

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Capital Programs and Construction

BRIEF DESCRIPTION:

Authorizing the Director of Transportation to request that the Board of Supervisors hold a public hearing to consider adoption of Resolutions of Necessity to acquire temporary construction licenses for fair market value in various real properties in San Francisco; and if the Board of Supervisors adopts such Resolutions of Necessity, further authorizing the Director of Transportation to take such actions that are consistent with the City's Charter and all applicable law to acquire the temporary construction licenses.

SUMMARY:

- To facilitate construction of the tunnel of the Central Subway Project (Project), the SFMTA needs to acquire temporary construction licenses at: 1455 Stockton Street; 1435 Stockton Street; 801 Market Street; and 2 Stockton/790 Market Street.
- To facilitate construction of the Union Square/Market Street Station (UMS Station) for the Project, the SFMTA needs to acquire temporary construction licenses at: 212 Stockton Street; 216 Stockton Street; 218 - 222 Stockton Street; 234 - 240 Stockton Street 120 Stockton Street; 150 Stockton Street; 233 Geary Street; 101 Stockton Street; 55 Stockton Street; 39 Stockton Street; 19 Stockton Street; 1 Stockton Street; 2 Stockton/790 Market Street; and 48 Stockton Street
- To facilitate construction of the Chinatown Station for the Project, the SFMTA needs to acquire temporary construction licenses at: 1019-1027 Stockton Street; 1013-1015 Stockton Street; 1009-1011 Stockton Street; 1000-1032 Stockton Street; 950 Stockton Street; 930 Stockton Street; 925 Stockton Street; 913 - 917 Stockton Street; 901 - 907 Stockton Street; 910 - 914 Clay Street; and 916 - 920 Clay Street.
- To facilitate construction of the Moscone Station (MOS) for the Project, the SFMTA needs to acquire temporary construction licenses at: 250 4th Street and 801 - 805 Howard Street.
- The above-described licenses (Temporary Construction Licenses) would allow the installation of subsurface horizontal grout pipes at approximately 30 to 40 feet below the ground surface to provide additional support during construction, and the installation of settlement monitoring equipment at these properties.
- The SFMTA mailed offers to the affected property owners (Owners) to acquire the above-described licenses for fair market value. The SFMTA is in discussions with the Owners on the acquisition terms.
- If the SFMTA and any of Owners are not able to agree upon the acquisition of any of the licenses, the SFMTA will request that the Board of Supervisors consider holding a public hearing to adopt a Resolution of Necessity to acquire the licenses through eminent domain.

ENCLOSURES:

1. Resolution
2. Project Budget & Financial Plan

APPROVALS:

DATE

DIRECTOR _____

6/12/12

SECRETARY _____

6/12/12

ASSIGNED SFMTAB CALENDAR DATE: June 19, 2012

PURPOSE

The proposed resolution authorizes the Director of Transportation to request that the Board of Supervisors hold a hearing to consider adopting Resolutions of Necessity to acquire temporary construction licenses through eminent domain for appraised fair market value; and if the Board of Supervisors adopts such Resolutions of Necessity, further authorizes the Director of Transportation to take such actions that are consistent with the City's Charter and all applicable law to acquire the Temporary Construction Licenses.

GOAL

The Temporary Construction Licenses will allow temporary use of the affected properties to facilitate construction of the Project's tunnels, UMS Station, Chinatown Station and MOS Station. The Project, a critical transportation improvement linking neighborhoods in the southeastern part of San Francisco with retail and employment centers in downtown and Chinatown, is consistent with the SFMTA Strategic Plan and meets the following goals and objectives:

Goal 1 – Customer Focus - to provide safe, accessible, clean, environmentally sustainable service and encourage the use of auto-alternative modes through the Transit First Policy

- Objective 1.3 Reduce emissions as required by the SFMTA Clean Air Plan
- Objective 1.4 Improve accessibility across transit service
- Objective 1.5 Increase percentage of trip using more sustainable modes

Goal 2 – System Performance - to get customers where they want to go, when they want to be there

- Objective 2.2 Ensure efficient transit connectivity and span of service
- Objective 2.4 Reduce congestion through major corridors

Goal 3 – External Affairs/Community Relations - to improve the customer experience, community value, and enhance the image of the SFMTA, as well as ensure the SFMTA is a leader in the industry

- Objective 3.1 Improve economic vitality by growing relationships with businesses, community, and stakeholder groups
- Objective 3.2 Pursue internal and external customer satisfaction through proactive outreach and heightened communication conduits
- Objective 3.3 Provide a working environment that fosters a high standard of performance, recognition for contributions, innovations, mutual respect and a healthy quality of life
- Objective 3.4 Enhance proactive participation and cooperatively strive for improved regional transportation

