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Agenda Item **No. 5(e)**
Meeting of April 15, 2025

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Authorizing a Reimbursement Agreement with the Transbay Joint Powers Authority (“TJPA”) in an annual amount not to exceed \$100,000 to reimburse the TJPA for its eligible costs related to the Under Ramp Park project; Transbay Redevelopment Project Area

EXECUTIVE SUMMARY

In 2005, the Board of Supervisors of the City and County of San Francisco (the “City”) adopted the Transbay Redevelopment Plan (“Redevelopment Plan”) to redevelop the Transbay Redevelopment Project Area (“Project Area”) and generate funding from the development of 10 acres of State-owned property for the construction of the new Transbay Transit Center, now known as the Salesforce Transit Center (“STC”). The Transbay Redevelopment Project Area Implementation Agreement (“Implementation Agreement”) is an enforceable obligation that requires the Office of Community Investment and Infrastructure (“OCII”), as the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“Former Agency”), to “execute all activities related to the implementation of the Transbay Redevelopment Plan, including but not limited to, activities related to major infrastructure improvements.”

The Redevelopment Plan and its related documents, including the 2006 Transbay Streetscape and Open Space Concept Plan (“Streetscape Plan”), identified the under ramp areas beneath the TJPA’s and California Department of Transportation’s (“Caltrans” or the “State”) off-ramps from the San Francisco-Oakland Bay Bridge within the Project Area as potential opportunities for public park use. The parcels, which total approximately 2.4 acres, are referred to as “Under Ramp Park” project or “URP” as a placeholder name. OCII’s obligation is to fund the design and construction of URP, San Francisco Public Works (“SFPW”) will oversee its construction, and the TJPA will retain ownership of the park’s improvements. TJPA intends to enter into an agreement with the East Cut Community Benefits District (“CBD”) to manage the operations of URP.

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In January 2022, the OCII Commission approved by Resolution No. 02-2022 the nonbinding URP Term Sheet for Operations Agreement between the TJPA, CBD, and OCII (“Term Sheet”). The Term Sheet established the roles and responsibilities of the parties and details the fundraising milestones the CBD must meet for OCII’s development of URP to continue. The purpose of the CBD’s fundraising effort is to cover the park’s projected operating losses until the CBD can seek renewal by the East Cut district’s property owners in 2030 for a new 15-year term. The CBD collects assessments from property owners to fund a variety of activities and operations within the district. As part of the URP predevelopment activities, OCII staff analyzed the park’s operating cost projections which indicated that current CBD assessments, along with any income received from park activities, may not be sufficient to fully cover URP’s operations and maintenance costs. Therefore, the TJPA requested a fundraising plan from the CBD to raise and dedicate at least \$3 million in private funds to ensure operating costs are covered until the CBD’s term is renewed.

OCII has advanced the URP project to the Construction Documents (“CD”) design and engineering phase and expects to begin the park’s permitting process this spring (2025). TJPA is a partner in the development of the park’s designs. TJPA’s continued technical and legal review work is needed by them to complete the park’s permitting, construction, and acceptance process. TJPA does not have a source of funds for the URP project therefore OCII will be reimbursing TJPA’s engineering staff and legal counsel’s time to negotiate predevelopment and construction agreements with OCII, as well as a TJPA-Caltrans lease needed for the TJPA to control a Caltrans parcel that is a key portion of the park site. The proposed URP Reimbursement Agreement (“Reimbursement Agreement”) is for an annual not-to-exceed amount of \$100,000 to cover the TJPA’s costs for its remaining work on URP.

Staff recommends approval of this Reimbursement Agreement with the TJPA.

BACKGROUND

In 2005, the Former Agency and the TJPA entered into the Transbay Redevelopment Project Implementation Agreement (“Transbay Implementation Agreement”) whereby the Former Agency agreed to, among other things, undertake “all activities” to implement “major infrastructure improvements, including new public parks” under the Transbay Redevelopment Plan. Transbay Implementation Agreement at page 5.

