

THIS PRINT COVERS CALENDAR ITEM NO.: 11

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance

BRIEF DESCRIPTION:

Adopting a resolution of local support for the allocation of Regional Measure 3 (RM3) bridge toll funds in the amount of \$42,392,692 for the Potrero Yard Modernization Project and providing assurances that the SFMTA will comply with Metropolitan Transportation Commission (MTC) policies.

SUMMARY:

- RM3 bridge toll funds were approved by Bay Area voters in July 2018. Although increased tolls started being collected in January 2019, legal challenges prevented MTC, acting as the Bay Area Toll Authority (BATA), from disbursing the funds until the challenges were dismissed in January 2023 by the State Supreme Court.
- The RM3 Expenditure Plan includes \$140,000,000 designated for SFMTA Muni fleet and facility capital projects.
- To receive RM3 funds, the MTC requires that the SFMTA adopt a resolution of local support for the projects to be funded and provide assurances that the SFMTA will comply with MTC's RM3 implementation policies.
- This proposed resolution supports the SFMTA's ninth request for RM3 funding allocations.
- This request seeks to program \$42,392,692 in RM3 funds to the Potrero Yard Modernization Project.

ENCLOSURES:

1. SFMTAB Resolution

APPROVALS:

DIRECTOR



SECRETARY



DATE

October 16, 2025

October 16, 2025

ASSIGNED SFMTAB CALENDAR DATE: October 21, 2025

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PURPOSE

Adopting a resolution of local support for the allocation of Regional Measure 3 (RM3) bridge toll funds in the amount of \$42,392,692 for the Potrero Yard Modernization Project; and providing assurances that the SFMTA will comply with Metropolitan Transportation Commission (MTC) policies.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

This action is consistent with the following SFMTA Strategic Plan Goals:

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

This item supports the following Transit First Policy Principles:

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

DESCRIPTION

Regional Measure 3 (RM3) Funds for the SFMTA:

The SFMTA is requesting that MTC allocate \$42,392,692 for the Potrero Yard Modernization Project, described below. This amount represents 30.3% of the \$140,000,000 of RM3 funds designated for SFMTA fleet and facilities, as included in the RM3 Expenditure Plan approved by the voters.

The SFMTA has broad discretion to spend these funds as it deems appropriate for fleet and facility capital projects. RM3 funds are a primary funding source for facilities, for which it is generally challenging to secure funding.

Project Description and RM3-Funded Scope:

Potrero Yard Modernization Project

Project Description: Originally built in 1915, the existing Potrero Yard is situated on 4.4 acres bounded by Bryant, 17th, Hampshire, and Mariposa streets in San Francisco. The Potrero Yard, including its existing two-story bus facility, was originally designed for early 20th-century streetcar technology, and built to house 100 streetcars of that era. Over the course of 110 years, the Potrero Yard has seen an increase in bus storage and maintenance capacity of approximately 156 modern 40-foot and 60-foot electric trolley buses.

Due to the age and less-than-adequate capacity of the existing bus facility, and because modern bus fleet maintenance technology and practices have rendered it functionally obsolete, this project was initiated as part of the SFMTA's Building Progress Program to replace and modernize the Potrero Yard.

The project is a joint development that consists of:

1. The Bus Yard Component – a new bus storage and maintenance facility for the SFMTA's trolley bus fleet;
2. The Housing and Commercial Component – affordable housing development and limited commercial space; and
3. The Common Infrastructure – shared infrastructure serving both components.

The Bus Yard Component and Common Infrastructure together form the Infrastructure Facility, which is expected to be delivered under a Public-Private Partnership (P3). The Housing and Commercial Component will be contracted and managed separately from the Infrastructure Facility.

The Bus Yard Component would replace the existing two-story building and bus yard with a modern, four-story, bus maintenance and storage facility that meets current industry standards for operational safety and efficiency. The Bus Yard Component would support the SFMTA's growing fleet as it transitions to battery-electric vehicles and serve as a consolidated site for Muni Operator Training and Muni Street Operations.