Goal 4 – Financial Capacity - to ensure financial stability and effective resource utilization

- Objective 4.2 Ensure efficient and effective use of resources

DESCRIPTION

Background:

The Project is the second phase of the SFMTA's Third Street Light Rail Project, and will add 1.67 miles of light rail track north from the northern end of the new Third Street Light Rail at Fourth and King Streets to a terminal

in Chinatown. The Project will serve regional destinations, including Chinatown (the most densely populated area of the country that is not currently served by modern rail transportation), Union Square, Moscone Convention Center, Yerba Buena, SoMa and AT&T Park. The Project will also connect BART and Caltrain (the Bay Area's two largest regional commuter rail services), serve a low auto ownership population of transit customers, increase transit use and reduce travel time, reduce air and noise pollution, and provide congestion relief. The public interest and necessity require the construction and operation of the Project to achieve such benefits.

The Project will have four stations and connecting subsurface tunnels to provide direct rail service to the South of Market and Chinatown neighborhoods. The Project has been planned and located in a manner that will be most compatible with the greatest public good and the least private injury.

Current Status of the Project:

Currently, one construction contract for relocating utilities for the Moscone Station and the portal areas is completed. Another construction contract to relocate utilities in the UMS Station location is substantially complete. The largest contract for the Project, the tunneling contract, has been awarded and its construction activities have commenced. The Chinatown Station and UMS Station contracts have been advertised. Bid openings for the Chinatown Station and UMS Station contracts are scheduled for June 5, 2012, and July 11, 2012, respectively. The MOS Station is scheduled to be advertised for bid beginning the last week in June and the Systems construction contract should be advertised by the end of July. The Project construction is expected to be completed in 2018.

Acquisition of the Temporary Construction Licenses:

Background

Certain properties along the Project's tunnel alignment and adjacent to the Chinatown Station, UMS Station and MOS Station may require settlement monitoring and compensation as a result of the Project's construction activities. The Temporary Construction Licenses would allow the installation of subsurface horizontal grout pipes at approximately 30 to 40 feet below the ground surface to provide additional support to properties during construction, and the installation of settlement monitoring equipment at these properties. The installation of the subsurface pipes will allow the contractors to pump grout in the soil beneath these properties to compensate for any potential settlement caused by construction activities. In most cases, the grout pipes will be installed from the public right-of-way. Installation and use of the grout pipes will not impact daily operations at the affected properties, due to the method and depth at which they will be installed. The grout pipes can be removed for any future excavation work at the properties.

Tunnel Temporary Construction Licenses

The SFMTA has obtained independent real property appraisals for all Temporary Construction Licenses for the tunnel construction. The SFMTA sent offer letters and license agreements to acquire these licenses to the Owners of the following properties:

Property Address	Offer Amount	Date Sent
1455 Stockton Street, Assessor's Block 130, Lot 001	\$29,042	April 6, 2012
1435 Stockton Street, Assessor's Block 130, Lot 002	\$2,640	January 17, 2012
801 Market Street, Assessor's Block 3705, Lot 048	\$3,500	March 21, 2012
2 Stockton/790 Market Street, Assessor's Block 328, Lot 002	\$11,238	March 21, 2012

These offers were conditioned on the negotiation of mutually acceptable license agreements. The offers also notified each Owner of its rights to obtain its own independent appraisal of the fair market value of the license. As required under state law, the SFMTA agreed to reimburse the Owner up to \$5,000 for such an independent appraisal if it met FTA appraisal requirements. At this time, no Owner has indicated that it will seek an independent appraisal, nor has any Owner requested specific FTA appraisal requirements from the SFMTA.

UMS Station Temporary Construction Licenses

The SFMTA prepared its estimation of fair market value for all UMS Station licenses based on a valuation formula developed by a licensed appraiser for similar licenses. Accordingly, the SFMTA sent offer letters and license agreements to acquire these licenses to the Owners of the following properties:

