety features. These new vehicles will increase the comfort, safety, and reliability of the Muni Metro system.

RM3 Allocation Scope: \$6,495,096 of RM3 funds will support the ongoing acquisition of replacement LRVs.

**Table 1: Regional Measure 3 Allocations**

Project Title	Request Amount	Total Project Cost	Percent Funded by RM3
Potrero Modernization Project	\$3,503,055	\$487,951,860	0.72%
Presidio Modernization Project	\$12,594,945	\$455,143,755	2.77%
Light Rail Vehicle Procurement	\$6,495,096	\$1,192,651,577	0.54%
<b>Total</b>	<b>\$22,593,096</b>	<b>\$2,135,747,192</b>	<b>1.06%</b>

Notes on Funding & Project Costs:

While the RM3 requests are small relative to the \$140,000,000 RM3 funds available and to the projects’ overall costs, these funds are critical to meeting immediate cash flow needs. SFMTA staff is developing a new Capital Improvement Program (CIP) for Fiscal Years 2025-29. This CIP, which will be presented to MTAB for its review in April 2024, will seek to more fully fund the listed projects and to fully allocate the \$140,000,00 in RM3 funds.

SFMTA Assurances to MTC:

MTC requires that the SFMTA Board of Directors approve a resolution providing local support for the RM3-funded projects, acknowledging the following conditions:

1. The SFMTA will comply with the provisions of the MTC’s Regional Measure 3 Policies and Procedures.
2. The SFMTA will certify that the projects are consistent with the Regional Transportation Plan (RTP).
3. The SFMTA will certify that the year of funding for any design, right-of-way and/or construction phase has taken into consideration the time necessary to obtain environmental clearance and permitting approval for the project.
4. The Regional Measure 3 phase or segment is fully funded, and results in an operable and useable segment.
5. The SFMTA has reviewed the projects’ needs and has adequate staffing resources to deliver and complete the projects within the schedules set forth in the allocation request and updated Initial Project Reports.
6. The SFMTA is an eligible sponsor of projects in the Regional Measure 3 Expenditure Plan, in accordance with California Streets and Highways Code 30914.7(a)(10).
7. The SFMTA is authorized to apply for Regional Measure 3 funds for the Potrero Modernization Project, the Presidio Modernization Project, and the Light Rail Vehicle

Procurement in accordance with California Streets and Highways Code 30914.7(a)(10).

8. Environmental review for implementation of the Potrero Modernization Project is nearing completion (Planning Case No. 2019-021884ENV). On June 30, 2021, the Project's Draft Environmental Impact Report (DEIR) was published by the Planning Department. The SFMTA anticipates the Environmental Impact Report would be considered by the Planning Commission for certification in 2024.
9. On November 2, 2023, the SFMTA, under authority delegated by the Planning Department, determined that the proposed resolution for programming Regional Measure 3 funds is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).
10. That there is no legal impediment to the SFMTA making allocation requests for Regional Measure 3 funds.
11. That there is no pending or threatened litigation which might in any way adversely affect the proposed projects, or the ability of the SFMTA to deliver such projects.
12. The SFMTA agrees to comply with the requirements of MTC's Transit Coordination Implementation Plan as set forth in MTC Resolution 3866.
13. The SFMTA indemnifies and holds harmless MTC, BATA, and their Commissioners, representatives, agents, and employees from and against all claims, injury, suits, demands, liability, losses, damages, and expenses, whether direct or indirect (including any and all costs and expenses in connection therewith), incurred by reason of any act or failure to act of (agency name), its officers, employees or agents, or subcontractors or any of them in connection with its performance of services under this allocation of RM3 funds. The SFMTA agrees at its own cost, expense, and risk, to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against MTC, BATA, and their Commissioners, officers, agents, and employees, or any of them, arising out of such act or omission, and to pay and satisfy any resulting judgments. In addition to any other remedy authorized by law, so much of the funding due under this allocation of RM3 funds as shall reasonably be considered necessary by MTC may be retained until disposition has been made of any claim for damages.
14. The SFMTA shall, if any revenues or profits are received from any non-governmental use of property (or project), use those revenues or profits exclusively for the public transportation services for which the project was initially approved, either for capital improvements or maintenance and operational costs, otherwise the MTC is entitled to a proportionate share equal to MTC's percentage participation in the project.
15. The SFMTA shall use assets purchased with RM3 funds, including facilities and equipment, for the public transportation uses intended, and should said facilities and equipment cease to be operated or maintained for their intended public transportation purposes for its useful life, that the MTC shall be entitled to a present day value refund or credit (at MTC's option) based on MTC's share of the Fair Market Value of the said facilities and equipment at the time the public transportation uses ceased, which shall be

## **PAGE 6.**

paid back to MTC in the same proportion that Regional Measure 3 funds were originally used.

