State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

Tab 72

M e m o r a n d u m

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 19-20, 2016

Reference No.: 2.4c.(4)
Action Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Jennifer S. Lowden, Chief
Division of Right of Way
and Land Surveys

Subject: **AIRSPACE LEASE APPROVAL WITH THE TRANSBAY JOINT POWERS AUTHORITY AND GOLDEN GATE BRIDGE AND HIGHWAY TRANSPORTATION DISTRICT**

RECOMMENDATION

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve airspace lease agreements with the Transbay Joint Powers Authority (TJPA) and the Golden Gate Bridge and Highway Transportation District (GGBHTD) with the following:

(1) A 50 percent discount of the Fair Market Lease Rate (FMLR) as an exception to existing Commission Resolution G-03-03, which allows a 20 percent discount on the FMLR for a public mass transportation facility.

(2) A 50-year lease term with a yearly fixed escalation rate of 3 percent and no reevaluation over the lease term and the ability to sublease with revenue sharing.

BACKGROUND:

The Department's current Airspace lease policy for public entities is based on the California Streets and Highway (S&H) Code Section 104.12 (a) and (b), the Government Code Section 14013, and the Commission Resolution G-03-03. A Cooperative Agreement was executed on July 11, 2003, by the TJPA, the City of San Francisco (City), and the Department (Exhibit A) . It is described in the Cooperative Agreement in the Miscellaneous Provisions that the Department will lease airspace pursuant to the Streets and Highways Code Section 104.12 with "input from the California Transportation Commission."

S&H Code Section 104.12 (b) authorizes "…to accommodate…public mass transit facilities…the Department may make the land or airspace available, with or without charge, to a public entity for those purposes…" Commission Resolution G-03-03 sets forth a policy whereby if the Department leases airspace to a public entity to fulfill a public purpose, the Department will receive FMLR for the property. Commission Resolution G-03-03 further states if the lease is to a public mass transportation agency, the Department may discount the rate by 20 percent from the FMLR with Commission approval. In a letter sent to the Department Director, Malcolm Dougherty, dated March 11, 2016 (Exhibit B), and in presentations made to the Commission at the August 2016 meeting, TJPA and GGBHTD both maintained the 20 percent discount of FMLR is too expensive for their budget. Both transit organizations are seeking a greater discount than what

is reflected in the current Commission Resolution G-03-03. The Commission also received letters in support of approving low or no-cost leases (Exhibit C).

Governor's Executive Order S3-05 in 2005 requires the State reduce statewide greenhouse gas (GHG) emissions at 80 percent below 1990 levels by 2050. Assembly Bill 32, the California Global Warming Solutions Act of 2006, requires California to reduce its GHG emissions to 1990 levels by 2020. Governor's Excecutive Order B30-15 in 2015 requires the State to remain on a path to meet the 2050 target set forth in Governor's Executive Order S3-05 by reducing GHG emissions to 40 percent below 1990 levels by 2030. By eliminating the 20-mile round trips to the current East Bay bus storage yard, each bus saves 0.03 tons (60 pounds) of carbon dioxide (CO_2). When calculated on yearly basis, this equals over 1,500 tons of CO_2 for 140 buses. Without the State's property, AC Transit would be forced to continue operations at their East Bay storage and maintenance facility thus not maximizing the aggregrate capacity of this transit-based operation to contribute to the State's GHG reduction targets. Furthermore, transit operations will likely be less reliable due to traffic congestion delays. The proposed bus parking/storage structure, a component of the Transbay Transit Center, is a benefit to the Bay Area's transit oriented transportation modality. It is projected that transit ridership will increase while the need for personal vehicles will decrease within the community.

There are two parcels identified (Exhibits D and E). TJPA proposes to lease one (with a sublease to AC Transit) and GGBHTD currently leases the second and is requesting an amendment to the existing long term lease. The GGBHTD lease was executed November 2010 at the 20 percent discount with standard language including five-year lease reevaluation, consumer price index (CPI) increases and sublease terms. The Department did not bring the lease before the commission for approval as required by Comission Resolution G-03-03. The Department acknowledges the error and has taken action to ensure the approval process is followed in the future. A statewide transit lease review determined no other transit lease exists at less than FMLR. Additionally, a review of current Airspace policy and procedures for potential improvements or clarification is underway.

A recent FMLR survey found the TJPA parcel was found to be $1.35/square foot/month. The GGBHTD parcel is slightly lower at $1.14/square foot/month. These are very close to the winning bid at the 2013 public auction for the TJPA parcel.

GGBHTD seeks an amendment to increase the term of the lease to 50 years through 2066 with a 3 percent yearly escalation and no re-evaluation every five years. TJPA seeks the same terms as GGBHTD. The attached spreadsheet provides the comparison of the current lease rates, the undiscounted FMLR, the 20 percent discounted FMLR, and the 50 percent discounted FMLR (Exhibit F).

Lease rates in the City over the past 20 years have been volatile (Exhibit G). Prior to construction of the Bay Bridge west approach, there were 15,000 to 20,000 parking spaces. Currently, there are approximately 5,000 with no change in demand. The reduced availability of parking is due in large part to the current lease to GGBHTD and eight parcels transferred to TJPA for the new Transbay terminal.

S&H Code Section 104.12 (a) authorizes the department "…to lease to public agencies … for any term not to exceed 99 years…" A 50-year lease term was requested by TJPA and GGBHTD and will support the $20 million investment for improvements to be made for Transbay purposes. Once developed, these parcels will not be leased out again unless TJPA and GGBHTD abandon them. Due to changes in transportation, the airspace lease would contain restrictions specifying the use of the parcels and if such use changes, the terms of the lease would require renegotiation. The Department would conduct, at least annually, inspections confirming compliance with the terms of the lease.

The primary planned use for the TJPA and GGBHTD parcels is for bus storage. The proposed leases would include terms allowing for sublease of the space for "off-hours" parking and commercial uses. This secondary use would generate revenue from the parcels. It is proposed the gross revenues from the "off-hours" parking and commercial uses would be split by TJPA/GGBHTD and the Department at a ratio of 60:40 with the 60 percent allocated to TJPA/GGBHTD to defer the parking management costs incurred, if so they choose. Secondary parking use would potentially generate additional revenues for TJPA, GGBHTD and the Department should TJPA and/or GGBHTD choose to exercise the terms.

SUMMARY

Executing long term leases with TJPA and GGBHTD will enhance the City's downtown area by creating a more livable, transportation friendly neighborhood. Transportation is the State's largest aggregrate source of GHG emissions accounting for nearly 40 percent of all carbon based pollutants. Existing Governor's Executive Orders and State laws call for gradually reducing GHG over coming decades through a series of actions. While there are other possible tenants that may lease these parcels at FMLR, it is in the Department's best interest to authorize the execution of leases with TJPA and GGBHTD, as the State will have a secure, long-term tenant and benefit from an anticipated reduction in GHG emissions, moving the State closer to mandated GHG reductions. The Department, therefore, requests approval to authorize the exception to Commission Resolution G-03-03 and accept a 50 percent FMLR discount lease including a 50-year term, 3 percent annual escalation factor with no reevaluation over the lease term, and the ability to sublease with revenue sharing.

Attachments

Exhibit A: TJPA Cooperative Agreement - July 11, 2003
Exhibit B: Letters of support from Lt. Governor Gavin Newsom and California Legislature
Exhibit C: Transit Letter to Caltrans Director, Malcolm Doughterty - March 11, 2016
Exhibit D: TJPA Right of Way Lease Area Map
Exhibit E: GGBHTD Right of Way Lease Area Map
Exhibit F: FMLR Lease Comparison
Exhibit G: 20-Year Rent History

Exhibit A

4-SF-80-PM 5.1/5.4
Transbay Transit Terminal
4-400-0435V1
District Agreement No. 4-1981-C

015612

COOPERATIVE AGREEMENT

THIS COOPERATIVE AGREEMENT ("Agreement") is entered into effective July 11, 2003, by and between the State of California, acting by and through its Department of Transportation ("State"), the City and County of San Francisco, a body politic and a municipal corporation of the State of California ("City"), and the Transbay Joint Powers Authority, a joint powers agency created under California Government Code Sections 6500 *et seq.* ("Authority") in order to facilitate construction of the Transbay Terminal Project as set forth below.

RECITALS

WHEREAS, the State owns and operates the Transbay Transit Terminal ("Transbay Terminal") in the City as a regional transit hub utilized by several transit providers, including the San Francisco Municipal Railway, the Golden Gate Bridge, Highway and Transportation District ("GGBHTD"), the Alameda-Contra Costa Transit District ("AC Transit"), the San Mateo County Transit District, and Greyhound Lines; and

WHEREAS, in January 2001, the *Transbay Terminal Improvement Plan* report of the Transbay Panel of the Metropolitan Transportation Commission ("MTC Report") proposed the "Great Expectations" conceptual design plan for a new multimodal terminal because the existing Transbay Terminal does not meet projected transit operational needs and is in need of significant remodeling or replacement to improve transit services in the San Francisco Bay Area; and

WHEREAS, on October 4, 2002, a draft Environmental Impact Statement, Environmental Impact Report, and Section 4(f) Evaluation ("EIS/EIR") was issued by the City, the San Francisco Redevelopment Agency ("Agency"), the Peninsula Corridor Joint Powers Board, and the Federal Transit Administration for the *Transbay Terminal-Caltrain Downtown Extension-Redevelopment Project* which includes consideration of the Transbay Terminal Project within its alternatives; and

WHEREAS, the State also owns and operates a system of ramps ("Loop Ramps") that connect the Transbay Terminal with the San Francisco-Oakland Bay Bridge ("SFOBB"); and

WHEREAS, the Transbay Terminal and Loop Ramps were constructed as part of the SFOBB in the 1930s; and

WHEREAS, the State owns land adjacent to the Transbay Terminal and Loop Ramps which was formerly occupied by the Terminal Separator Structure ("TSS"); and

WHEREAS, damage from the Loma Prieta Earthquake of 1989 resulted in the demolition of the majority of the TSS, leaving the State with vacant parcels of land; and

WHEREAS, the Agency is a body politic, duly authorized and activated by the City on August 10, 1948, pursuant to the provisions of the California Community Redevelopment Law, California Health & Safety Code Sections 33000 *et seq.*; and

WHEREAS, the Agency and City have established a Transbay Redevelopment Survey Area ("Survey Area") to focus on blight and the feasibility of redevelopment in the area roughly bounded by Mission, Main, Folsom and Second Streets which includes the Transbay Terminal, Loop Ramps, and vacant parcels of State land; and

WHEREAS, the Agency has initiated preparation of a proposed Transbay Project Area Redevelopment Plan for the Survey Area ("Redevelopment Plan") that has identified the

potential for a new regional transit terminal and for transit-oriented development on the vacant land within the Survey Area; and

WHEREAS, on April 4, 2001, the City, AC Transit, and the Peninsula Corridor Joint Powers Board created the Authority pursuant to the provisions of California Government Code Sections 6500 *et seq.*; and

WHEREAS, the Authority is authorized to develop, design, and construct and operate a new Transbay Terminal and ramps on the site of the existing structure; and

WHEREAS, the Transbay Terminal Project has the potential to provide expanded bus and rail service and direct access to and from the SFOBB, all of which would be more efficient and convenient for buses, trains, and the passengers utilizing those transit systems; and