Property Address	Offer Amount	Date Sent
212 Stockton Street, Assessor's Block 309, Lot 011	\$3,067	May 24, 2012
216 Stockton Street, Assessor's Block 309, Lot 013	\$603	May 24, 2012
218 - 222 Stockton Street, Assessor's Block 309, Lot 014	\$1,517	May 24, 2012
234 - 240 Stockton Street, Assessor's Block 309, Lot 020	\$3,252	May 24, 2012
120 Stockton Street, Assessor's Block 313, Lot 017	\$8,328	May 24, 2012
150 Stockton Street, Assessor's Block 313, Lot 018	\$8,032	May 24, 2012
233 Geary Street, Assessor's Block 314, Lot 001	\$17,303	May 24, 2012
101 Stockton Street, Assessor's Block 314, Lot 002	\$13,306	May 24, 2012
55 Stockton Street, Assessor's Block 327, Lots 001-003, 020	\$5,132	May 24, 2012
39 Stockton Street, Assessor's Block 327, Lot 004	\$921	May 24, 2012
19 Stockton Street, Assessor's Block 327, Lot 005	\$1,958	May 24, 2012
1 Stockton Street, Assessor's Block 327, Lot 025	\$678	May 24, 2012
2 Stockton/790 Market Street, Assessor's Block 328, Lot 002	\$2,419	May 24, 2012
48 Stockton Street, Assessor's Block 328, Lots 003-004	\$4,573	May 24, 2012

These offers were conditioned on the negotiation of mutually acceptable license agreements.

Chinatown Station Temporary Construction Licenses

The SFMTA prepared its estimation of fair market value for all Chinatown Station licenses based on a valuation formula developed by a licensed appraiser for similar licenses. Accordingly, the SFMTA sent offer letters to acquire the Chinatown Station Temporary Construction Licenses to the Owners of the following properties:

Property Address	Offer Amount	Date Sent
1019-1027 Stockton Street, Assessor's Block 192, Lot 002	\$2,280	March 23, 2012
1013-1015 Stockton Street, Assessor's Block 192, Lot 003	\$588	March 23, 2012
1009-1011 Stockton Street, Assessor's Block 192, Lot 004	\$276	March 23, 2012
1000-1032 Stockton Street, Assessor's Block 193, 019	\$1,763	March 23, 2012
950 Stockton Street, Assessor's Block 210A, Lot 002-103	\$28,387	March 23, 2012
930 Stockton Street, Assessor's Block 210A, Lot 047	\$2,888	March 23, 2012
925 Stockton Street, Assessor's Block 211, Lot 002	\$527	March 23, 2012
913 - 917 Stockton Street, Assessor's Block 211, Lot 003	\$46	March 23, 2012
901 - 907 Stockton Street, Assessor's Block 211, Lot 004	\$78	March 23, 2012
910 - 914 Clay Street, Assessor's Block 211, Lot 005	\$57	March 23, 2012
916 - 920 Clay Street, Assessor's Block 211, Lot 006	\$66	March 23, 2012

These offers were conditioned on the negotiation of mutually acceptable license agreements.

MOS Station Temporary Construction Licenses

The SFMTA prepared its estimation of fair market value for all MOS Station licenses based on a valuation formula developed by a licensed appraiser for similar licenses. Accordingly, the SFMTA sent offer letters and license agreements to acquire the MOS Station Temporary Construction Licenses to the Owners of the following properties:

Property Address	Offer Amount	Date Sent
250 4th Street, Assessor's Block 3733, Lot 008	\$4,562	May 24, 2012
801 - 805 Howard Street, Assessor's Block 3733, Lot 108	\$2,534	May 24, 2012

These offers were conditioned on the negotiation of mutually acceptable license agreements.

Status

The SFMTA provided each Owner with plans for the installation of the subsurface grout pipes and settlement monitoring equipment, along with the offer letters. The SFMTA has also offered to meet with Owner representatives to discuss the Temporary Construction Licenses.

The SFMTA intends to continue good faith discussions with each Owner in hopes of reaching agreement for the acquisition of the Temporary Construction Licenses. However, the SFMTA must acquire the Temporary Construction Licenses within the next two months to avoid construction delays. If the SFMTA and the Owners do not agree to the acquisition of the Temporary Construction Licenses within that timeframe, it will affect the SFMTA's ability to construct the Project and cause substantial Project delays.

If the SFMTA and the Owners do not timely agree to the acquisition of the Temporary Construction Licenses, the SFMTA could request that the Board of Supervisors adopt Resolutions of Necessity and authorize commencement of eminent domain proceedings to acquire possession of the Temporary Construction Licenses. If the SFMTA and the Owners reach an agreement that allows the SFMTA to acquire the Temporary Construction Licenses, the SFMTA will suspend the request to the Board of Supervisors to consider an eminent domain action and acquire the Temporary Construction Licenses in lieu of such action.

ALTERNATIVES CONSIDERED

The alternative to purchasing the Temporary Construction Licenses is to proceed with eminent domain if the SFMTA and the Owners are unable to negotiate the acquisition of the Temporary Construction Licenses.