16. The SFMTA shall post on both ends of project construction site(s) at least two signs visible to the public stating that the project is funded with Regional Measure 3 Toll Revenues.
17. The SFMTA authorizes its Director of Transportation or his designee to execute and submit an allocation request for the environmental, design, and construction phases with MTC for Regional Measure 3 funds in the amount of \$22,593,096 for the projects, purposes and amounts included in the project applications.
18. The Director of Transportation or his designee is hereby delegated the authority to make non-substantive changes or minor amendments to the allocation request or IPR as he or she deems appropriate.
19. A copy of this resolution shall be transmitted to MTC in conjunction with the filing of the SFMTA applications referenced herein.

## **STAKEHOLDER ENGAGEMENT**

The proposed allocations are consistent with the public process that led to the RM3 ballot measure. Additionally, SFMTA has closely worked with MTC to ensure that the proposed RM3 funding is acceptable and consistent with program requirements.

## **ALTERNATIVES CONSIDERED**

The other alternatives are not to pursue the RM3 funding, which would leave the SFMTA's capital program in deficit, or to find alternative funds from other capital projects and programs to fund the proposed projects. These large capital projects need to tap into all reasonable funding options, including RM3, as the funds are made available.

## **FUNDING IMPACT**

This action will lead to the allocation of \$22,593,096 of RM3 funds and represents the first 16.14% of \$140,000,000 to which SFMTA is entitled. Without these funds, alternative funds will need to be diverted from operating or capital programs, or the work will be postponed until alternative funding is identified.

## **ENVIRONMENTAL REVIEW**

Environmental review for implementation of the Potrero Modernization Project is nearing completion (Planning Case No. 2019-021884ENV). On June 30, 2021, the Project's Draft Environmental Impact Report (DEIR) was published by the Planning Department. The SFMTA anticipates the Environmental Impact Report would be considered by the Planning Commission for certification in 2024.

On November 2, 2023, the SFMTA, under authority delegated by the Planning Department, determined that the proposed resolution for programming Regional Measure 3 funds is not a

**PAGE 7.**

“project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The MTC is anticipated to act on these RM3 allocations at its December 20, 2023 meeting.

The City Attorney has reviewed this report.

**RECOMMENDATION**

Staff recommends that the SFMTA Board adopt a resolution of local support for programming Regional Measure 3 (RM3) bridge toll funds in the amount of \$22,593,096 for three SFMTA projects: (1) the Potrero Modernization Project for \$3,503,055; (2) the Presidio Modernization Project for \$12,594,945; and (3) the Light Rail Vehicle Procurement for \$6,495,096; and provide assurances that the SFMTA will comply with Metropolitan Transportation Commission policies.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, Senate Bill (SB) 595 (Chapter 650, Statutes 2017), commonly referred as Regional Measure 3, identified projects eligible to receive funding under the Regional Measure 3 Expenditure Plan; and

WHEREAS, the Metropolitan Transportation Commission (MTC) is responsible for funding projects eligible for Regional Measure 3 funds, pursuant to Streets and Highways Code Section 30914.7(a) and (c); and

WHEREAS, MTC has established a process whereby eligible transportation project sponsors may submit allocation requests for Regional Measure 3 funding; and

WHEREAS, allocation requests to MTC must be submitted consistent with procedures and conditions as outlined in Regional Measure 3 Policies and Procedures (MTC Resolution No. 4404); and

WHEREAS, the San Francisco Municipal Transportation Agency (SFMTA) is an eligible sponsor of transportation project(s) in the Regional Measure 3 Expenditure Plan; and

WHEREAS, the Potrero Modernization Project, the Presidio Modernization Project, and the Light Rail Vehicle Procurement are eligible for consideration in the Regional Measure 3 Expenditure Plan, as identified in California Streets and Highways Code Section 30914.7(a); and

WHEREAS, the Regional Measure 3 allocation request lists the project, purpose, schedule, budget, expenditure, and cash flow plan for which the SFMTA is requesting that MTC allocate Regional Measure 3 funds; and

WHEREAS, Environmental review for implementation of the Potrero Modernization Project is nearing completion (Planning Case No. 2019-021884ENV). On June 30, 2021, the Project's Draft Environmental Impact Report (DEIR) was published by the Planning Department. The SFMTA anticipates the Environmental Impact Report would be considered by the Planning Commission for certification in 2024; and,

WHEREAS, On November 2, 2023, the SFMTA, under authority delegated by the Planning Department, determined that the proposed resolution to program Regional Measure 3 funds is not a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it



RESOLVED, that the SFMTA Board of Directors adopts a resolution of support for the programming of Regional Measure 3 (RM3) bridge toll funds in the amount of \$22,593,096 for three SFMTA projects: (1) the Potrero Modernization Project for \$ 3,503,055; (2) the Presidio Modernization Project for \$12,594,945; and (3) the Light Rail Vehicle Procurement for \$6,495,096; and be it further