In 2006, the Former Agency and the San Francisco Planning Department (“Planning Department”), in collaboration with other City agencies and the TJPA, commissioned the production of the 2006 Transbay Streetscape and Open Space Streetscape Plan, which was required under the Redevelopment Plan. The Streetscape Plan includes design elements related to the ten major streets and six public alleyways within the Project Area, as well as neighborhood parks and areas below the new bus ramp serving the STC and the reconfigured Interstate Highway 80 Fremont Street off-ramp. The Streetscape Plan also includes recommended landscaping, sidewalk paving, tree types, street furniture, and lighting for each street. Lastly, it delineates the purpose of each public right-of-way and links the East Cut neighborhood to the adjacent Rincon Hill neighborhood.

In accordance with the Streetscape Plan, OCII is responsible for developing those State-owned parcels not slated for sale to residential, commercial, or mixed-use developers as public open space. The TJPA will maintain ownership of most of the URP parcels except for the land owned by Caltrans located beneath the Interstate Highway 80 Fremont Street off-ramp, which the State will lease to the TJPA. Consequently, the TJPA will own the park improvements once completed. The TJPA intends for the CBD to operate and maintain URP.

In July 2011, the Former Agency entered into a contract with CMG to complete design documents for select elements of the Streetscape Plan. In 2012, the State of California dissolved the Former Agency, but authorized successor agencies to complete enforceable obligations that the California Department of Finance ("DOF") determined to be consistent with the Redevelopment Dissolution Law. In 2013, DOF finally and conclusively determined that the Transbay Implementation Agreement was an enforceable obligation that survived dissolution. Between 2011 and 2013 CMG worked on a Concept Design for URP (the "Concept Design"), which the Former Agency Commission approved in June 2013. OCII worked for the next several years to resolve key issues with Caltrans and the TJPA, including park programming, maintenance, and access to Caltrans right-of-way areas. In 2017, OCII, TJPA, and Caltrans agreed to a path forward in which Caltrans agreed to lease its property under the Fremont Street off-ramp to the TJPA which will own or control all the parcels comprising URP and own the park's improvements.

In the spring of 2017, OCII staff directed CMG to update its original Concept Design. The revised program for URP envisions a 2.3-acre park situated predominantly under the Caltrans Interstate Highway 80 Fremont Street off-ramp and the TJPA bus ramp serving the new STC (the "Project"). Due to the high density of the East Cut and Rincon Hill neighborhoods, the adjacent STC, and OCII-sponsored development of the 12 blocks in Zone One of the Project Area that are adjacent to URP, the Project is expected to be heavily used by neighborhood residents, commuters, office workers, and visitors. As a result of various community meetings, East Cut residents requested that a dog park be constructed in the neighborhood.

In 2018, CMG prepared a draft Schematic Design which included a range of programming for URP including the requested dog park, areas for children's play, walking, biking, adult and youth sports, relaxation spaces, areas for events and community programs, and casual dining. With respect to casual dining in the park, a beer garden/concessions building, lounge space, and game area is planned adjacent to Clementina Street at the center of the park. A two-story pavilion building totaling approximately 4,500 square feet is planned at the Folsom entrance to URP. The upper story is currently designed to include up-to three food kiosks serving park patrons. Additionally, outdoor seating and tables will be provided outside of the food kiosks on a large plaza overlooking the park. The lower story of the pavilion building is located at the same level as the park, and will be used as office space and storage for the CBD. Adjacent to the CBD office is a flexible space/conference room that would be used by the CBD during the weekdays, and for parties and community meetings on weeknights and weekends. The OCII Commission conditionally approved, by Resolution No. 20-2023, the Under Ramp Park Schematic Design in June 2023.

DISCUSSION

TJPA Role relative to the Redevelopment Plan

The TJPA's Transbay Program stems from the Redevelopment Plan, but the TJPA's Transbay project scope and responsibilities are separate from OCII's obligations under the plan. The TJPA is charged with, "creating a world class transportation hub in the heart of a new neighborhood." More specifically, the TJPA is responsible for developing and operating the new Transit Center and its rooftop park, as well as constructing The Portal project which will extend Caltrain and bring rail service from the 4th St./King station to the STC in the East Cut neighborhood by installing a tunnel under 2nd St. that will connect the two locations.