FUNDING IMPACT

The acquisition of the Temporary Construction Licenses will be funded by a combination of federal, state and local money. The Project Budget & Financial Plan is set forth in Enclosure 2.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The Board of Supervisors must approve Resolutions of Necessity to acquire the Temporary Construction Licenses by eminent domain. The City Attorney's Office has reviewed this calendar item.

RECOMMENDATION

It is recommended that the SFMTA Board of Directors approve a resolution authorizing the Director of Transportation to request that the Board of Supervisors hold a public hearing to consider Resolutions of Necessity to acquire the Temporary Construction Licenses by eminent domain for the Central Subway Project, while the SFMTA continues negotiations for the acquisition of the Temporary Construction Licenses; and if the Board of Supervisors adopts such Resolutions of Necessity, authorizes the Director of Transportation to take such actions that are consistent with the City's Charter and all applicable law to acquire the Temporary Construction Licenses.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) intends to construct the Central Subway Project (Project) to provide rail service to the South of Market and Chinatown neighborhoods; and,

WHEREAS, The Project is the second phase of the SFMTA's Third Street Light Rail Project and the Project will add 1.67 miles of light rail track north from the northern end of the new Third Street Light Rail at Fourth and King Streets to a terminal in Chinatown, serve regional destinations, including Chinatown (the most densely populated area of the country that is not currently served by modern rail transportation), Union Square, Moscone Convention Center, Yerba Buena, SoMa and AT&T Park, connect BART and Caltrain (the Bay Area's two largest regional commuter rail services), serve a low auto ownership population of transit customers, increase transit use and reduce travel time, reduce air and noise pollution, and provide congestion relief; and,

WHEREAS, The public interest and necessity require the construction and operation of the Project to achieve such benefits; and,

WHEREAS, The Project will include four subway stations and connecting subsurface tunnels to provide direct rail service to the South of Market and Chinatown neighborhoods, and the Project has been planned and located in a manner that will be most compatible with the greatest public good and the least private injury; and,

WHEREAS, The Final Supplemental Environmental Impact Statement / Supplemental Environmental Impact Report (SEIS/SEIR) for the Project was certified by the San Francisco Planning Commission on August 7, 2008 and a Record of Decision was issued by the Federal Transit Administration on November 26, 2008; and,

WHEREAS, There have been no substantial changes proposed for the Project which will require major revisions to the SEIS/SEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; no substantial changes have occurred with respect to the circumstances under which the Project is being undertaken which will require major revisions in the SEIS/SEIR; and no new information of substantial importance has become available which was not known and could not have been known at the time the SEIS/SEIR was certified as complete and that would result in either significant environmental effects not discussed in the SEIS/SEIR, a substantial increase in the severity of previously identified significant effects, or feasible mitigation measures or alternatives that would substantially reduce one of the significant effects but which have not been adopted; and,

WHEREAS, The Project will assist the SFMTA in meeting the objectives of Goal No. 1 of the Strategic Plan (to provide safe, accessible, clean, environmentally sustainable service and encourage the use of auto-alternative modes through the Transit First policy), of Goal No. 2 (to improve transit reliability), of Goal No. 3 (to improve economic vitality through improved regional transportation), and of Goal No. 4 (to ensure the efficient and effective use of resources); and,

WHEREAS, To construct the Project's tunnels, the SFMTA needs to acquire Tunnel Temporary Construction Licenses to install subsurface horizontal grout pipes at approximately 30 to 40 feet below the ground surface and the installation of settlement monitoring equipment at: 1455 Stockton Street, Assessor's Block 130, Lot 001; 1435 Stockton Street, Assessor's Block 130, Lot 002; 801 Market Street, Assessor's Block 3705, Lot 048; and 2 Stockton/790 Market Street, Assessor's Block 328, Lot 002; and,

WHEREAS, To construct the Project's Union Square/Market Street (UMS) Station, the SFMTA needs to acquire UMS Station Temporary Construction Licenses to install subsurface horizontal grout pipes at approximately 30 to 40 feet below the ground surface and the installation of settlement monitoring equipment at: 212 Stockton Street, Assessor's Block 309, Lot 011; 216 Stockton Street, Assessor's Block 309, Lot 013; 218 - 222 Stockton Street, Assessor's Block 309, Lot 014; 234 - 240 Stockton Street, Assessor's Block 309, Lot 020; 120 Stockton Street, Assessor's Block 313, Lot 017; 150 Stockton Street, Assessor's Block 313, Lot 018; 233 Geary Street, Assessor's Block 314, Lot 001; 101 Stockton Street, Assessor's Block 314, Lot 002; 55 Stockton Street, Assessor's Block 327, Lots 001-003, 020; 39 Stockton Street, Assessor's Block 327, Lot 004; 19 Stockton Street, Assessor's Block 327, Lot 005; 1 Stockton Street, Assessor's Block 327, Lot 025; 2 Stockton/790 Market Street, Assessor's Block 328, Lot 002; and 48 Stockton Street, Assessor's Block 328, Lots 003-004; and,