WHEREAS, the Transbay Terminal Project has significant potential to ease traffic congestion on City streets and improve traffic flow to, from and on the SFOBB and City streets in and around the Survey Area; and

WHEREAS, the Transbay Terminal Project construction costs will be partly financed by funds generated by the adoption of the proposed Redevelopment Plan; and

WHEREAS, the proposed Redevelopment Plan will be structured to dedicate net tax increment and gross proceeds from sales of the State's vacant TSS and Transbay Terminal parcels to a new Transbay Terminal after adoption of a final Redevelopment Plan; and

WHEREAS, a new multimodal transit terminal which replaces the existing Transbay Terminal could benefit the State and the San Francisco Bay region by providing an improved mass transit hub and potential accommodation of future high-speed rail connections; and

WHEREAS, the State is already in the final bidding process for the West Approach Seismic Safety Project ("WASSP") which will seismically retrofit the West Approach to the

SFOBB, including the Loop Ramps (for purposes of this Agreement, retrofit of the east loop ramp shall be deemed to be an element of the WASSP notwithstanding the fact that some work is being processed as a separate project); and

WHEREAS, the WASSP is one of several separate seismic safety projects being performed by the State on separate elements of the SFOBB, all of which are designed to provide a lifeline connection between the East and West Bay areas in the event of a major earthquake and is critical to public safety and welfare; and

WHEREAS, the State requires use of some of the vacant TSS parcels, Loop Ramp parcels, and space within the existing Transbay Terminal buildings for purposes of construction, construction staging, storage and Resident Engineer offices, Public Information offices, and present and future parking for State operations in San Francisco during and after WASSP construction; and

WHEREAS, a portion of the TSS ("Folsom Leg") will be replaced on a portion of one of the vacant TSS parcels in a manner generally consistent with the plans set forth in the Final Environmental Impact Report and Statement prepared in 1996 to address demolition and/or replacement of the TSS; and

WHEREAS, the construction of the Folsom Leg has been combined with construction of the WASSP for purposes of construction efficiency and associated cost savings; and

WHEREAS, after construction of the WASSP and the Folsom Leg the State will no longer have a transportation need for any remaining vacant TSS parcels in the Survey Area and such parcels will no longer be a necessary part of the operating state highway system; and

WHEREAS, the State has determined that ownership and operation of a regional transit terminal is most appropriately a local or regional function; and

WHEREAS, sale or development of vacant and/or underutilized parcels represents a significant source of potential funding for a new Transbay Terminal; and

WHEREAS, the State is authorized by California Streets and Highways Code Section 30410 to dispose of property, originally acquired for construction of the SFOBB that is no longer needed for State transportation purposes on any terms and conditions deemed appropriate by the Director of the State Department of Transportation, subject to approval by the California Transportation Commission ("CTC"), provided such terms and conditions are in the public interest; and

WHEREAS, the State is authorized by California Streets and Highways Code Section 73 to relinquish to any county or city any portion of any state highway which has been deleted from the state highway system, subject to approval by the CTC; and

WHEREAS, the use of revenues derived from the sale and development of property purchased by the State with gas tax revenues for the Transbay Terminal Project is consistent with Article XIX of the California Constitution; and

WHEREAS, California Streets and Highways Code Section 104.12 authorizes the State to lease its airspace within the right of way of the state highway system; and

WHEREAS, the State wishes to assist local and regional authorities in planning for an improved regional transit hub in downtown San Francisco; and

WHEREAS, the State can assist the City and the Authority in developing financial plans and in implementing planning measures by transferring specified parcels of State-owned property to the City and the Authority for the Transbay Terminal Project, provided that the WASSP costs and construction schedules are protected and that appropriate terms and conditions are applied to any transfers; and

WHEREAS, the parties recognize that if the City, the Authority, or the Agency do not utilize transferred parcels or gross proceeds from their sale solely to fund Capital Costs of a new Transbay Terminal within a reasonable timeframe as set forth in this Agreement, all unsold transferred real property and/or the remaining unexpended gross sale proceeds from all sold transferred real property plus interest on such proceeds at the maximum return available consistent with prudent fiscal management of municipal investments will be returned to the State; and

WHEREAS, the parties wish to set forth their respective obligations with respect to the transfer of property and the development, construction, and maintenance of a new Transbay Terminal and the WASSP; and

WHEREAS, the parcels shown on Exhibit A for transfer to the City are proposed for purposes of development to raise funds for the Transbay Terminal Project, and the parcels shown on Exhibit A for transfer to the Authority are proposed for replacement of the existing terminal facility and replacement or redesign of ramps; and

WHEREAS, the City and Authority would not enter this Agreement unless, within the purview of each party, they retained absolute discretion to: (1) determine the nature, size and scope of any proposed development consistent with the Transbay Terminal Project; (2) determine the nature and configuration of any new Transbay Terminal; (3) exercise the authority to carry out any required environmental review pursuant to state and federal law; and (4) abandon all study and planning efforts and to forego any development effort whatsoever connected with the Transbay Terminal Project; and

WHEREAS, the City, Authority and State understand and agree that gross revenues from existing parking lot leases to be assigned to the City and the Authority under this Agreement are

used by the State to fund the Public Transportation Account ("PTA"), a fund in the State Highway Account that is utilized to provide operating revenue to public transit providers; and

WHEREAS, the parties recognize that existing uses on transferred parcels must be maintained in order to protect revenues to the PTA pending imminent site development; and

WHEREAS, the State would not enter into this Agreement without assurance that: (1) construction and completion of the WASSP will be protected and prioritized above the Transbay Terminal Project; (2) a new Transbay Terminal consistent with the Transbay Terminal Project is likely to be constructed for the benefit of the region; (3) all State contributions to the Transbay Terminal Project will be adequately protected; and (4) the City and Authority will continue to fund the PTA by causing the deposit of gross lease revenues into the PTA as set forth herein.

IT IS NOW MUTUALLY AGREED AS FOLLOWS:

I. DEFINITIONS

A. "Transbay Terminal Project" or "New Transbay Terminal" means demolition of the existing Transbay Terminal and construction of a new multimodal transit terminal on the same site as set forth in the MTC Report and as augmented by the Caltrain Extension proposal adopted by the voters of the City as Proposition H in November, 1999, and as supported by the San Francisco Board of Supervisors in Resolution No. 104-01 in February, 2001, by the Alameda-Contra Costa Transit District in Resolution No. 984D in February, 2001, and by the Peninsula Corridor Joint Powers Board in Resolution No. 2001-70 in March, 2001; and

B. "Capital Costs" means expenditures for labor and materials used in the construction of the Transbay Terminal Project, as opposed to items other than labor and materials, such as fixtures, furniture and equipment; administrative costs; professional fees; relocation costs; financing costs and interest paid on permanent and construction loans; taxes and insurance during construction; and marketing, sales, or leaseup costs incurred to achieve occupancy or sale.

C. "Construction Contract Acceptance" or "CCA" means fulfillment of all construction contract obligations (completion of construction) for the WASSP by State's contractor, followed by acceptance of the work by the State, consistent with the terms of the contract.

D. "Operating Right of Way" means real property rights originally acquired for state highway purposes and continuing to be needed for such purposes lying within and directly beneath the drip-line boundary of a state highway or appurtenant ramp facility, and, for purposes of this Agreement, shall exclude property to be occupied by the Transbay Terminal or its ramps except in areas where those structures overlap with the operational boundaries of a state highway or appurtenant ramp facilities. For purposes of any transfer under this Agreement, the term "Operating Right of Way" shall also include, at the State's reasonable discretion, a border extending up to fifteen (15) feet from the drip-line boundary of any highway or ramp facility.

E. "Relocation Easement" means those easements which are of limited duration and are subject to potential relocation as set forth in Section III., Subsections E. and F. of this Agreement.

F. "Project Commencement Date" means the date on which the State has relinquished each and every temporary construction easement and Relocation Easement retained under Section III., Subsections C., E. and F. of this Agreement by (1) filing a Notice of Termination of Temporary Construction Easement with the City's Office of the Recorder, with a copy of the recorded Notice to the City, and by (2) delivering to City or Authority executed, and recorded quitclaim deeds extinguishing all such easement rights.

G. "Project Completion Date" means that date which is eight (8) years from the Project Commencement Date, taking into account any Permitted Delays as defined in Section III., Subsection H. below.

H. "State-owned Parcels" means certain State-owned property identified on Exhibit A, attached hereto and made a part hereof, together with all improvements and fixtures located on that real property, and any and all rights, privileges, and easements incidental or appurtenant thereto, including, without limitation, any and all development rights, air rights, subsurface mineral rights, easements, rights of way, or other appurtenances used in connection with the beneficial use and enjoyment of the real property, and further including any and all right, title, and interest in and to all roads and alleys adjoining or servicing the real property.

I. "Gross Sales Proceeds" means proceeds from the conveyance of State-owned Parcels from City, Authority or Agency to a third party, which proceeds are the result of City, Authority or Agency's good faith effort to obtain the fair market value from such third party for such State-owned Parcels, in light of applicable laws.

II. TRANSFER OF STATE-OWNED PARCELS

A. Transfer to City. Promptly and in no event later than one hundred twenty (120) days after City's written notice to State that the Federal Transit Administration has issued a Record of Decision on the EIS/EIR for the *Transbay Terminal - Caltrain Downtown Extension - Redevelopment Project*, together with a copy of said Record of Decision, State shall transfer to City all of State's right, title and interest in and to the State-owned Parcels designated as parcels A",B,C",I",M,N',O',O",P,P',Q,R, and S, as more particularly described in Exhibit A attached hereto and made a part hereof, together with any and all rights, privileges, and easements incidental or appurtenant thereto, excepting all reservations of easements for the benefit of the State as set forth in this Agreement. Transfers shall occur through execution and recordation of a Director's Quitclaim Deed by the Director of Transportation of the State of California or his designee in a form substantially similar to the document attached as Exhibit B. City agrees to accept all transferred parcels "as-is," subject to the terms and conditions of all existing written leases and written related agreements, whether recorded or unrecorded, copies of which shall be provided by State to City no later than the date of transfer of parcels, and the State shall in no event be responsible for any protected cultural items, human remains, or hazardous materials (the "Hazardous Materials" as defined in federal, state and local laws, ordinances, rules and regulations in any way regulating issues focused on human health or safety and industrial hygiene and pertaining to the protection of the environment or the pollution or contamination of the air, soil, surface water or groundwater) discovered on said State-owned Parcels except to the extent caused or contributed to by State, its agents, representatives, contractors, lessees, permitees, licensees or others acting under State authority after the effective date of this

Agreement. City's title shall be subject to the State's Power of Termination as set forth in Exhibit B.