RESOLVED, that SFMTA will comply with the provisions of the MTC's Regional Measure 3 Policies and Procedures; and be it further

RESOLVED, that the SFMTA certifies that the project is consistent with the Regional Transportation Plan (RTP); and be it further

RESOLVED, that the SFMTA certifies that the year of funding for any design, right-of-way and/or construction phase has taken into consideration the time necessary to obtain environmental clearance and permitting approval for the project; and be it further

RESOLVED, that the Regional Measure 3 phase or segment is fully funded, and results in an operable and useable segment; and be it further

RESOLVED, that the SFMTA approves the allocation request and updated Initial Project Report; and be it further

RESOLVED, that SFMTA approves the projects' cash flow plan; and be it further

RESOLVED, that SFMTA has reviewed the projects' needs and has adequate staffing resources to deliver and complete the projects within the schedule set forth in the allocation request and updated Initial Project Reports; and, be it further

RESOLVED, that the SFMTA is an eligible sponsor of projects in the Regional Measure 3 Expenditure Plan, in accordance with California Streets and Highways Code 30914.7(a)(10); and be it further

RESOLVED, that the SFMTA is authorized to apply for Regional Measure 3 funds for Potrero Modernization Project, the Presidio Modernization Project, and the Light Rail Vehicle Procurement in accordance with California Streets and Highways Code 30914.7(a)(10); and be it further

RESOLVED, that the environmental review for implementation of the Potrero Modernization Project is nearing completion (Planning Case No. 2019-021884ENV). On June 30, 2021, the Project's Draft Environmental Impact Report (DEIR) was published by the Planning Department. The SFMTA anticipates the Environmental Impact Report would be considered by the Planning Commission for certification in 2024; and be it further

RESOLVED, that, on November 2, 2023, the SFMTA, under authority delegated by the Planning Department, determined that the proposed resolution for programming Regional

Measure 3 funds is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and be it further

RESOLVED, that there is no legal impediment to the SFMTA making allocation requests for Regional Measure 3 funds; and be it further

RESOLVED, that there is no pending or threatened litigation which might in any way adversely affect the proposed projects, or the ability of the SFMTA to deliver such projects; and be it further

RESOLVED, that SFMTA agrees to comply with the requirements of MTC’s Transit Coordination Implementation Plan as set forth in MTC Resolution 3866; and be it further

RESOLVED, that the SFMTA indemnifies and holds harmless MTC, BATA, and their Commissioners, representatives, agents, and employees from and against all claims, injury, suits, demands, liability, losses, damages, and expenses, whether direct or indirect (including any and all costs and expenses in connection therewith), incurred by reason of any act or failure to act of (agency name), its officers, employees or agents, or subcontractors or any of them in connection with its performance of services under this allocation of RM3 funds. The SFMTA agrees at its own cost, expense, and risk, to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against MTC, BATA, and their Commissioners, officers, agents, and employees, or any of them, arising out of such act or omission, and to pay and satisfy any resulting judgments. In addition to any other remedy authorized by law, so much of the funding due under this allocation of RM3 funds as shall reasonably be considered necessary by MTC may be retained until disposition has been made of any claim for damages, and be it further

RESOLVED, that the SFMTA shall, if any revenues or profits are received from any non-governmental use of property (or project), use those revenues or profits exclusively for the public transportation services for which the project was initially approved, either for capital improvements or maintenance and operational costs, otherwise the MTC is entitled to a proportionate share equal to MTC’s percentage participation in the projects(s); and be it further

RESOLVED, that the SFMTA shall use assets purchased with RM3 funds, including facilities and equipment, for the public transportation uses intended, and should said facilities and equipment cease to be operated or maintained for their intended public transportation purposes for its useful life, that the MTC shall be entitled to a present day value refund or credit (at MTC’s option) based on MTC’s share of the Fair Market Value of the said facilities and equipment at the time the public transportation uses ceased, which shall be paid back to MTC in the same proportion that Regional Measure 3 funds were originally used; and be it further

RESOLVED, that the SFMTA shall post on both ends of project construction site(s) at least two signs visible to the public stating that the project is funded with Regional Measure 3 Toll Revenues; and be it further

RESOLVED, that the SFMTA authorizes its Director of Transportation or his designee to execute and submit an allocation request for the environmental, design, and construction phases with MTC for Regional Measure 3 funds in the amount of \$22,593,096, for the projects, purposes and amounts included in the project applications; and be it further

RESOLVED, that the Director of Transportation or his designee is hereby delegated the authority to make non-substantive changes or minor amendments to the allocation request or IPR as he or she deems appropriate.

RESOLVED, that a copy of this resolution shall be transmitted to MTC in conjunction with the filing of the SFMTA applications referenced herein.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of November 21, 2023.

---

Secretary, Board of Directors  
San Francisco Municipal Transportation Agency