It would provide open, naturally lit, and well-ventilated working conditions for employees, ensure resilience to climate change and natural disasters, and improve transit service by reducing vehicle breakdowns, increasing on-time performance, and reducing passenger overcrowding. The Bus Yard Component would increase the maintenance and storage capacity by approximately

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68 percent. When completed, the Bus Yard Component will become a beacon of the SFMTA's commitment to workspace improvements for its employees.

RM3 Allocation Scope: \$42,392,692 of RM3 funds will account for 30.3% of SFMTA's total RM3 allocation, as shown in Table 1.

Table 1: Proposed Allocation

<u>Project Title</u>	<u>RM3 Request Amount</u>	<u>% of SFMTA RM3 \$140 Million</u>
Potrero Yard Modernization Project	\$42,392,692	30.3%

SFMTA Assurances to MTC:

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

1. The SFMTA and its agents shall comply with the provisions of MTC's RM3 Policies and Procedures.
2. The SFMTA certifies that the Project is consistent with the Regional Transportation Plan (currently Plan Bay Area 2050).
3. The year of funding for any design, right-of-way, and/or construction phases has taken into consideration the time necessary to obtain environmental clearance and permitting approval for the Project.
4. The RM3 phase or segment is fully funded, and results in an operable and usable segment.
5. The SFMTA approves the allocation request and updated Initial Project Report.
6. The SFMTA approves the cash flow plan.
7. The SFMTA has reviewed the project needs and has adequate staffing resources to deliver and complete the Project within the schedule set forth in the allocation request and updated IPR, attached to the resolution.
8. The SFMTA is authorized to submit an allocation request for RM3 funds for the Project in accordance with California Streets and Highways Code 30914.7(a).

9. The SFMTA certifies that the project and purpose for which RM3 funds are being requested is in compliance with the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*), and with the State Environmental Impact Report Guidelines (14 California Code of Regulations Section 15000 *et seq.*) and if relevant the National Environmental Policy Act (NEPA), 42 USC Section 4-1 *et seq.* and the applicable regulations thereunder.
10. There is no legal impediment to the SFMTA making allocation requests for RM3 funds.
11. There is no pending or threatened litigation which might in any way adversely affect the proposed project, or the ability of the SFMTA to deliver such project.
12. The SFMTA agrees to comply with the requirements of MTC's Transit Coordination Implementation Plan as set forth in MTC Resolution 3866
13. The SFMTA indemnifies and holds harmless MTC, BATA, and their Commissioners, representatives, agents, and employees from and against all claims, injury, suits, demands, liability, losses, damages, and expenses, whether direct or indirect (including any and all costs and expenses in connection therewith), incurred by reason of any act or failure to act of (agency name), its officers, employees or agents, or subcontractors or any of them in connection with its performance of services under this allocation of RM3 funds. (agency name) agrees at its own cost, expense, and risk, to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against MTC, BATA, and their Commissioners, officers, agents, and employees, or any of them, arising out of such act or omission, and to pay and satisfy any resulting judgments. In addition to any other remedy authorized by law, so much of the funding due under this allocation of RM3 funds as shall reasonably be considered necessary by MTC may be retained until disposition has been made of any claim for damages.
14. The SFMTA shall, if any revenues or profits from any non-governmental use of property (or project) that those revenues or profits shall be used exclusively for the public transportation services for which the project was initially approved, either for capital improvements or maintenance and operational costs, otherwise the MTC is entitled to a proportionate share equal to MTC's percentage participation in the project.
15. The assets purchased with RM3 funds including facilities and equipment shall be used for the public transportation uses intended, and should said facilities and equipment cease to be operated or maintained for their intended public transportation purposes for its useful life, that MTC shall be entitled to a present day value refund or credit (at MTC's option) based on MTC's share of the Fair Market Value of the said facilities and equipment at the time the public transportation uses ceased, which shall be paid back to MTC in the same proportion that Regional Measure 3 funds were originally used.
16. The SFMTA shall post on both ends of the construction site(s) at least two signs visible to the public stating that the Project is funded with RM3 Toll Revenues.