WHEREAS, To construct the Project's Chinatown Station, the SFMTA needs to acquire Chinatown Station Temporary Construction Licenses to install subsurface horizontal grout pipes at approximately 30 to 40 feet below the ground surface and the installation of settlement monitoring equipment at: 1019-1027 Stockton Street, Assessor's Block 192, Lot 002; 1013-1015 Stockton Street, Assessor's Block 192, Lot 003; 1009-1011 Stockton Street, Assessor's Block 192, Lot 004; 1000-1032 Stockton Street, Assessor's Block 193, 019; 950 Stockton Street, Assessor's Block 210A, Lot 002-103; 930 Stockton Street, Assessor's Block 210A, Lot 047; 925 Stockton Street, Assessor's Block 211, Lot 002; 913 - 917 Stockton Street, Assessor's Block 211, Lot 003; 901 - 907 Stockton Street, Assessor's Block 211, Lot 004; 910 - 914 Clay Street, Assessor's Block 211, Lot 005; 916 - 920 Clay Street, Assessor's Block 211, Lot 006; and,

WHEREAS, To construct the Project's Moscone (MOS) Station, the SFMTA needs to acquire MOS Station Temporary Construction Licenses to install subsurface horizontal grout pipes at approximately 30 to 40 feet below the ground surface and the installation of settlement monitoring equipment at: 250 4th Street, Assessor's Block 3733, Lot 008; and 801 - 805 Howard Street, Assessor's Block 3733; and,

WHEREAS, The Tunnel Temporary Construction Licenses, UMS Station Temporary Construction Licenses, Chinatown Station Temporary Construction Licenses, and MOS Station Temporary Construction Licenses are collectively referred to as the Temporary Construction Licenses; and

WHEREAS, The acquisition and use of these Temporary Construction Licenses are necessary to construct the Project's tunnel, Chinatown Station, UMS Station and MOS Station; and,

WHEREAS, The Project has been planned and located in a manner that will be most compatible with the surrounding area, the greatest public good and interest, and the least private injury; and,

WHEREAS, The SFMTA has limited any potential private injury by seeking to acquire the Temporary Construction Licenses; and,

WHEREAS, The SFMTA mailed a offers to the affected property owners (Owners), subject to the negotiation of a license agreement, and the SFMTA is in discussions with the Owners to negotiate the terms of the Temporary Construction Licenses; and,

WHEREAS, If the SFMTA and Owners do not agree to the acquisition of the Temporary Construction Licenses within the next two months, it would delay the construction of the Project and cause Project delays; and,

WHEREAS, Funding for the Temporary Construction Licenses, either by negotiation or by eminent domain, will be furnished from federal, state and local sources; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to request the Board of Supervisors to consider adoption of Resolutions of Necessity for the acquisition of the Temporary Construction Licenses required for the Central Subway Project along the tunnel alignment and adjacent to the Chinatown, Union Square/Market Street and Moscone stations for their fair market value; and if the Board of Supervisors adopts such Resolutions of Necessity, further authorizes the Director of Transportation to take such actions that are consistent with the City's Charter and all applicable law, to proceed to acquire the Temporary Construction Licenses.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 19, 2012.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

ENCLOSURE 2
 THIRD STREET LIGHT RAIL PROJECT
 CENTRAL SUBWAY

Project Budget & Financial Plan

Cost	(\$Million)
Conceptual and Preliminary Engineering	59.41
Program Management & Construction Management	132.78
Final Design	85.94
Construction Contracts (Tunnel, Stations and System is \$560 million)	986.68
Vehicles	26.39
Contingency	160.26
Right-of-Way	34.84
Other Professional Services	92.00
Total Central Subway Cost	\$1,578.30

Funding	(\$Millions)
Federal 5309 New Starts	942.20
State RTIP Grant	68.28
CMAQ	41.03
State TCRP Grant	14.00
Proposition 1B-2006 MTC Share	82.50
Proposition 1B-MTA Share	225.28
Proposition K Sales Tax Funds	123.98
High Speed Rail Funds	61.31
State Local Partnership Program	19.72
Total Central Subway Funding	\$1,578.30