B. Transfer to Authority. Promptly and not to exceed one hundred twenty (120) days following Authority's written notice to State that it is ready to accept conveyance of the State-owned Parcels, and provided that the City has given the written notice of issuance of a Record of Decision under Section II., Subsection A., State shall transfer to the Authority, all of State's right, title and interest in and to the State-owned Parcels designated as parcels A',C,D,E,F,G,H',I,N,O,P", and T as more particularly described in Exhibit A attached hereto and made a part hereof, together with any and all rights, privileges, and easements incidental or appurtenant thereto, excepting all reservations of easements for the benefit of the State as set forth in this Agreement. Authority may issue multiple notices, each one for conveyances of fewer than the total number of State-owned Parcels. Transfers shall occur through execution and recordation of a Director's Quitclaim Deed by the Director of Transportation of the State of California or his designee in a form substantially similar to the document attached as Exhibit B. Authority agrees to accept all transferred parcels "as-is," subject to the terms and conditions of all existing written leases and written related agreements, whether recorded or unrecorded, copies of which shall be provided by State to Authority no later than the date of transfer of parcels, and the State shall in no event be responsible for any protected cultural items, human remains, or hazardous materials (the "Hazardous Materials" as defined in federal, state and local laws, ordinances, rules and regulations in any way regulating issues focused on human health or safety and industrial hygiene and pertaining to the protection of the environment or the pollution or contamination of the air, soil, surface water or groundwater) discovered on said State-owned Parcels except to the extent caused or contributed to by State, its agents, representatives,

contractors, lessees, permitees, licensees or others acting under State authority after the effective date of this Agreement. Authority's title shall be subject to the State's Power of Termination as set forth in Exhibit B.

C. Assignment of Leases. On the date of recordation of each Quitclaim Deed under Section II., Subsections A. and B., the State shall transfer all right, title and interest in and to existing leases on State-owned Parcels to the City or the Authority as applicable, except on those portions of the State-owned Parcels where the State will retain fee ownership as set forth in Section III., Subsection A. of this Agreement. The State will assign said leases by executing an "Assignment of Lease" in the form attached hereto as Exhibit C, which is made a part hereof, at the time of each transfer. With respect to all leases so assigned, the City and Authority agree to the following:

1. All gross lease revenues received by City and Authority shall be remitted to the State for deposit in the PTA for the terms of the leases;

2. City and Authority shall provide updated copies of all lease agreements to the State as part of the semi-annual audit set forth in Section IV., Subsection A.

3. City and Authority shall only terminate or fail to renew the subject leases (a) for cause or, (b) for imminent (construction within 90 days) construction and development of the property for purposes of the Transbay Terminal Project, or, (c) for imminent (sale within 90 days) development to create funding for the New Transbay Terminal. In the event the lease is not renewed or is terminated for cause, or the premises subject to the lease otherwise becomes unoccupied, City and Authority shall use good faith, diligent efforts to enter into a new lease

with another party for substantially the same leasehold area on substantially the same terms and conditions, subject to termination under clauses (b) and (c) of the preceding sentence, and the City or Authority shall remit all gross lease revenues received under such new lease to the State in the same manner as the original lease.

4. Upon lease termination as permitted under clauses (b) and (c) of Section II., Subsection C.3. above, the State shall have no further right to any revenue from the formerly leased property.

5. City or Authority shall use their good faith, diligent efforts to reinstate any leasehold uses which are temporarily suspended by the State pursuant to its temporary construction easements as set forth herein, upon termination of such easements, until such time as the lease may be terminated as provided in Section II., Subsection C.3. above. Leasing and reinstatement efforts shall be in accordance with procedures set forth in Chapter 11 of the Caltrans Right of Way Manual, except that City or Authority shall offer displaced tenants first right to reoccupy only if the new use is the same as the previous use. All gross lease revenues collected by City or Authority from such reinstated leases on the transferred parcels shall be remitted to the State for deposit in the PTA.

6. If City transfers any ownership interest in any State-owned Parcels to Agency or Authority, or if Authority transfers any such interest to the City or Agency, the transfer must bind City, Agency or Authority to accept all parcels as-is (as set forth in Section II., Subsections A. and B. above), to accept assignment of leases (as set forth in Section II., Subsection C. above), to accept all relocation obligations set forth in Section III., Subsections E. and F. below, to accept the prohibition of Transfer of Development Rights set forth in Section III., Subsection

J. below, and must contain a Power of Termination as set forth in Section II., Subsections A. and B. above and Section III., Subsection G. below, all for the benefit of the State.

D. State Limitation on Leases. From and after execution of this Agreement until the date of transfer of title provided herein, State agrees that it shall not enter any new leases, extend any existing leases, or otherwise encumber any State-owned Parcels for a term of more than one year unless the State has a legally binding obligation, existing as of the date of execution of this Agreement to enter into such leases or lease extensions, and the State has disclosed such obligation(s) to City and Authority in writing on or before the date of execution of this Agreement. Such new leases and lease extensions shall be subject to Section II., Subsection C. above. All new leases(s) or lease extension(s) shall utilize State's standard form of lease agreement and include legally enforceable tenant waivers of relocation assistance in a form substantially similar to Exhibit E, attached hereto and made a part hereof.

III. LIMITATIONS ON TRANSFER. All transfers to City and Authority shall be subject to the following limitations:

A. State Fee Retained. State shall retain fee ownership for all portions of the State-owned Parcels which will remain part of the Operating Right of Way for Interstate Route 80, including all appurtenant ramps, after completion of CCA of the WASSP, as shown on Exhibit A.

B. Ramp Easements. With respect to State owned operating right of way adjacent to parcels A' and I, the State will convey any necessary easements to the City or Authority for purposes of construction, maintenance and operation of any ramps associated with the New

Transbay Terminal. Said conveyance will occur within 180 days from the date of submission of a request by the City or Authority to the State for the issuance of such an easement, and said easement will be issued subject to all reasonable terms and conditions deemed necessary by the State and the California Transportation Commission for the protection, operation and maintenance of adjacent State highways or ramps. Any request for such an easement must be accompanied by all necessary design information, as determined by the State.

C. Temporary Construction Easements. State shall retain temporary construction easements over parcels A',A",C,C",D,H',I,I",N,N',O,O",P',P",Q, and S, shown on Exhibit A, together with all necessary rights of access, for the purpose of constructing the WASSP and for operation of the Loop Ramps prior to retrofit or demolition. Said temporary construction easements shall terminate immediately upon CCA of the WASSP. The State shall record a Notice of Termination of Temporary Construction Easement in the office of the County Recorder within sixty (60) days of Construction Contract Acceptance and provide City with a conformed copy of the recorded Notice. City or Authority may request early termination of easements on parcels D,N,N',O,O",P', and P" related to retrofit of the east loop ramp provided that the request will not unduly delay completion of the WASSP. Early termination will be at the discretion of the State. All temporary construction easements, with the exception of any temporary construction easement on Parcel D, shall require the State to remove all construction equipment, materials and debris and return the site to a smoothly paved surface prior to recording any Notice of Termination.

D. Legal Office Parking Easement. State shall retain an easement over a portion of Parcel E shown on Exhibit A for twenty-eight (28) reserved, covered parking spaces in the New

Transbay Terminal garage for use at no cost by the State Department of Transportation Legal Office for so long as the Department's Legal Office remains in San Francisco. In the event said easement is temporarily unusable due to activity associated with the Transbay Terminal Project, comparable temporary alternate parking within one-half mile of the easement area will be provided by the City and/or Authority at no cost to the State.

E. Terminal Offices Relocation Easements – (Public Information and Resident Engineers). The State is currently using 1,400 square feet on a portion of Parcel T, shown on Exhibit A, for office space, and 12,000 square feet of Parcel D, shown on Exhibit A, for office space, including eighty (80) parking spaces. Transfer of these parcels will be subject to these existing uses until thirty (30) days after CCA of the WASSP for Parcel T, and 180 days after CCA of the WASSP for Parcel D and the State will reserve a Relocation Easement for such uses upon transfer. If City or Authority wish to relocate the State from Parcel T or Parcel D prior to 30 days and/or 180 days after CCA of the WASSP, respectively, then City or Authority shall provide State, at City's or Authority's sole expense, replacement office and contiguous parking facilities within one-half mile of existing facilities meeting State's reasonable approval as being functionally equivalent, with all tenant improvements, utilities, furniture, machinery and equipment in place, fully operational and ready for State's immediate occupancy and uninterrupted use until thirty (30) days after CCA of the WASSP for Parcel T and 180 days after CCA of the WASSP for Parcel D. Upon the sooner of relocation in accordance with this provision, or the above-referenced number of days after CCA of the WASSP, State shall execute, acknowledge and deliver to City or Authority quitclaim deeds extinguishing all easement rights to Parcel T and Parcel D.

F. Trailer Offices – Relocation Easement (Resident Engineers). The State is currently using 12,036 square feet of office space in temporary trailers and eighty (80) parking spaces for WASSP Resident Engineers on a portion of Parcel P shown on Exhibit A. The State will reserve a Relocation Easement for these uses which will expire 180 days after CCA of the WASSP. If City or Authority wish to relocate the State from Parcel P prior to 180 days after CCA of the WASSP, then City or Authority shall provide State, at City's or Authority's sole expense, replacement office and contiguous parking facilities within one-half mile of existing facilities meeting State's reasonable approval as being functionally equivalent, with all tenant improvements, utilities, furniture, machinery and equipment in place, fully operational and ready for State's immediate occupancy and uninterrupted use until 180 days after CCA of the WASSP. Upon the sooner of relocation in accordance with this provision, or 180 days after CCA of the WASSP, State shall execute, acknowledge, record and deliver to City or Authority a quitclaim deed extinguishing all easement rights to Parcel P.

G. State Power of Termination. The State shall retain a Power of Termination, in substantially the form set forth in Exhibit B, attached hereto, over every transferred parcel to assure that the City and Authority develop and operate the New Transbay Terminal by the Project Completion Date defined herein. The Power of Termination shall survive the Agency's exercise of any option to take a parcel from the City or the Authority. When the City, Authority or Agency subsequently sells any parcel for development, the Power of Termination on a particular parcel shall expire upon deposit of all Gross Sales Proceeds defined herein associated with the sale of a particular parcel into a trust account ("Trust Account") accessible only by the Authority for purposes of paying Capital Costs associated with the development of the New Transbay Terminal and access ramps. Concurrently with its deposit of a quitclaim deed to a

State-owned Parcel into escrow, the State shall execute, acknowledge and deposit into escrow a Relinquishment of the Power of Termination in substantially the form of Exhibit D hereto. The Trust Account shall be administered by a commercial or professional escrow agent and shall be interest bearing. Trustee shall be instructed to obtain the maximum return available consistent with prudent fiscal management of municipal investments. In the event the New Transbay Terminal facility is not constructed or operational, as set forth below, by the Project Completion Date for any reason other than a Permitted Delay, as defined in Section III., Subsection H. below, the State may exercise any unexpired Power of Termination and may take all monies in the Trust Account. The Power of Termination for every parcel transferred from State to City or Authority shall expire and the escrow agent shall be instructed to record the Relinquishment of Power of Termination as follows:

1. With respect to each State-owned Parcel or portion thereof transferred from City, Agency or Authority to a third-party, thirty (30) days from the date that the City, Agency or Authority provides written notice to the State of (i) the terms of the transfer and (ii) that the required deposit into the Trust Account (as set forth in this section) has occurred, provided that the State has not filed an objection within the thirty-day period. In any case where the State has filed an objection to recordation, the escrow agent may record appropriate documents upon receipt of notice that objections have been removed.