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17. The SFMTA authorizes its Director of Transportation, or their designee, to execute and submit an allocation request for the design and construction phase with MTC for RM3 funds in the amount of \$42,392,692, for the Project, purposes and amounts included in the allocation request attached to the resolution.
18. The Director of Transportation, or their designee, delegated the authority to make non-substantive changes or minor amendments to the allocation request or IPR as they deem appropriate.
19. A copy of the resolution shall be transmitted to MTC in conjunction with the filing of the SFMTA allocation request.

STAKEHOLDER ENGAGEMENT

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

ALTERNATIVES CONSIDERED

The alternative option is to forego pursuing the RM3 funding, which would result in a deficit in the SFMTA's capital program. In this scenario, SFMTA staff would seek funding from other capital projects and programs to fund the Project. This alternative was not pursued because large capital projects need to use all reasonable funding options, including RM3, as the funds are made available.

FUNDING IMPACT

Including the proposed allocation of \$42,392,692, the SFMTA has requested \$128,477,368 or 92% of the available \$140,000,000 RM3 funding. The previous allocations are summarized below.

Table 2: SFMTA RM3 Allocations

Project Title	MTC Approval Date	Request Amount	Total Project Cost	Percent Funded by RM3	Percent of Total SFMTA RM3 Allocation (\$140M)
Potrero Yard Modernization Project	Dec-23	\$3,503,055	\$675,000,000	0.1%	2.5%
Light Rail Vehicle Procurement	Jan-24	\$6,495,096	\$1,192,651,577	0.5%	4.6%
40'/60' Hybrid Buses Project	Jan-24	\$27,013,000	\$147,338,000	18.3%	19.3%
Kirkland Electrification	Feb-24	\$3,815,000	\$156,615,000	2.4%	2.7%
Battery Electric Bus Procurement	Feb-24	\$2,381,000	\$30,443,000	7.8%	1.7%
Presidio Yard Modernization Project	Mar-24	\$12,594,945	\$455,143,755	2.8%	9.0%
New Flyer Midlife Overhaul Phase I	Jun-24	\$11,344,000	\$146,244,957	7.8%	8.1%
Vintage Streetcar Rehabilitation	Jun-24	\$6,718,000	\$12,143,817	55.3%	4.8%
Kirkland Electrification	Jul-24	\$2,694,000	See above	1.7%	1.9%
Battery Electric Bus Replacement Procurement Pilot	Oct-24	\$640,000	\$13,943,988	4.6%	0.5%
Battery Electric Bus Procurement	Jun-25	\$8,886,580	See above	29.2%	6.3%
Potrero Yard Modernization Project	Dec-25	\$42,392,692			30.3%
Total		\$128,477,368.00			91.70%

ENVIRONMENTAL REVIEW

The Potrero Yard Modernization Project Final Environmental Impact Report (Final EIR) was certified by the San Francisco Planning Commission on January 11, 2024. A subsequent Note to File (NTF) for the Final EIR was completed on October 25, 2024. On December 23, 2024, the Federal Transportation Administration determined that the Potrero Yard Modernization Project qualifies as a categorical exclusion under 23 CFR part 771.118(c)(9) of the National Environmental Policy Act (NEPA). The proposed allocation of RM3 funds for the Potrero Yard Modernization Project would not result in a direct or reasonably foreseeable indirect physical change to the environment beyond the scope analyzed in the Final EIR, NTF or NEPA categorical exclusion.

A copy of the CEQA and NEPA determinations are on file with the Secretary of the SFMTA Board of Directors and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

MTC is anticipated to act on this RM3 allocation at its December 17, 2025, meeting.