OCII's goals under the Redevelopment Plan are different and include:

- eliminating blight by redeveloping underutilized and vacant land into housing and open space,
- assembling land into parcels that can be sold and developed to help fund the creation of the completed STC,
- developing new affordable housing,
- promoting office and hotel development in close proximity to the STC,
- improving the pedestrian environment,
- creating new open space and parks, and
- expanding community retail opportunities.

URP Reimbursable TJPA Activities

The Reimbursement Agreement refers to the TJPA's reimbursable expenses as "TJPA Eligible Costs", which may include, among other things:

- TJPA review of design and construction documents,
- negotiation of right of entry agreements, lease agreements, construction agreements, and related agreements with OCII and Caltrans,
- review of in-progress construction, and
- preparation for commissioning and acceptance.

The TJPA will cover the TJPA Eligible Costs as they are incurred and present a monthly invoice to OCII for reimbursement of those fees and costs.

Reimbursement Agreement Budget

OCII's annual Recognized Obligation Payment Schedule as approved by the DOF ("ROPS") and OCII's City-approved budget establish a yearly not-to-exceed limit of \$100,000 for OCII to reimburse the TJPA Eligible Costs related to the Project. The Reimbursement Agreement Budget covers the retroactive and future TJPA Eligible Reimbursement Costs for fiscal year 2024-2025. There are \$14,521 in TJPA retroactive costs for legal work, staff time negotiating agreements, and performing design and engineering reviews. The total planned future costs are estimated at just over \$50,000 and will cover TJPA Eligible Costs including review and negotiation of tri-party professional service and construction agreements between OCII, SFPW, and the TJPA, negotiating a lease with Caltrans for the use of its property within the park site, and negotiating the TJPA's terms of accepting the completed Project.

Reimbursement Agreement Term and Termination Provisions

The term of the Reimbursement Agreement ("Term") will commence upon the agreement's Effective Date and end at the TJPA's acceptance of the completed park. Either OCII or the TJPA may terminate the agreement by providing thirty (30) days prior written notice. OCII shall reimburse the TJPA for TJPA Eligible Costs incurred up to the date of termination.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

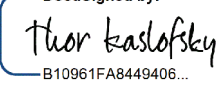
Authorization of the Reimbursement Agreement is an organizational activity of government that will not result in direct or indirect physical changes in the environment and is therefore not a "project" that requires environmental review under the California Environmental Quality Act Guidelines Section 15378(b)(5).

NEXT STEPS

The URP design team is nearing finalization of the 95% Construction Documents plan set, after which the Project plans will be submitted to the City Department of Building Inspection ("DBI") for permit review and approval. While the Project plans are under DBI review, OCII, the TJPA, and SFPW will negotiate the terms of a URP construction memorandum of understanding ("URP Construction MOU") for SFPW to manage construction of the park, and ready the completed improvements for acceptance by the TJPA. The URP Construction MOU will be brought before the Commission for consideration later this year before SFPW releases the construction bid package for the park. The balance of the Project schedule is detailed in the table below.

Phase	Milestone	Duration (Months)	Start Date	Completion Date
<i>Simultaneous Agency Review</i>	95% CD, Site and Building Permit Set	5	October 2024	March 2025
<i>Simultaneous Agency Review</i>	95% CD	2	April 2025	May 2025
DBI Permit Review (95% CD)		6	May 2025	October 2025
100% CD		6	May 2025	October 2025
Bid Package Preparation		1	October 2025	November 2025
Advertise/Bid/Award		6-7	December 2025	May/June 2026
<i>Construction Start/End*</i>		31	<i>July 2026</i>	<i>March 2029</i>
<i>*Construction duration is an estimate and start and final completion dates are subject to change</i>				

(Originated by Benjamin Brandin, Transbay Project Manager)

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 Thor Kaslofsky
 Executive Director

Attachment 1: Project Plan View and Contextual Illustration

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