2. With respect to all other State-owned Parcels transferred from State to City or Authority, upon the sooner of (i) thirty (30) days from the date the Authority provides written notice to the State of the passing of the Project Completion Date unless the State has filed a written notice objecting to recordation with the agent, City, Agency and Authority, or (ii) thirty

(30) days from the date that the City or Authority provides written notice to the State that actual passenger bus service has commenced at the New Transbay Terminal constructed on the site of the existing terminal, provided that the State has not filed an objection within the thirty-day period set forth in 2(i) above and this paragraph. In any case where the State has filed an objection to recordation, the escrow agent may record appropriate documents upon receipt of notice that objections have been removed.

H. Permitted Delays. Except for acts or conditions caused by City or Authority, the Completion Date shall be extended:

1. For the length of the applicable construction contract extension, upon State's receipt of written notice prior to the Completion Date and within sixty (60) days of the date that an extension is granted to the contractor, that City or Authority have determined that a construction contractor on the Transbay Terminal Project or its access ramps is legally entitled to a delay of work for force majeure under the terms of the construction contract; or

2. For the length of time that State, in its sole discretion, determines should be granted to City or Authority to complete the Transbay Terminal Project for any other reason.

I. Tax Increment. The City covenants that all Net Tax Increment (defined below) generated from the development of State-owned Parcels, shall be provided to the Authority to use for any costs associated with the construction and design of the New Transbay Terminal and access ramps. As used in this Agreement, the term "Net Tax Increment" means all property tax increment revenues attributable to the State-owned Parcels allocated to and received by Agency, but specifically excluding therefrom the following: (i) charges for County administrative

charges, fees, or costs; (ii) the portion of the tax increment revenues that Agency is required by law to set-aside in Agency's Affordable Housing Fund, pursuant to the Community Redevelopment Law; (iii) a portion of the tax increment revenues equal to the percentage of such revenue that Agency is required to pay to all governmental entities as required by the Community Redevelopment Law; and (iv) the portion of the tax increment revenues equal to the percentage of such revenues that the State may mandate Agency to pay from time to time in the future, including, for example, any payments which Agency may be required to pay to the Education Revenue Augmentation Fund pursuant to Section 33681 *et seq.* of the Community Redevelopment Law.

J. Transfer of Development Rights. Prior to relinquishment of the State's Power of Termination on a particular State-owned Parcel, City, Agency and/or Authority shall not transfer development rights separately from title to any State-owned Parcel, and all such development rights shall run with the land.

IV. MISCELLANEOUS PROVISIONS

A. Audit Provision. City and Authority shall provide the Department with semi-annual audit level reports prepared by a reputable independent accounting firm in accordance with Generally Accepted Accounting Principles (GAAP) covering all business transactions related to the Trust Account and all lease revenue associated with Section II., Subsection C. State reserves the right to inspect, upon reasonable notice, all records of City and Authority relating to the Transbay Terminal Project.

B. California Environmental Quality Act/California Register. City and Authority will not make any substantial physical modifications to any State-owned Parcels or transfer any ownership interests in any State-owned Parcels, prior to appropriate environmental review and approval pursuant to the provisions of the California Environmental Quality Act and the California Register.

C. Airspace Leases to GGBHTD and Authority. The State shall lease State-owned Parcels J and K shown on Exhibit A to the GGBHTD and the Authority respectively, for purposes of bus staging and parking, for a period not to exceed 99 years, at a rate to be determined by the State pursuant to Streets and Highways Code Section 104.12 with input from the Airspace Advisory Committee of the California Transportation Commission, subject to all terms and conditions deemed reasonably necessary by the State for the protection, operation, maintenance and potential reconstruction of all State Highway facilities located within the leasehold area. Said leases shall be executed in time to commence upon the Project Completion Date or, if sooner, by the date passenger bus service commences at the New Transbay Terminal.

D. Indemnity (City). City and Authority will indemnify, defend and hold State harmless from any and all claims, losses, damages, suits, penalties, costs, expenses or liabilities (hereafter "Loss" or "Losses"), including, but not limited to, reasonable investigation costs, remediation costs, witness fees, and attorney's fees, excluding consequential damages, which arise out of or are connected with the actions of City, or Authority or their agents during any entry to or possession of the State-owned Parcels, including those State-owned Parcels for which State retains its temporary construction easements and leasehold rights, pursuant to the terms of this Agreement, or which Losses arise from City's or Authority's possession of the transferred

State-owned Parcels, except to the extent such Losses are caused or contributed to by the State, its agents, representatives, contractors, lessees, licensees, permitees or others acting under State authority.

E. Indemnity (State). Except to the extent Losses are attributable to City's or Authority's actions or ownership, State will indemnify and hold City and Authority harmless from any and all Losses, including claims or injury or death or damage to property, but excluding consequential damages, which are claimed or filed against City or Authority by virtue of State's ownership of the State-owned Parcels and which result from any event (excluding Hazardous Materials spilled, generated or discharged except to the extent caused or contributed to by State, its agents, representatives, contractors, lessees, licensees, permitees or others acting under State authority after transfer of the State-owned Parcels to City or Authority) occurring before recordation of the Deed relating to the State-owned Parcel on which the Loss occurred, and any and all Losses arising out of or connected with any actions of the State its agents, representatives, contractors, lessees, licensees, permitees or others acting under State authority during the State's use or possession of any State-owned Parcel pursuant to any easement or leasehold, regardless of whether the State has recorded any quitclaim deed or notice of termination of easement.

F. Amendments. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

G. Maintenance of the Property. Between the date of execution of this Agreement and the date a deed for a particular State-owned Parcel is recorded, the State shall maintain that property in good order, condition and repair, reasonable wear and tear excepted and, except as

otherwise provided herein, shall perform all work reasonably required to be done by the landlord under the terms of any lease and shall make all repairs, maintenance and replacements and otherwise operate the property in the same manner as if State were retaining said property for operating purposes.

H. Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, against receipt, (ii) one day after being deposited with a reliable overnight courier service, or (iii) five (5) days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

For State –

State of California
Department of Transportation
P. O. Box 23440
Oakland, CA 94623-0440
Attention: Deputy District Director
Right of Way

State of California
Department of Transportation
Legal Division
P.O. Box 7444
San Francisco, CA 94120
Attention: Deputy Chief Counsel

For City –

Director of Economic Development
City and County of San Francisco
Room 448, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

015612

For Authority –

Secretary
Transbay Joint Powers Authority
Room 448, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

I. Approval by City. Notwithstanding anything to the contrary contained in this Agreement, this Agreement and any obligation or liability of City hereunder is contingent upon approval of this Agreement and the transactions contemplated hereby by City's Board of Supervisors and Mayor, which they may give or withhold in their sole discretion.

J. Approval by Authority. Notwithstanding anything to the contrary contained in this Agreement, this Agreement and any obligation or liability of Authority hereunder is contingent upon approval of this Agreement and the transactions contemplated hereby by the Authority Board of Directors, which they may give or withhold in their sole discretion.

K. Approval by State. All of the State's obligations hereunder are contingent upon the approval of the California Transportation Commission, consultation with the State's Historic Preservation Officer, and all of State's obligations other than the obligation to transfer the State-owned Parcels to the City and Authority are also subject to the passage of annual State Budget Acts funding this process and budget capacity to expend funds allocated to State.

L. Severability. If any provision of this Agreement is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of the Agreement, and the remaining portions of this Agreement shall continue in full force and effect.

M. Interpretation. In the event of any ambiguity in this Agreement concerning transfer of any State-owned Parcel, or the relinquishment, termination or expiration of any easement or Power of Termination, this Agreement shall be interpreted in the manner most protective of the construction and completion of the WASSP.

N. Merger of Prior Agreements. This Agreement, including the attached exhibits, constitutes the complete and exclusive statement of the subject matter of this Agreement, and supersedes all negotiations or previous agreements between or among the parties with respect to all or any part of the terms and conditions contained herein. No extrinsic evidence of any kind (including, without limitation, prior drafts or changes therefrom) may be introduced in any judicial or administrative proceeding to contradict or vary the terms of this Agreement.

District Agreement No. 4-1981-C

015612

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

JEFF MORALES
Director of Transportation

By: _____
BIJAN SARTIPI
District Director

Approved as to form and procedure:

_____
Attorney
Department of Transportation

Certified as to budgeting of funds:

_____
District Budget Manager

Certified as to financial terms
and conditions:

_____
Accounting Administrator

CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN
Mayor

_____

Recommended:

By: _____
Director of Property

Approved:

_____
Clerk of the Board of Supervisors

Approved as to form:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

TRANSBAY JOINT POWERS AUTHORITY

By: _____
MARIA AYERDI
Executive Director

Exhibit A

March 11, 2016

Malcolm Dougherty, Director
California Department of Transportation
1120 N Street
P. O. Box 942873
Sacramento, CA 94273-0001

Re: Lease Area No. 04-SF-BT-04 (AC Transit) and
Lease Area No. 04-SF-BT-05 (Golden Gate Transit)

Dear Mr. Dougherty:

We write seeking your assistance with a matter of great financial importance to our agencies, and one with major implications for the prime economic driver of the Bay Area economy - San Francisco. Our buses remove thousands of cars from Bay Area freeways every day playing a pivotal role in reducing both congestion and green house gas emissions. The economics and environmental benefits of this bus service are enhanced with affordable mid-day bus storage in downtown San Francisco. We ask that the rental rate for parking these buses on Caltrans' property under the elevated freeway be set at a rate that covers Caltrans' administrative cost of managing the parcels.

Fifteen years ago, then Governor Davis instructed Caltrans staff regarding transfer of lands in San Francisco to facilitate construction of the Transbay Terminal, including parcels of land under the I-80 approach to the Bay Bridge for use as bus storage by AC Transit and Golden Gate Transit. Golden Gate Transit has occupied its San Francisco Mid Day Bus Storage Lot, under a long term Lease with Caltrans, since 2011.

Lease discussions with Caltrans staff, the Transbay Joint Powers Authority and AC Transit on the parcel designated for AC Transit bus storage are currently underway. The AC Transit parcel will also provide access to the Transbay Transit Center (TTC) for Muni, Amtrak buses and emergency vehicles.

Collectively, our transit agencies benefit the Bay Area and San Francisco economy by delivering thousands of commuters to work in San Francisco, taking thousands of daily vehicle trips off Bay Area highways, reducing congestion and reducing green house gas emissions.

The monthly lease payment proposed by Caltrans for the AC Transit parcel is $135,550 ($1,626,600 annually). The proposed rent arguably reflects the current over heated real estate market in San Francisco. It does reflect the 20% public transit discount allowed by California Transportation Commission Resolution G-03-03. Any lease rate proposed for the AC Transit parcel would also apply to the rent of the Golden Gate Transit bus storage lot, as a rent adjustment is due this December.

Exhibit B

The proposed lease payment eliminates any financial benefit to AC Transit of having a bus storage facility in San Francisco. The proposed lease costs would increase AC Transit's Transbay service costs by approximately $96,000 per month, or $1.15 million annually. At that point, it makes no financial sense for AC Transit to use the bus storage facility. Its only viable option is then to maintain current operations and deadhead 98 trips daily; 25,500 trips on an annual basis across the Bay Bridge. The environmental benefits and vehicle miles traveled savings of a bus storage facility in San Francisco, approximately 366,000 miles annually, would not be realized.

Golden Gate Transit would likewise be unable to sustain an increase in rent of this magnitude. The costs of deadheading the 85 buses now parked in San Francisco back to San Rafael instead would be well in excess of $2 million annually. Adding all of these AC Transit and Golden Gate Transit bus trips to the street and freeway network would negatively impact traffic, the economic boom underway in the City, as well as negatively impact the state's green house gas reduction goals.

There are many more very real advantages that would be unrealized if AC Transit cannot move ahead with it bus storage facility in San Francisco. For example, AMTRAK and SFMTA would not realize efficiencies by accessing the TTC using the dedicated ramps from the AC Transit bus storage lot. SFMTA would not realize operational savings and environmental benefits by eliminating daily dead head trips to Treasure Island.

We recognize that Caltrans staff is following the Commission's policy in Resolution G-03-03. We ask the Department to relieve both of our sister transportation agencies from the requirement to pay fair market rent.

Our request is supported by state and federal law, both of which permit Caltrans to lease the parcel without charge, or federal approval, to a public transportation agency for a public transportation purpose (CA S&H Code § 104.12; 23 CFR § 710.405 (c)).

We refer back to AB 1419, passed on September 14, 2001, but subsequently returned by Governor Davis wherein he directed the Department with respect to the bus storage parcels to grant easements to the TJPA for use of the parcels for bus storage and other ancillary uses

> **"….without cost or charge, and the department may not require the authority to refund or reimburse any of the department's costs or lost revenues derived from or related to the easement area."**

While then Governor Davis returned AB 1419 to the Legislature without his signature due to concerns that it might affect the efforts to seismically retrofit the west approach to the San Francisco-Oakland Bay Bridge, in so doing he expressed his support for the TTC project generally and acknowledged that Caltrans already was authorized to make the property transfers contemplated by the bill. As part of his veto message he stated:

> **"….Accordingly, I am directing Caltrans to initiate procedures to transfer the property administratively with the necessary protections for the State that will allow an important regional transportation improvement to proceed."**

In our view, the Governor's direction to proceed administratively to accomplish the goals outlined in the legislation is exactly what we are asking the Department to do at this time.

In addition, we note that the March 2002 version of the Caltrans Airspace Agreements for Public Entities for New Mass Transit Facilities for Traffic Congestion Relief, Updated Pilot Guidelines, proposed only a nominal rent of $2,000 per year "if the mass transit agency can demonstrate there is a direct benefit to congestion relief for a particular proposed project". A "Downtown Bus Parking Facility that Permits Easier Access and Convenience for Patrons" is identified in these Guidelines as a direct benefit justifying the nominal rent.

Thus, at approximately the same time Resolution G-03-03 was adopted, Caltrans recognized that certain airspace parcels should be treated differently when such use supported overall State goals to reduce greenhouse gases by encouraging the development of mass transit systems.

In our view, the existing legal authority, the legislature's and Governor's clear intention, and the 2002 Caltrans Guidelines, all set forth a supportable policy basis for treating the parcels in question differently than other airspace properties Caltrans leases at fair market value.

In the end, the TJPA and AC Transit's interest in this whole matter is to find a way to facilitate the completion of the TTC - a project supported by both the State and Federal governments – in a manner that makes economic sense to the District as a primary tenant of the new facility. Similarly, having to eliminate the Golden Gate Transit and AC Transit San Francisco bus storage facilities due to rents unsupportable in public transit agencies' budgets, would be shortsighted and result in negative publicity.

The purpose of the Transbay Transit Center project is to support public transportation and relieve congestion on the East Bay – San Francisco corridor. The bus storage facilities of both Golden Gate Transit and AC Transit have always been an integral part of the TTC project.

The designs for the Bus Storage Facility are nearly complete and we do not want the lease issue to cause any delay to its construction. In order for the Facility to open in time for the December 2017 Terminal opening, the Transbay Joint Powers Authority needs to award a construction contract in June 2016. To do that, we will need a resolution on this issue by the end of March and so we appreciate your timeliness in response.

We thank you for your consideration. AC Transit and TJPA look forward to discussing this further with you in person at your earliest convenience.

Yours truly,

Michael A. Hursh
General Manager
AC Transit

Denis J. Mulligan
General Manager
Golden Gate Bridge Highway and Transportation District

Ed Reiskin
Director of Transportation
San Francisco Municipal Transportation Agency

David B. Kutrosky
Managing Director
Capitol Corridor Joint Powers Authority

cc: Mr. Will Kempton, Executive Director, California Transportation Commission
Ms. Yvonne B. Burke, Member, Committee on Mass Transportation/CTC
Mr. Carl Guardino, Member, Committee on Mass Transportation/CTC
Mr. Steve Heminger, Executive Director, Metropolitan Transportation Commission
Ms. Ayerdi-Kaplan, Executive Director, Transbay Joint Powers Authority
Mr. Mike Duman, Chief Operating Officer, Federal Highway Administration, CA Division
Mr. Bijan Sartipi, District Director, Caltrans District 4
Mr. Michael Rodrigues, Chief, Real Property Services, Caltrans Division of Right of Way
Mr. Brian Kelly, Secretary of Transportation, California State Transportation Agency

GAVIN NEWSOM
LIEUTENANT GOVERNOR

August 8, 2016

Mr. Bob Alvarado, Chair
California Transportation Commission
1120 N Street, MS-52
Sacramento, CA 95814

RE: Transbay Transit Center Bus Storage Facilities

Dear Commissioner Alvarado:

I am writing to urge you and your fellow Commissioners to approve leases for the parcels that would be used for bus storage by the Alameda-Contra Costa Transit District and the Golden Gate Transit at the Transbay Transit Center at no cost.

The Transbay Transit Center is the type of project that embodies California's sustainable and environmental policy priorities by emphasizing infill development with a mix of commercial and residential building, centered on a regional mass transportation facility. It is therefore vital that we guarantee the Transit Center's operations are as cost-effective as possible in order to deliver the environmental benefits and congestion relief.

A long term no-cost lease would move the State closer to the aggressive greenhouse gas reduction targets set by successive governors and the legislature. We have made huge strides in reducing carbon emissions across many sectors but the transit sector remains the area where significant gains remain to be made.

This is part-accomplished by promoting the use of mass transit, removing over 1 million deadhead miles from our state and local roads and reducing carbon emissions by over 4,000 tons annually by eliminating the need to utilize storage areas in the east and north bay. Placing an undue economic burden on these operators undermines the State's ambitious goals and challenges its ability to provide a successful transit service in other service areas.

STATE CAPITOL, ROOM 1114, SACRAMENTO, CALIFORNIA 95814 • PHONE (916) 445-8994
WWW.LTG.CA.GOV

Exhibit C

GAVIN NEWSOM
LIEUTENANT GOVERNOR

While I support the need to maximize the return on the use of state facilities for commercial purposes, we must also utilize state facilities for greatest good and in the best interest of California.

Sincerely

GAVIN NEWSOM
Lieutenant Governor of California

STATE CAPITOL, ROOM 1114, SACRAMENTO, CALIFORNIA 95814 • PHONE (916) 445-8994
WWW.LTG.CA.GOV

State Capitol
Sacramento, CA 95814

California Legislature

August 4, 2016

Mr. Bob Alvarado, Chair
California Transportation Commission
1120 N Street, MS-52
Sacramento, CA 95814

RE: Transbay Transit Center Bus Storage Facilities
Lease Area No. 04-SF-BT-04 (AC Transit) and Lease Area No. 04-SF-BT-05 (Golden Gate Transit)

Dear Commissioner Alvarado:

We are writing to urge the Commission to approve a no or very low cost lease for the use of Parcels J and K referenced above, as identified in the July 11, 2003 Cooperative Agreement between Caltrans, the Transbay Joint Powers Authority and the City and County of San Francisco, for bus storage associated with the Transbay Transit Center. A no or low cost lease is consistent with the cooperative agreement entered into between the state and the Transbay Joint Powers Authority, the provisions of Street & Highways Code Section 104.12 (b), and the State's priorities to reduce congestion, petroleum use and greenhouse gas emissions.

The Transbay Transit Center is a visionary transportation project that is transforming downtown San Francisco. It will provide a modern regional transit hub connecting eight Bay Area counties and serving 11 transit systems. AC Transit and Golden Gate bus service will continue to provide the overwhelming majority of the Transbay commuter service when the Transit Center opens in December 2017, making it critical to provide affordable off-peak storage facilities in order to capture the environmental benefits, attract new riders, and increase service.

In 2002 the goal of modernizing the Transbay Terminal was started with the passage of AB 1419 (Aroner). While this bill was vetoed, Governor Davis in his veto message directed Caltrans to administratively implement the provisions of AB 1419. An administrative avenue was taken to avoid any conflicts with the retrofit work on the west approaches to the San Francisco-Oakland Bay Bridge. This includes provisions in AB 1419 for Caltrans to permit the use of property under elevated freeways for bus storage without cost or charge.

The ability for Caltrans to lease these parcels at no cost is specifically authorized in paragraph (b) of Streets & Highways Code Section 104.12. While the goal of leasing Caltrans parcels is to maximize the revenue for our highway system, existing law specifically authorizes Caltrans to enter into a lease with or without charge for public mass transit facilities. This exception to the fair market lease rate is critical to provide the financial resources that enable public transit

Exhibit C

operators to provide or expand transit service along congested highway corridors to the benefit of all highway users.

Executing a long term no cost lease will make a significant stride toward meeting Caltrans' emission reduction goals. Placing an economic burden on AC Transit and Golden Gate to utilize the bus parking facility at Transbay not only impacts the ability to provide transit service in other areas, it could force these operators to deadhead buses to the East Bay and North Bay during the off peak times. Use of the Transbay parking facility by AC Transit would eliminate over 25,500 trips across the Bay Bridge annually and over 366,000 miles traveled annually. This would eliminate over 1,500 tons of carbon emissions annually. For Golden Gate Transit, use of the current bus parking facility at Third and Perry Streets eliminates over 39,000 annual bus trips and 700,000 annual deadhead miles. The availability of the current GGT bus lot eliminates up to 2,660 tons of carbon emissions annually.

The use of these parcels as a bus storage facility with dedicated access to the Transbay Transit Center will serve the public good by promoting mass transit, reducing greenhouse gas emissions, and alleviating congestion on the Bay and Golden Gate Bridges. Therefore, we urge the Commission to approve a no, or low, cost lease for the bus storage facilities at the Transbay Transit Center.

Sincerely,

David Chin

Bill Quirk

Kevin Cox

Mark Hino

Lori Hancock

Rob Bonta

Bill Odd

Exhibit C

Cc: Members of the California Transportation Commission
Susan Branson, Executive Director, CTC
Brian Kelly, Secretary, California Transportation Agency
Malcolm Dougherty, Director, Caltrans
Bijan Sartipi, District 4 Director, Caltrans

_Assemblyman Marc Levine_____

_Senator Lois Wolk_____

_Assemblyman Tony Thurmond ___

_Senator Mike McGuire_____

_Senator Loni Hancock_____

_Assemblyman Jim Wood_____

_____

Assemblyman David Chiu _____

Assemblyman Bill Quirk_____

Assemblyman Kansen Chu_____

Senator Mark Leno_____

Assemblyman Rob Bonta_____

Assemblyman Bill Dodd_____

_____

Exhibit C

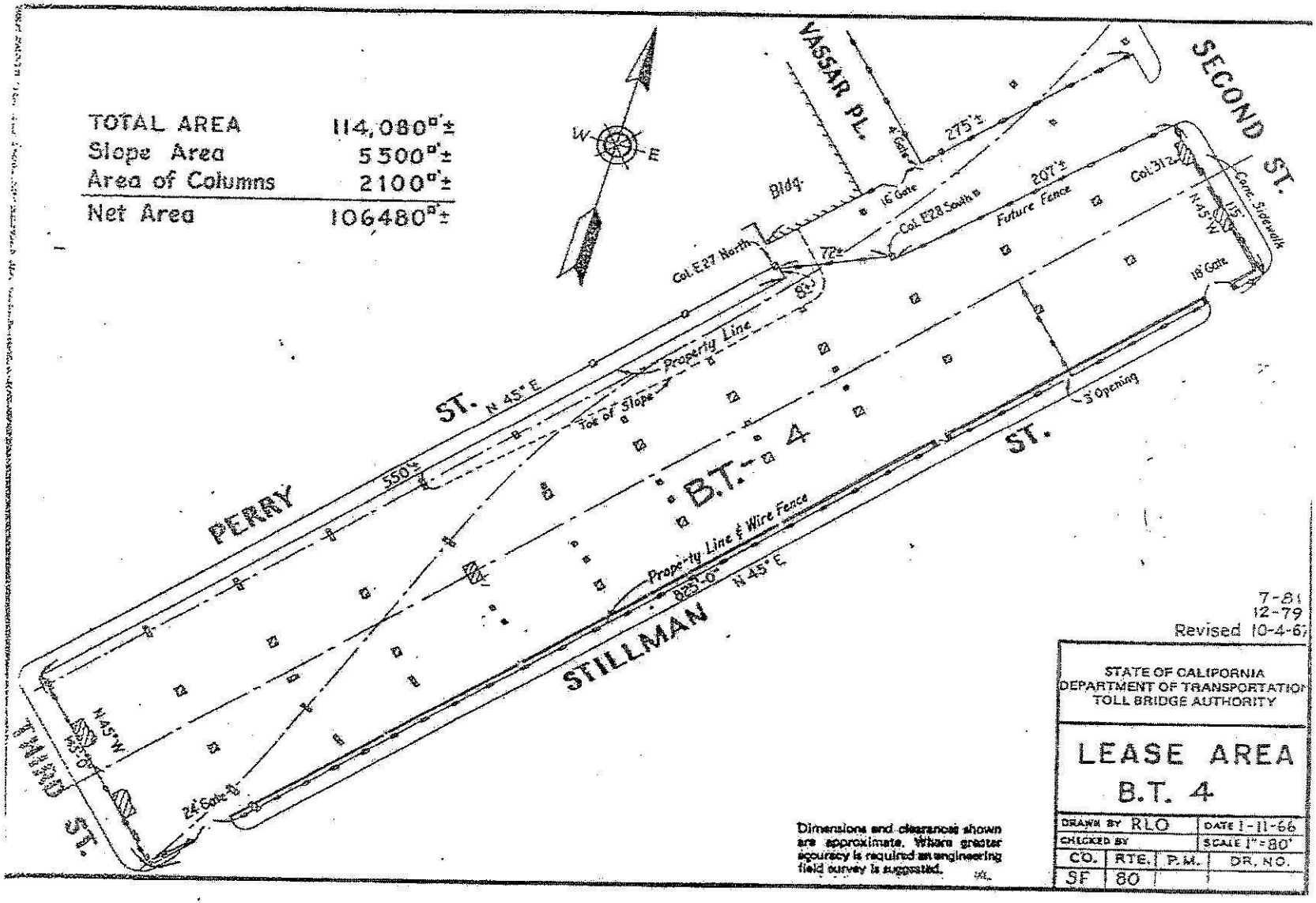
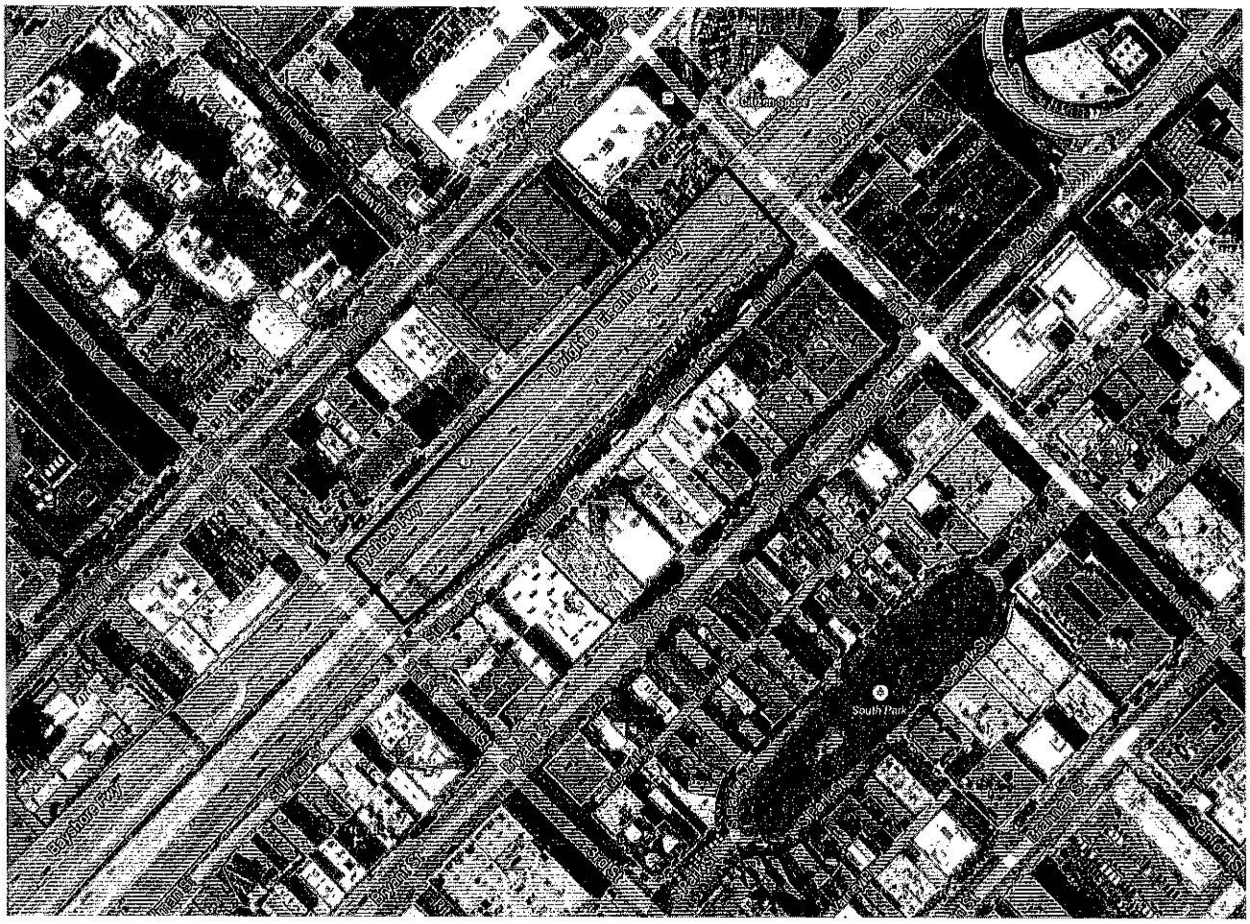

TOTAL AREA 114,080□'±
Slope Area 5500□'±
Area of Columns 2100□'±
Net Area 106480□'±
W
E
VASSAR PL.
SECOND ST.
PERRY ST.
STILLMAN ST.
THIRD ST.
B.T. - 4
Bldg.
4' Gate
275'±
207'±
Future Fence
Col. E28 South
Col. E27 North
Col. 312
Conc. Sidewalk
115'
N 45° W
18' Gate
16' Gate
72'±
8'±
Property Line
Toe of Slope
550'±
N 45° E
3' Opening
Property Line & Wire Fence
825'-0"
N 45° E
24' Gate
N 45° W
Dimensions and clearances shown are approximate. Where greater accuracy is required an engineering field survey is suggested.
7-81
12-79
Revised 10-4-67
STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
TOLL BRIDGE AUTHORITY
LEASE AREA
B.T. 4
DRAWN BY RLO
DATE 1-11-66
CHECKED BY
SCALE 1" = 80'
CO. SF
RTE. 80
P.M.
DR. NO.

Exhibit D



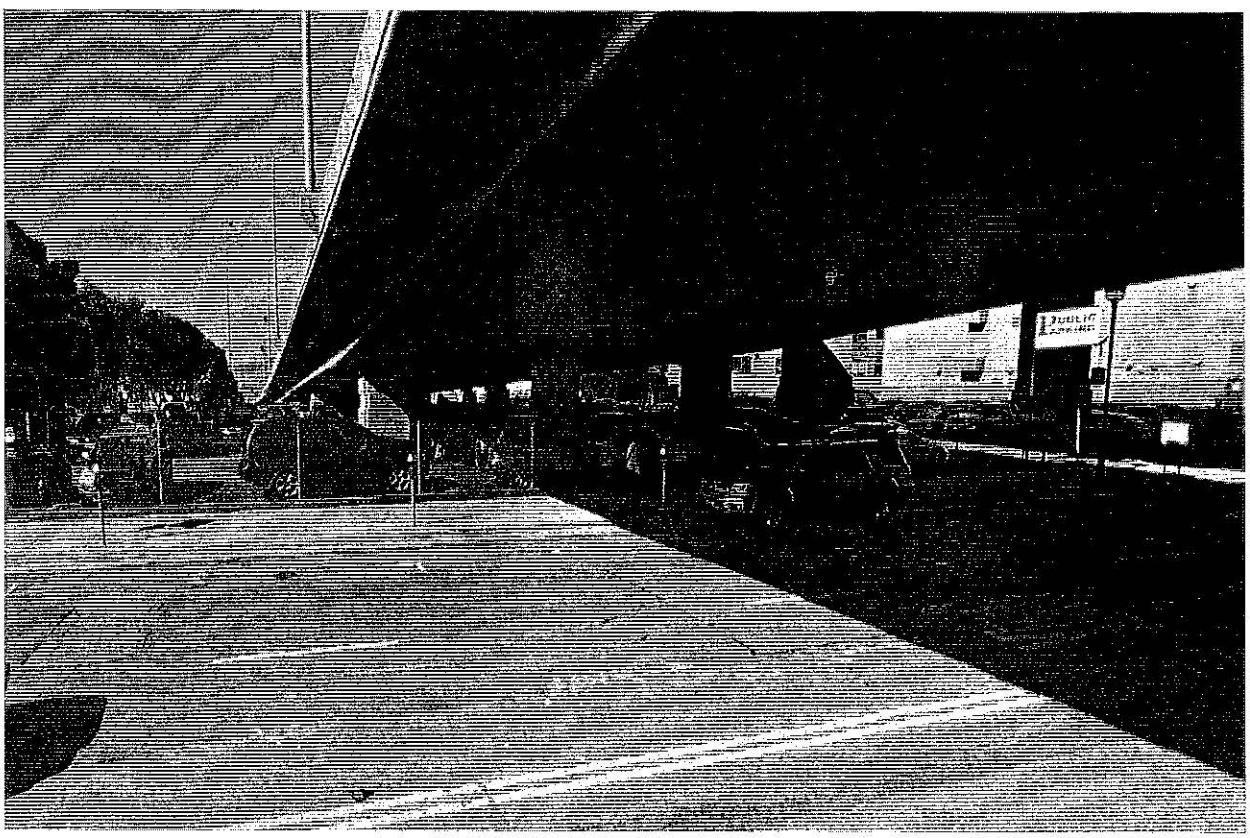


Exhibit D

SF-BT-05
Between 3rd and 4th Streets and Perry and Stillman Streets

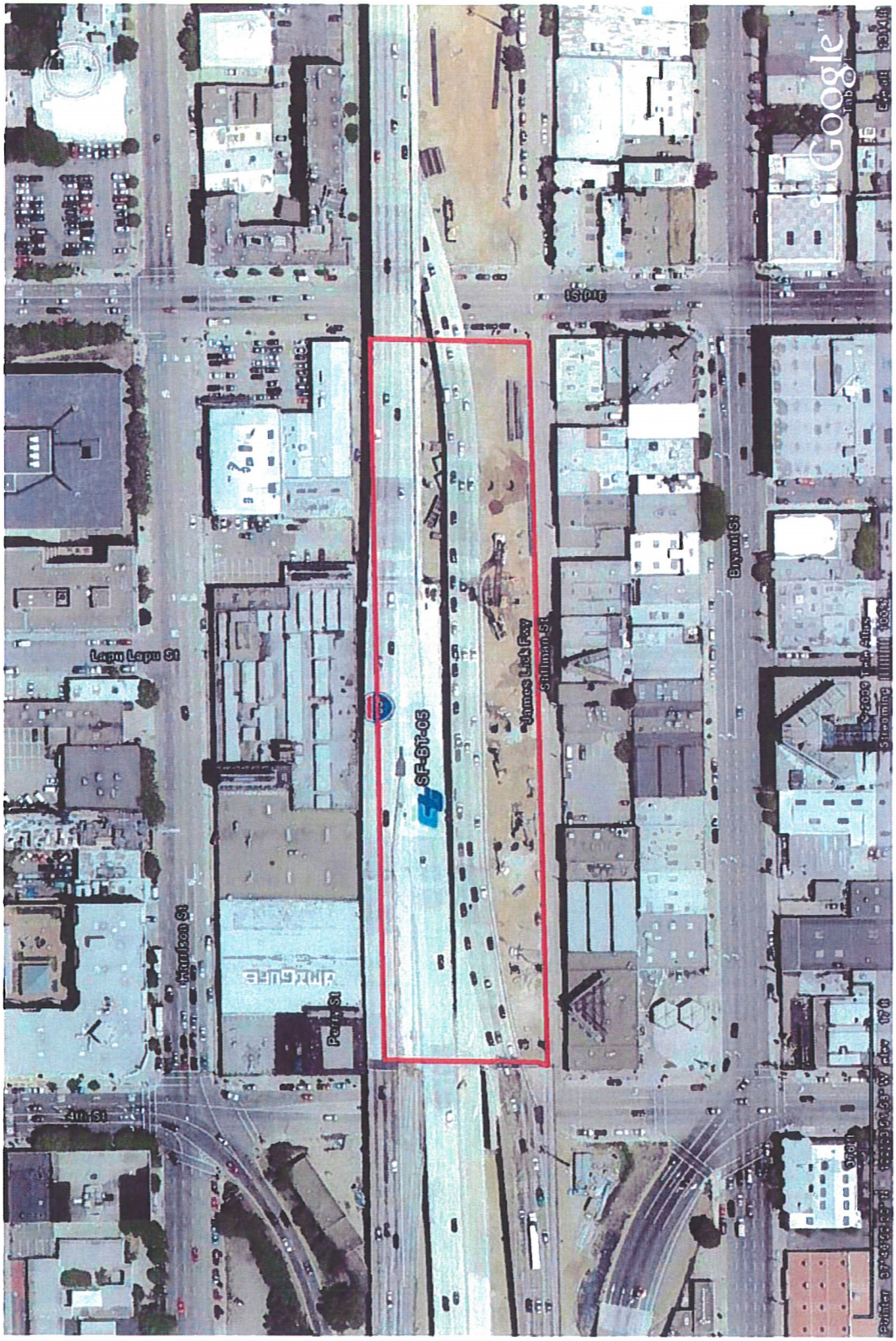


Exhibit E

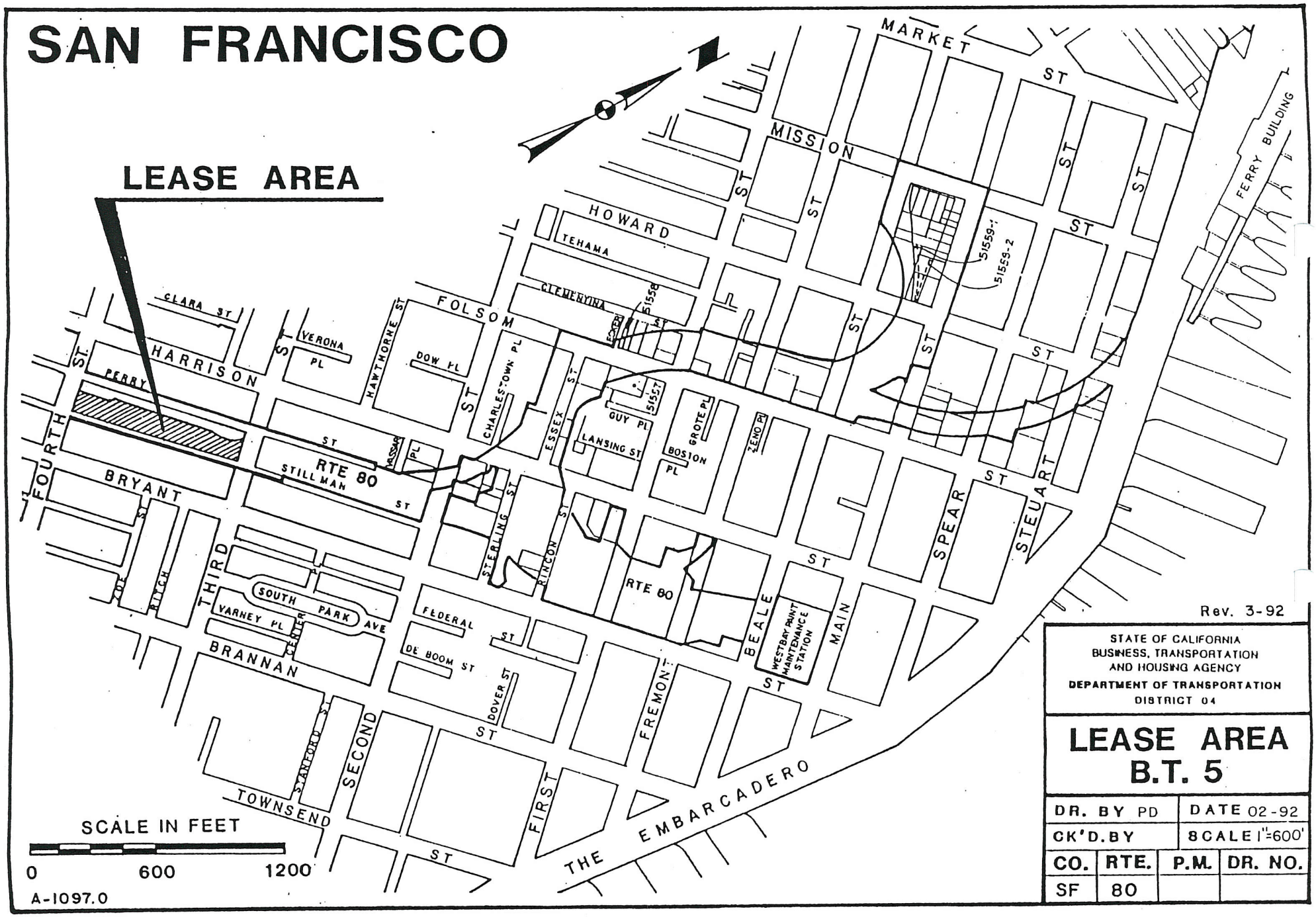
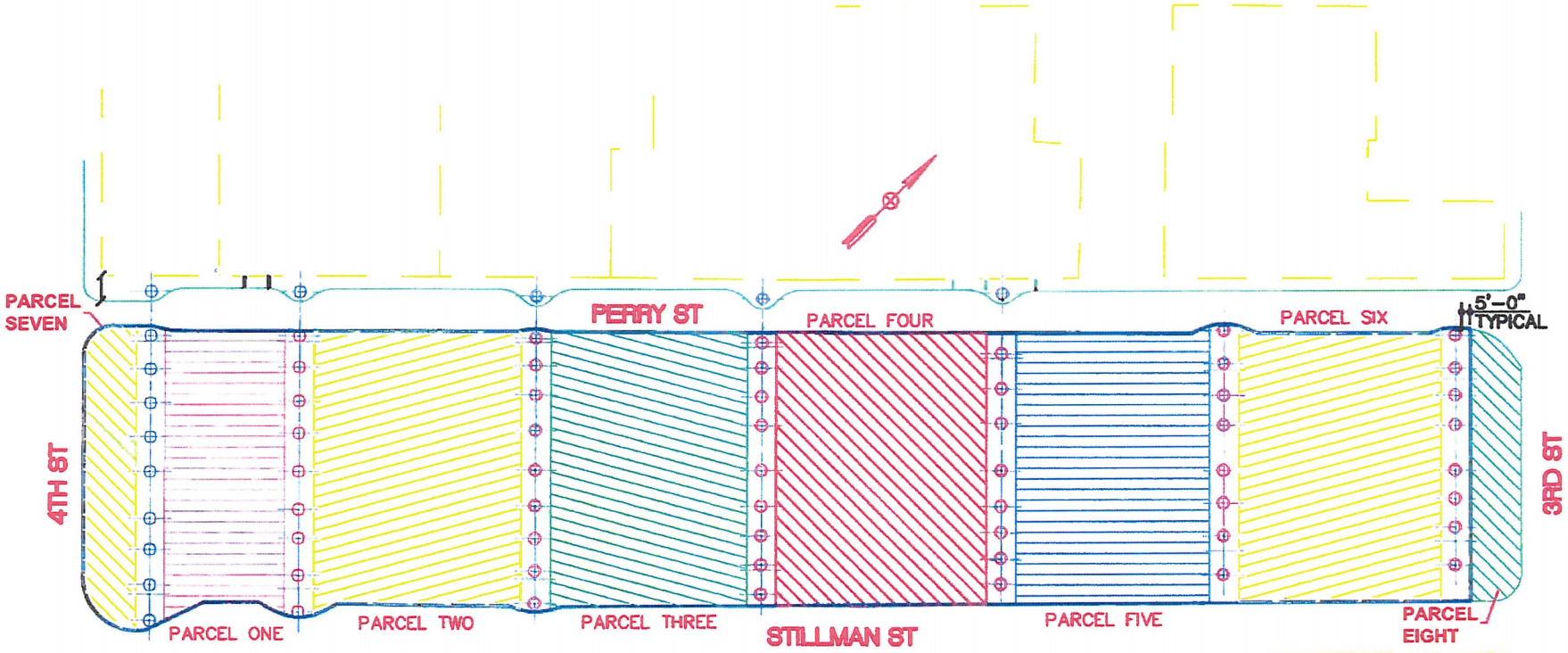

SAN FRANCISCO
LEASE AREA
MARKET ST
MISSION ST
HOWARD ST
TEHAMA
CLEMENTINA ST
FOLSOM ST
HARRISON ST
CLARA ST
VERONA PL
HAWTHORNE ST
DOW PL
CHARLESTOWN PL
ESSEX ST
GUY PL
LANSING ST
GROTE PL
BOSTON PL
ZENO PL
51559-1
51559-2
51558
FERRY BUILDING
PERRY
FOURTH ST
BRYANT ST
RTE 80
STILLMAN ST
VASSAR PL
STERLING ST
RINCON ST
RTE 80
SPEAR ST
STEUART ST
MAIN ST
BEALE ST
WESTBAY PAINT MAINTENANCE STATION
THIRD
LOE ST
RITCH
SOUTH PARK AVE
VARNEY PL
CENTER
FEDERAL ST
DE BOOM ST
DOVER ST
BRANNAN ST
STANFORD ST
SECOND ST
FIRST ST
FREMONT
TOWNSEND ST
THE EMBARCADERO
SCALE IN FEET
0
600
1200
A-1097.0
Rev. 3-92
STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION
AND HOUSING AGENCY
DEPARTMENT OF TRANSPORTATION
DISTRICT 04
LEASE AREA
B.T. 5
DR. BY PD
DATE 02-92
CK'D. BY
SCALE 1"=600'
CO.
RTE.
P.M.
DR. NO.
SF
80

Exhibit E

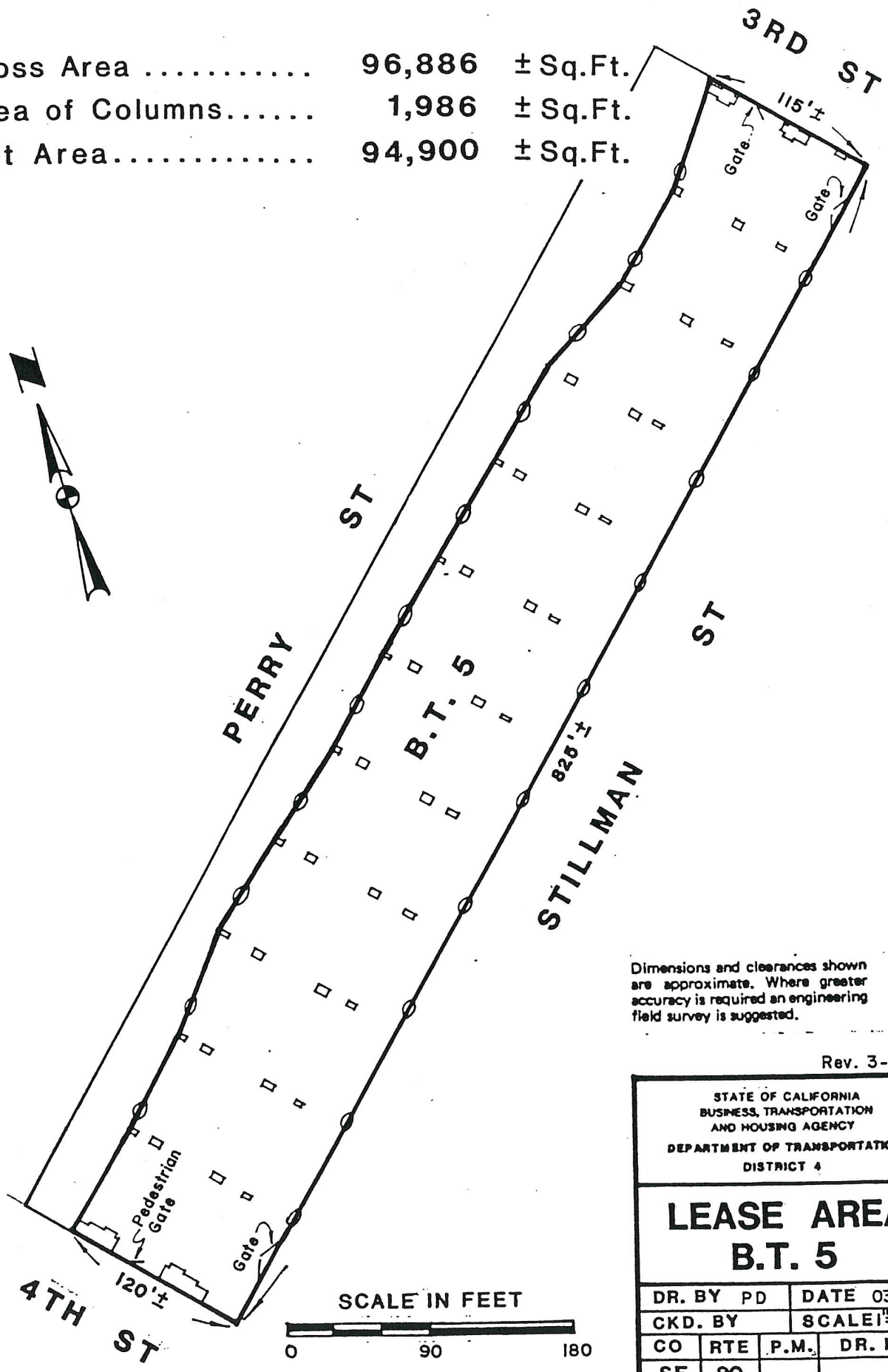


AREA OF EIGHT PARCELS TOTAL=116,450.56 SQUARE FT

PARCEL ONE=11504.25	PARCEL FOUR=19820.88
PARCEL TWO=19678.79	PARCEL FIVE=18140
PARCEL THREE=18687.89	PARCEL SIX=18850.79
PARCEL SEVEN=5247.29	PARCEL EIGHT=4520.67

Exhibit E

Gross Area	96,886	± Sq.Ft.
Area of Columns.....	1,986	± Sq.Ft.
Net Area.....	94,900	± Sq.Ft.



Dimensions and clearances shown are approximate. Where greater accuracy is required an engineering field survey is suggested.

Rev. 3-92

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF TRANSPORTATION
DISTRICT 4

LEASE AREA B.T. 5

DR. BY PD		DATE 03-92	
CKD. BY		SCALE 1" = 90'	
CO	RTE	P.M.	DR. No.
SF	80		

R-31

Exhibit E

Airspace Lease Analysis - Transbay Terminal

Public Transportation Entity	Current Lease @$1.27/sf/mo.	FMLR @$1.35/sf/mo	FMLR @20% Discount	FMLR @50% Discount
TJPA Site				
Per Month	$135,230	$143,748	$114,998	$71,874
Per Year	$1,622,755	$1,724,976	$1,379,981	$862,488
	Current Lease @$0.40/sf/mo.	FMLR Lease @$1.14/sf/mo	FMLR @20% Discount	FMLR @50% Discount
GGBHTD Site				
Per Month	$46,580	$132,753	$106,202	$66,377
Per Year	$558,960	$1,593,036	$1,274,429	$796,518

20-Year Lease Rate History
Parcel #SF-BT-04 & #SF-BT-05

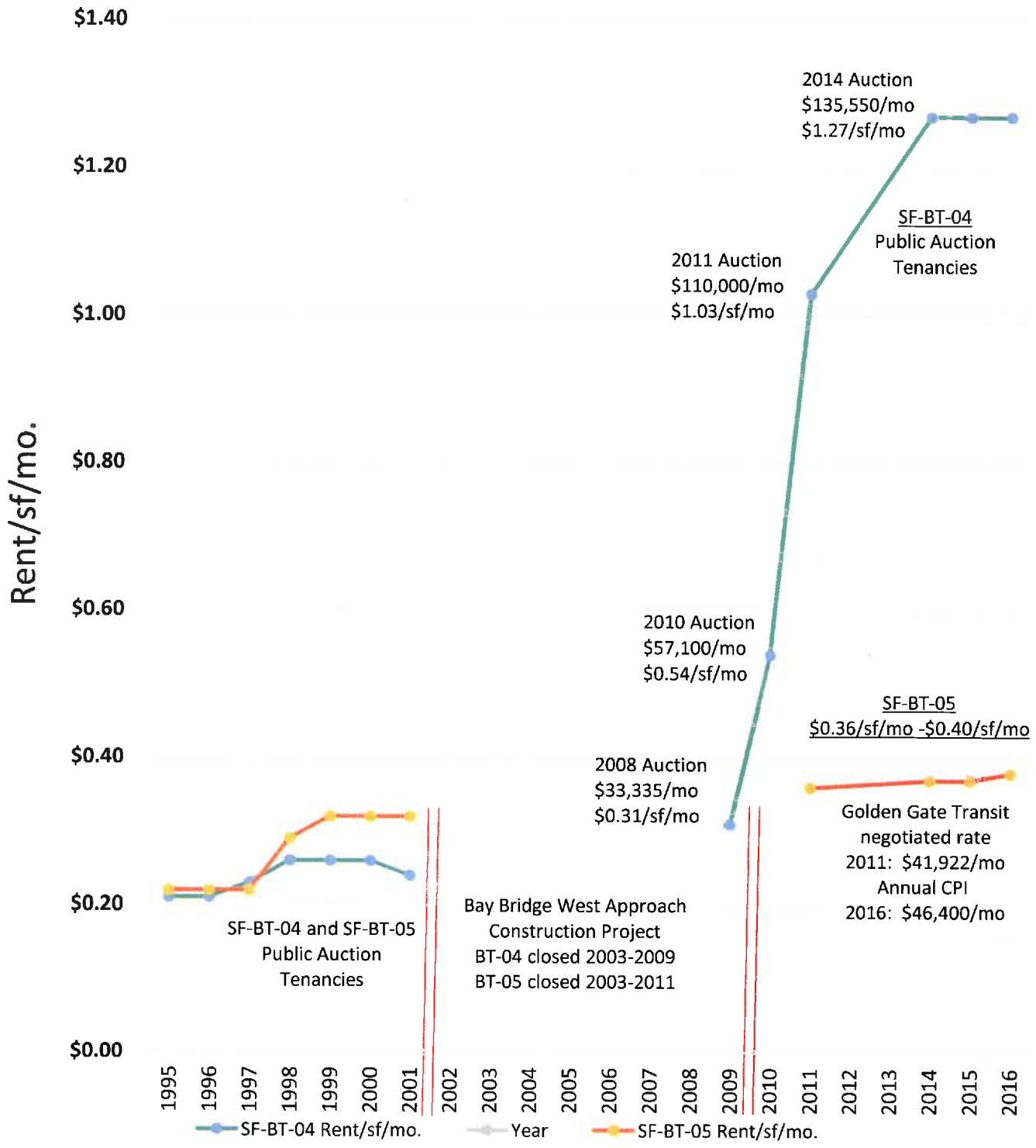


Exhibit G