The City Attorney has reviewed this calendar item.

RECOMMENDATION

Staff recommends that the SFMTA Board adopt a resolution of local support for the allocation of Regional Measure 3 (RM3) bridge toll funds in the amount of \$42,392,692 for the Potrero Yard Modernization Project; and provide assurances that the SFMTA will comply with Metropolitan Transportation Commission (MTC) policies.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

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

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

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

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

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

WHEREAS, Project Number 10.1, the Potrero Yard Modernization Project, is eligible for consideration in the Regional Measure 3 Expenditure Plan, as identified in California Streets and Highways Code Section 30914.7(a); and,

WHEREAS, The Regional Measure 3 updated Initial Project Report and allocation request will list the project, purpose, schedule, budget, expenditure, and cash flow plan for which the SFMTA is requesting the MTC allocate Regional Measure 3 funds; and,

WHEREAS, The Potrero Yard Modernization Project Final Environmental Impact Report (Final EIR) was certified by the San Francisco Planning Commission in Motion No. 21482 on January 11, 2024. A subsequent Note to File (NTF) for the Final EIR was completed on October 25, 2024. On December 23, 2024, the Federal Transportation Administration determined that the Potrero Yard Modernization Project qualifies as a categorical exclusion under 23 CFR part 771.118(c)(9) of the National Environmental Policy Act (NEPA). The proposed allocation of RM3 funds for the Potrero Yard Modernization Project would not result in a direct or reasonably foreseeable indirect physical change to the environment beyond the scope analyzed in the Final EIR, NTF or NEPA categorical exclusion; and,

WHEREAS, Copies of the CEQA and NEPA determinations are on file with the Secretary to the SFMTA Board of Directors, and are incorporated herein by reference; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors adopts a resolution of local support for the allocation of Regional Measure 3 bridge toll funds in the amount of \$42,392,692 for the Potrero Yard Modernization Project; and provides assurances that the SFMTA will comply with MTC policies; and, be it further

RESOLVED, That the SFMTA and its agents shall comply with the provisions of MTC's Regional Measure 3 Policies and Procedures; and, be it further

RESOLVED, That the SFMTA certifies that the Potrero Yard Modernization Project is consistent with the Regional Transportation Plan (RTP); and, be it further

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

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

RESOLVED, That the SFMTA approves the allocation request and updated IPR, attached to this resolution; and, be it further

RESOLVED, That SFMTA approves the cash flow plan; and, be it further

RESOLVED, That SFMTA has reviewed the project needs and has adequate staffing resources to deliver and complete the project within the schedule set forth in the allocation request and updated IPR, attached to this resolution; and, be it further

RESOLVED, That the SFMTA is authorized to submit an allocation request for Regional Measure 3 funds for the Potrero Yard Modernization Project in accordance with California Streets and Highways Code 30914.7(a); and, be it further

RESOLVED, That the SFMTA certifies that the project and purpose for which Regional Measure 3 funds are being requested are in compliance with the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.), and with the State Environmental Impact Report Guidelines (14 California Code of Regulations Section 15000 et seq.) and, if relevant, the National Environmental Policy Act (NEPA), 42 USC Section 4-1 et seq. and the applicable regulations thereunder; and, be it further

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

RESOLVED, That there is no pending or threatened litigation which might in any way adversely affect the proposed project, or the ability of (agency name) to deliver such project; and, be it further

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

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

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

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

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

RESOLVED, That the SFMTA authorizes its Director of Transportation, or their designee, to execute and submit an allocation request for the design and construction phase with MTC for Regional Measure 3 funds in the amount of \$42,392,692, for the project, purposes and amounts included in the allocation request attached to this resolution; and, be it further

RESOLVED, That the Director of Transportation, or their designee, is hereby delegated the authority to make non-substantive changes or minor amendments to the allocation request or IPR as they deem appropriate; and, be it further

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

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of October 21, 2025.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency