



SFMTA

Potrero Yard Modernization Project

Bus Yard Project Agreement and Housing Agreement

SFMTA Board of Directors
March 3, 2026

Purpose

Staff requests the SFMTA Board of Directors approval to:

- Authorize the Director of Transportation to execute the **Infrastructure Facility Project Agreement** for design, construction, and financing of the Potrero Yard Modernization Project; and
- Authorize the Director of Transportation to execute a **Lease Development and Disposition Agreement (LDDA)** for development of affordable housing as part of the Potrero Yard Modernization Project

POTRERO YARD MODERNIZATION PROJECT

Project Scope



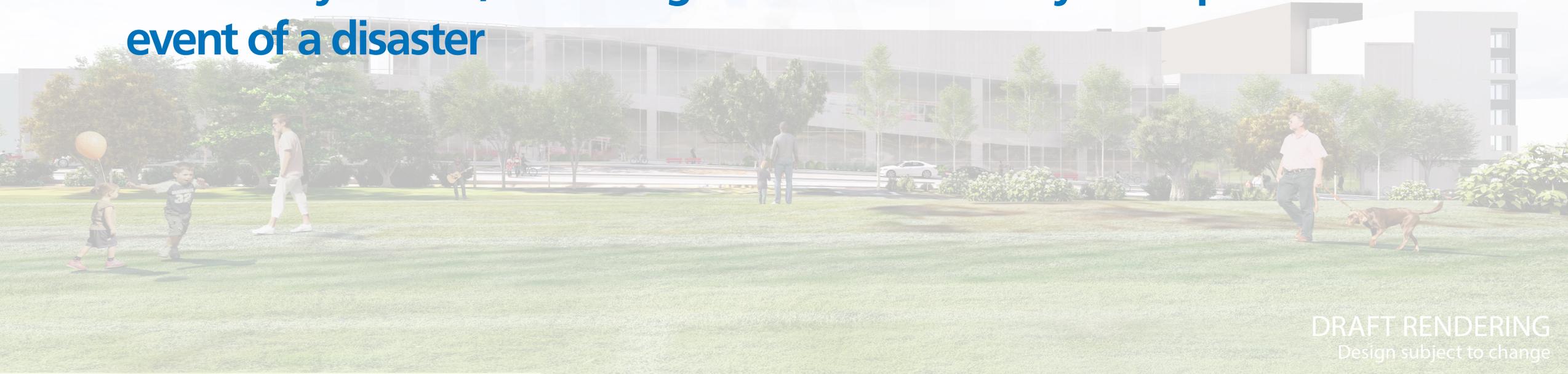
View from Franklin Square

DRAFT RENDERING
Design subject to change

Project Need

At its core, the Potrero Yard Modernization Project is a critical infrastructure project. The current yard is:

- **Functionally obsolete**
- **Operating beyond crush capacity**
- **Seismically unsafe, hindering the SFMTA's ability to respond in the event of a disaster**



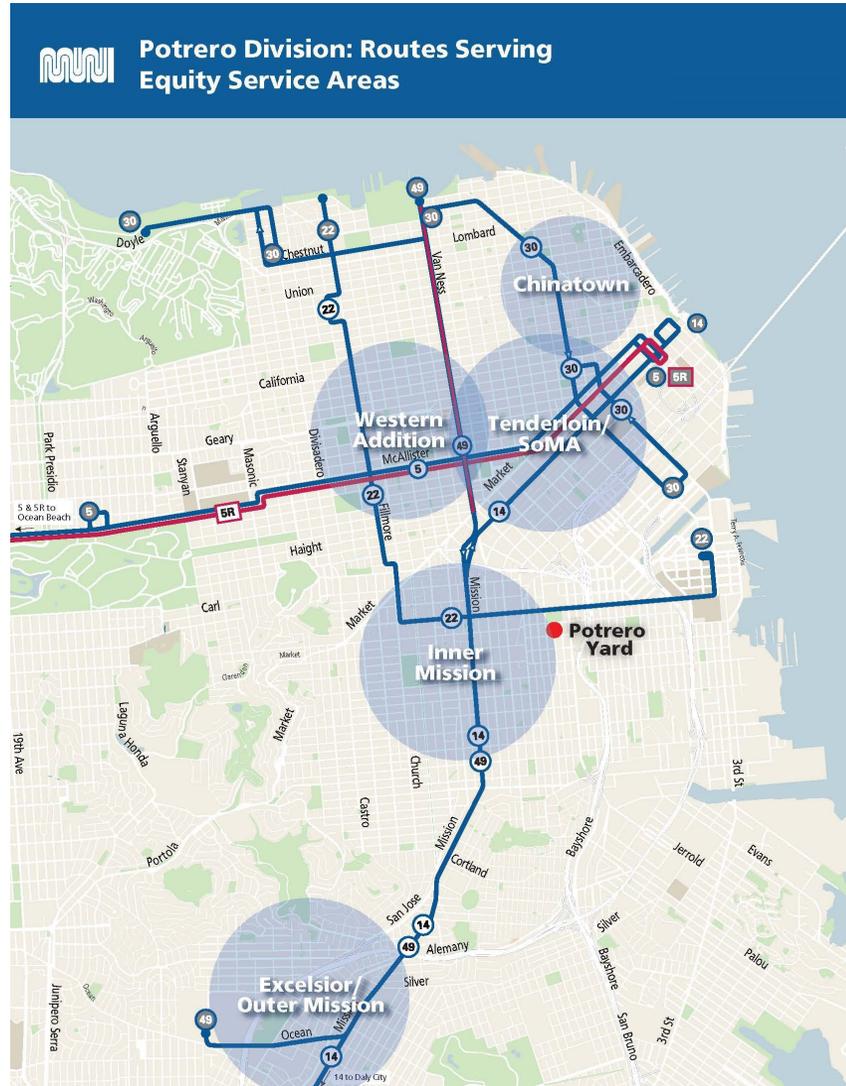
Project Scope

A new modern, four-level infrastructure facility will:

- **Improve transit service and maintain buses more efficiently**
- **Accommodate 68% more electric trolley buses**
- **Provide safe, naturally lit, and well-ventilated workspaces for staff**
- **Consolidate Muni operator training functions**
- **Improve surrounding streetscape including restroom for Franklin Square**
- **Enable proposed Bryant Street housing – approximately 100 units of affordable housing and neighborhood-serving retail space**



Potrero's Role in Delivering Service



Routes

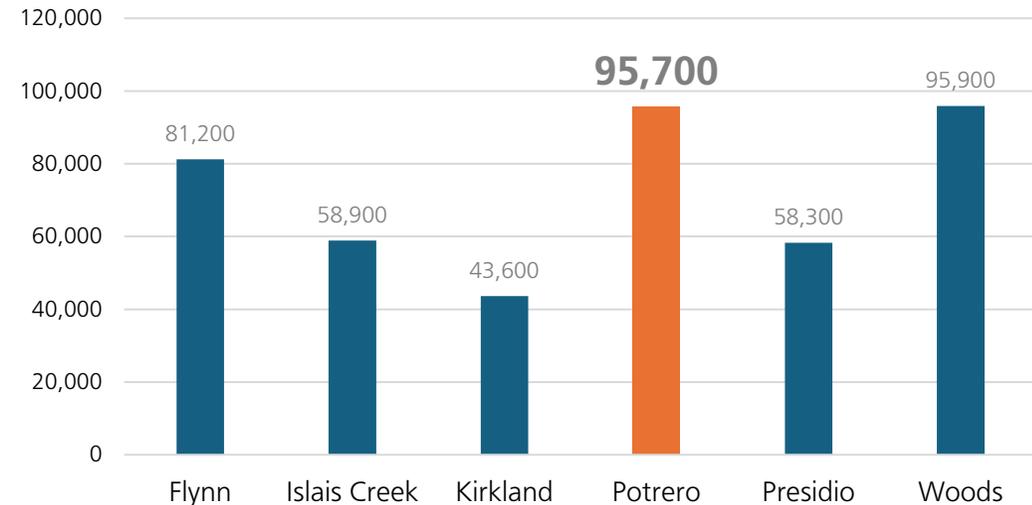
5/5R, 14, 22, 30, 49

(All serve [Muni Service Equity](#) neighborhoods)

Ridership

Second-highest ridership in Muni system. 95,700 avg weekday riders (~22% of bus weekday ridership)

Boardings by Bus Divisions



City Partnerships



MAYOR'S OFFICE OF
HOUSING & COMMUNITY DEVELOPMENT



Staff Support



“ The most important thing for (myself and for) staff is safety. This facility has been here for over 100 years — things are starting to break down. A new facility will be up to code — it will be safer.”

— **Dave McElroy,**
Electrical Transit Mechanic, Asst Supervisor

“ **W**ith a new modern facility, we'd be able to work more safely. We'd be more efficient and could put more vehicles out on the road.”

Mike Henry, Chief Mechanical Officer for Fleet Maintenance



— **Robert Sistros,**
Electrical Transit Mechanic,
Asst Supervisor

“As a supervisor, I see the struggle of mechanics putting their bodies in an awkward position due to lack of ceiling clearance, over time could can lead to injury.

Ceiling concrete is coming apart, which could potentially cause serious injury. A new facility with new equipment will provide a safe working environment and longevity for our staff.”

Staff Send Off



Project Timeline

SFMTA Planning

2018–2022



- ✓ SFMTA planning and community outreach and engagement to advance project
- ✓ PNC selected as project Development Team

Design & Permitting

2023–2026



- ✓ Entitlements granted
- ✓ Updated EIR and received CEQA certification
- ✓ Conducted contractor procurement for bus yard
- ✓ Value Engineering process
- ✓ Continued outreach
- ✓ Muni operations temporarily relocated

Final Design & Construction

2026-2030



- Enter into Project Agreement with City and PNC
- Demolish existing Potrero Yard
- Construct new bus yard
- Housing developers continue identifying and securing funding

Housing Construction as funds secured



- Developer to secure funding for Bryant Street housing
- Conduct contractor procurement for Bryant Street housing
- Construction of housing and retail spaces

Updated Design

SHRINK THE MEZZANINE LEVEL

Reduced Mezzanine by approx. 44,000 sq ft. Retains Community Room as a public amenity.

REMOVE ROOF & PODIUM

Created open-air facility on 4th floor where buses are washed and parked. **Eliminated opportunity to construct housing or paratransit above the bus yard.**

Bryant Street Housing

REDESIGN GROUND FLOOR

Reduced retail space, eliminates one staff lobby at 17th & Bryant streets.

REDUCE BASEMENT SIZE

Scaled back basement size and depth by removing or relocating building systems and other uses.



Project Renderings



Bryant Street and Mariposa Street



17th Street and Hampshire Street

Community Input has Shaped the Project



150+
Outreach Activities



3,700+
Subscribers to
Project Updates



20+
Street Fairs and
Community Celebrations



54
Neighborhood Working
Group Meetings



50+
Listening sessions and briefings with
community organizations & leaders



1,100+
Respondents to Neighborhood
Surveys and Feedback Polls

Response to Community Input

The Project has worked to retain public amenities requested by the Working Group and broader community, including:

- **Community Room** - publicly accessible meeting space.
- **Public Restroom** – located near Franklin Square to serve parkgoers.
- **Streetscape Improvements** – enhanced landscaping, improved sidewalks and crosswalks.
- **Upgraded Bicycle Infrastructure** – protected and widened bicycle lanes and bicycle parking for staff and the public.
- **Opportunity for Bryant Street Housing** – approx. 100 units of affordable family housing

Not everything could be retained in the project as a result of budget constraints:

- **Podium Housing** – Potential for future housing above the bus yard.
- **One of Three Retail Spaces** – Two retail spaces will be provided at ground level of Bryant Street Housing



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Project Agreement



Contracting Parties



Nonprofit Entity: Provident serves as the counterparty to the SFMTA primarily to facilitate issuance of tax-exempt bonds. Substantially all obligations and risks associated with the Project will be borne by the Lead Developer

Lead Developer: Plenary Americas US Holdings Inc. Sole owner of Potrero Neighborhood Collective (PNC)

Selected Prime Contractor: Webcor Construction, LP



Payment Framework

Based on a Final Design-Build Price of \$612,107,000

Milestone and Annual Payment Obligation/Details

Payment Type	Purpose	Amount	Sources	Notes
Milestone Payment 1 (MP1)	Closing costs and repays developer for pre-development costs	\$65M	<ul style="list-style-type: none"> • RM3 • Sales Tax • SB1 SGR • FTA 5307 	Paid at Financial Close
Milestone Payment 2 (MP2)	Down payment on design and construction costs	\$250M	<ul style="list-style-type: none"> • 2026 ESER GO Bond • SFMTA Capital Project Savings 	Performance-based. Paid by Substantial Completion
Availability Payments (AP)	Annual debt service payments on design and construction costs	\$33M	<ul style="list-style-type: none"> • SFMTA Capital Fund Sources 	Paid annually until 2061.

Project Labor Agreement

A Project Labor Agreement (PLA):

- Promotes efficient construction in a safe work environment,
- Ensures adequate supply of skilled craftworkers,
- Establishes a framework for labor-management cooperation and stability, and
- Provides for peaceful settlement of labor disputes.



Design and Construction Risk Allocation

Key Risks Owned by Non-Profit Entity:

- Design risk
- Securing building permits, including key permits approved up to a set duration
- Construction completion

Key Risks Owned by City:

- Financing payments
- Limited key building permits approved beyond a set duration
- Tariff pricing beyond a margin of typical pricing fluctuation (based on market indices)

Key Risks Shared by both Non-Profit Entity and City:

- Delay costs due to PG&E performed work
- Delay costs due to discovery of offsite utilities differing from prior utility investigation
- Delay costs due to limited major utility adjustments, beyond a set timeline
- Delay costs due to subsurface site conditions differing from prior investigation
- Delay costs due to discovery of unknown archeological and paleontological resources



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Housing Agreement



Enables Bryant Street Housing



17th Street and Bryant Street

- The final bus yard design continues the project’s long-term commitment to affordable housing.
- **Enables the ability to build approximately 100 units of affordable housing** along Bryant Street (Studio to 3 bedrooms).
- Construction is dependent on housing developer’s ability to secure funding. The SFMTA cannot fund housing.
- Housing project to include two community-serving retail spaces



Proposed Bryant Street Housing

The **Lease Development & Disposition Agreement (LDDA)** sets the terms for development of the housing and the form of the future Ground Lease, including:

- All homes must remain affordable to households earning up to 80% of Area Median Income
- Annual lease payments of \$15,000 over 75 years, plus residual rent (if any)
- SFMTA review of design to ensure compatibility with the bus yard
- Schedule of required milestones to achieve approval of the Ground Lease and Close of Escrow, which must occur no later than two (2) years after completion of the bus yard

The future Ground Lease will be brought to SFMTA Board and BOS for consideration when developer secures funds and is prepared to begin construction.



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Next Steps



Legislative Schedule

The **critical path** for the project and necessary approvals include the following:

Meeting	Date
SFMTA Board of Directors	3/3/2026
BOS Budget & Finance Committee	3/11/2026
Full Board of Supervisors	3/24/2026
Financial Close	April 2026
Site Investigation & Utility Work	Mid 2026 to Early 2027
Demolition and Construction	Early 2027 through 2030

We are here



Recommendation

Staff recommends approval by the Board of Directors to:

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Thank You