



Agenda

Special Board of Directors Meeting

May 27, 2022, 10:00 am - 2:30 pm

San Mateo County Transit District

Due to COVID-19, this meeting will be conducted via teleconference only (no physical location) pursuant to [Assembly Bill 361](#) (Government Code Section 54953).

Directors, staff and the public may participate remotely via Zoom at

<https://samtrans.zoom.us/j/97274968428?pwd=UEJwb0tURzhVSINtb0VaaXducXIHQT09>

or by entering **Webinar ID: 972 7496 8428, Passcode: 554727** in the Zoom app for audio/visual capability or by calling 1-669-900-9128 (enter webinar ID and press # when prompted for participant ID) for audio only. The video live stream will be available after the meeting at

<https://www.samtrans.com/about-samtrans/video-board-directors-cac>

Public Comments: Public comments may be submitted to publiccomment@samtrans.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board's weekly correspondence and posted online at: <https://www.samtrans.com/meetings>

Oral public comments will also be accepted during the meeting through Zoom* or the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Participants using Zoom over the Internet should use the Raise Hand feature to request to speak. For participants calling in, dial *67 if you do not want your telephone number to appear on the live broadcast. Callers may dial *9 to use the Raise Hand feature for public comment. Each commenter will be recognized to speak and callers should dial *6 to unmute themselves when recognized to speak.

Each public comments is limited to two minutes or less. The Board and Committee Chairs have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

Revised 5-26-2022

Friday, May 27, 2022

10:00 am – 2:30 pm

1. Call to Order/Roll Call

~~2. Public Comment~~

~~Comments by each individual speaker shall be limited to two (2) minutes. Items raised that require a response will be deferred for staff reply.~~

23. Welcome/Introduction by Acting General Manager/CEO

34. Finance Overview

45. Zero-emission Bus (ZEB) / Innovative Clean Transit (ICT) Update

56. Break

67. Headquarters Development Update

78. Adjourn

Information for the Public

If you have questions on the agenda, please contact the District Secretary at 650-508-6242. Agendas are available on the SamTrans website at: <https://www.samtrans.com/meetings>
Communications to the Board of Directors can be emailed to board@samtrans.com.

Free translation is available; Para traducción llama al 1.800.660.4287; 如需翻译 请电1.800.660.4287

Date and Time of Board and Citizens Advisory Committee Meetings

San Mateo County Transit District Committees and Board: First Wednesday of the month, 2:00 pm;
SamTrans Citizens Advisory Committee (CAC): Last Wednesday of the month, 6:30 pm. Date, time and location of meetings may be changed as necessary. Meeting schedules for the Board and CAC are available on the website.

Location of Meeting

Due to COVID-19, the meeting will be conducted via teleconference only as per the information provided at the top of the agenda.

*Should Zoom not be operational, please check online at: <https://www.samtrans.com/meetings> for any updates or further instruction.

Public Comment

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Accessible Public Meetings/Translation

Upon request, SamTrans will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least 72 hours in advance of the meeting or hearing. Please direct requests for disability-related modification and/or interpreter services to the Title VI Administrator at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or email titlevi@samtrans.com; or request by phone at 650-622-7864 or TTY 650-508-6448.

Availability of Public Records

All public records relating to an open session item on this agenda that are not exempt from disclosure pursuant to the California Public Records Act and that are distributed to a majority of the legislative body will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070 at the same time that the public records are distributed or made available to the legislative body.

SamTrans Multi-Year Financial Outlook

May 27, 2022

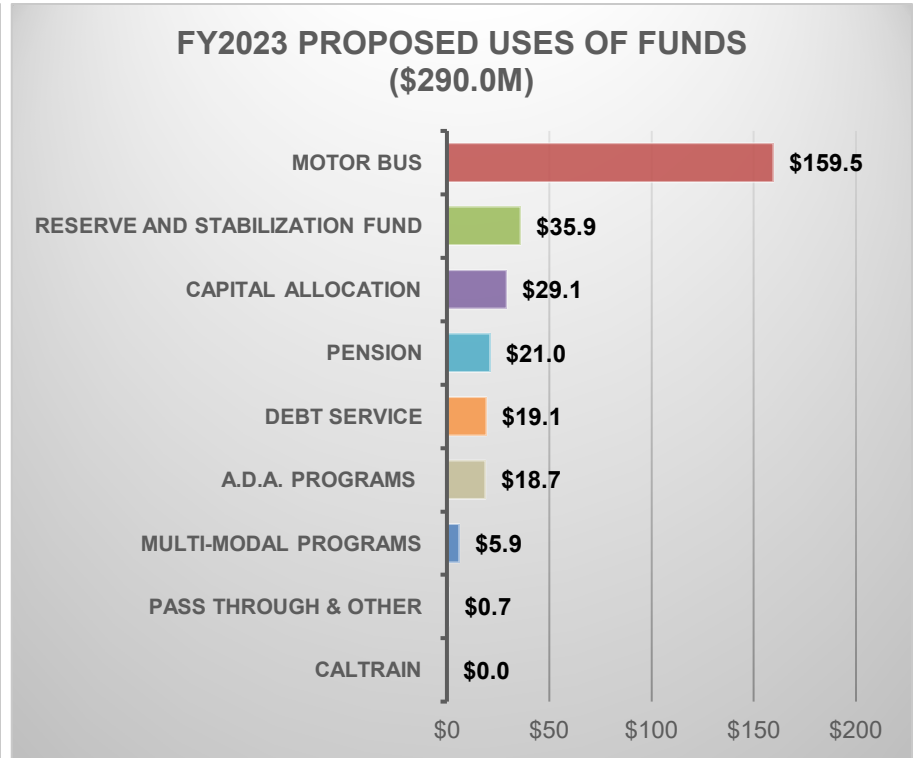
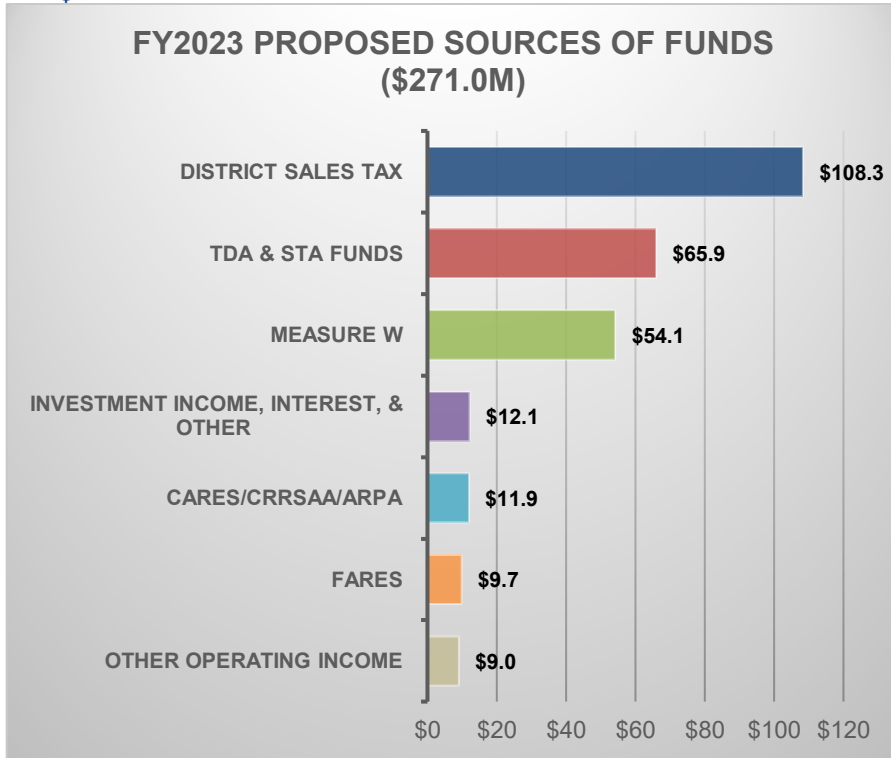
Agenda

- Summary of FY 23 Budgets
- Major revenues and expenditures assumptions
- Update on unfunded obligations
- Update on Reserves
- Near term challenges
- Major capital projects

Purpose: To provide information on the District's fiscal capacity and financial sustainability in the next five years.

FY2023 Proposed Operating Budget *

\$ in Millions



* Excludes Due to / Due From JPB, TA, JPA, and SamTrans Capital W&B (\$47.1M)

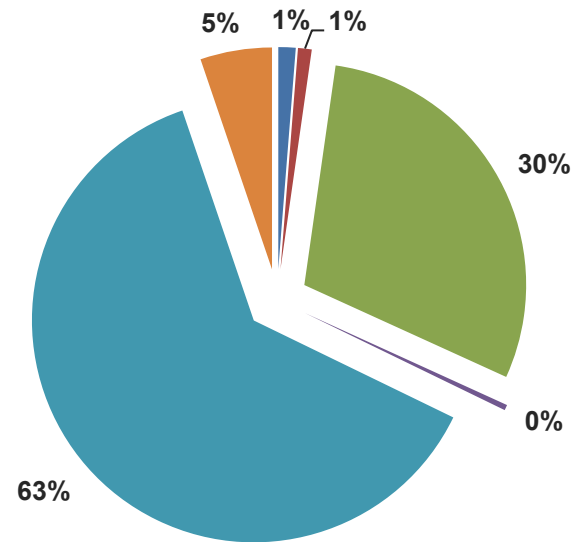
Projected Deficit / Draw from Prior Years' Surplus: \$19.0M

FY2023 Preliminary Capital Budget Categories

\$ in Millions

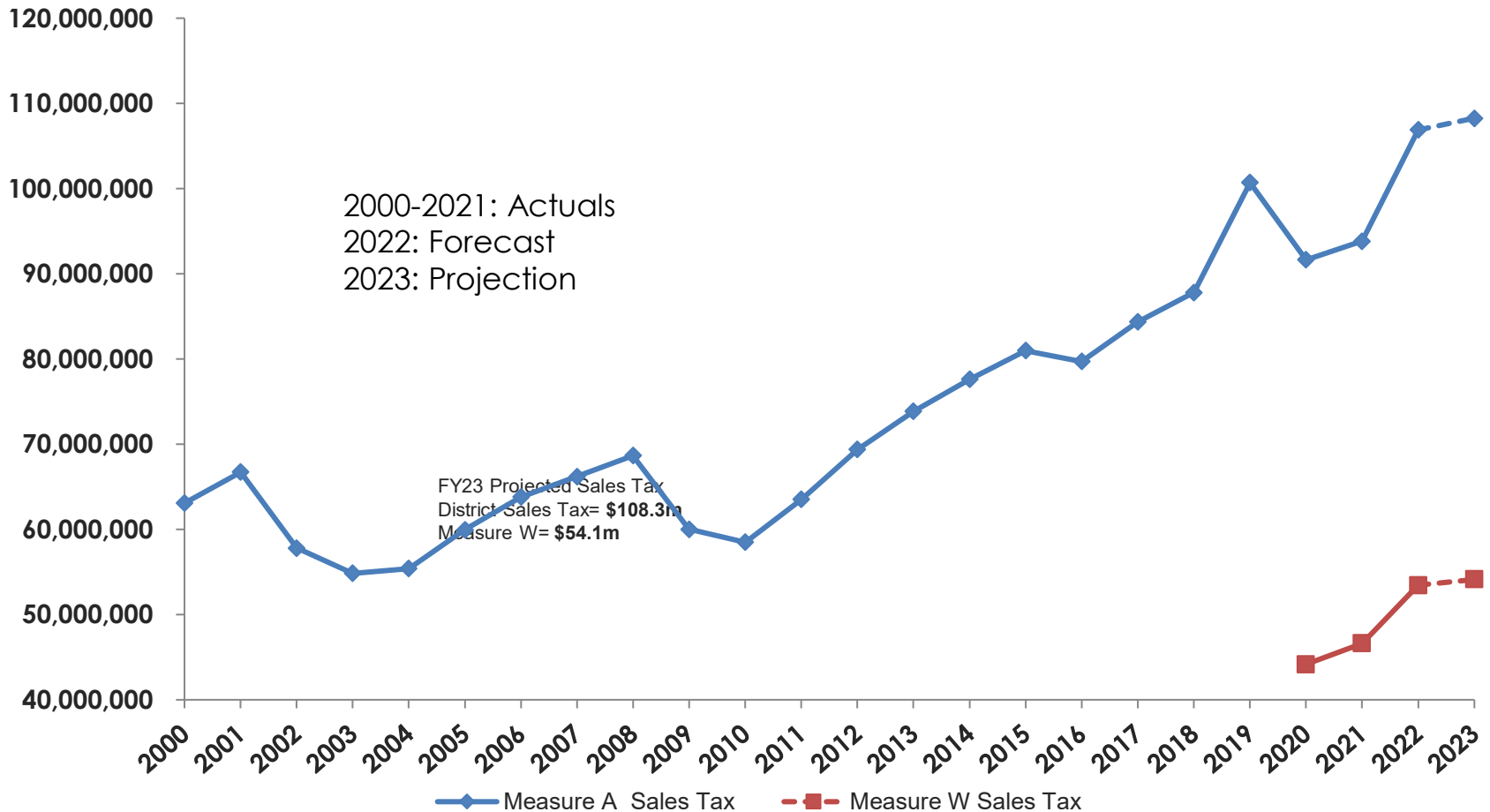
FY2023 Capital Budget

		<u>Share</u>
Revenue Vehicle Support	\$ 0.4	1%
Non-Revenue Vehicle Support	0.3	1%
Information Technology	8.4	30%
Safety and Security	0.1	0%
Facilities / Construction	17.9	63%
Planning / Development	1.5	5%
	\$ 28.6	100%



- Revenue Vehicle Support
- Non-Revenue Vehicle Support

District and Measure W Sales Tax



Revenue Projections (in millions)

	FY23	FY24	FY25	FY26	FY27	FY28
Fares	9.7	10.4	11.1	11.2	11.3	11.4
Other Op Income	86.7	76.1	77.4	78.8	80.2	81.6
District Sales Tax	108.3	109.4	111.5	113.8	116.1	118.4
Measure W	54.1	54.7	55.8	56.9	58.0	59.2
Other Income	12.1	12.2	12.3	12.4	12.5	12.6
Total	271.0	262.7	268.2	273.1	278.1	283.2

Expenditure Projections (in millions)

	FY23	FY24	FY25	FY26	FY27	FY28
District Motor Bus	121.9	131.3	137.0	143.1	149.5	156.2
Total Contracted Bus	28.3	29.2	30.1	31.0	31.9	32.8
Total ADA	18.7	19.5	20.2	21.0	21.9	22.8
Other Expenditures	6.6	6.6	6.6	6.6	6.6	6.6
Debt Service	19.1	19.1	19.1	19.1	19.1	19.1
UAL/OPEB	9.2	10.6	11.1	12.5	12.8	14.2
Capital Allocation*	29.1	-	-	-	-	-
Operating Reserve Fund	27.8	-	-	-	-	-
Sales Tax Reserve Fund	8.1	19.1	-	-	-	-
Draw from Prior Year Surplus	(19.0)	-	-	-	-	-
Pension	21.0	-	-	-	-	-
Total	271.0	235.3	224.1	233.3	241.8	251.8
Surplus/Deficit	-	27.4	44.0	39.8	36.3	31.4

*FY24-FY28 estimates under review

UPDATE ON UNFUNDED OBLIGATIONS

Unfunded Obligations: Pension & Other Post Employment Benefit (OPEB)

	06/30/2020	06/30/2021	06/30/2022
OPEB			
Unfunded Liability	\$26.8M	\$15.4M	\$18.5M
MV of Assets	25.1M	37.5M	36.0M
Funded ratio	52%	71%	66%
CalPERS			
Unfunded Liability	\$86.2M	\$53.2M	94.2M
MV of Assets	306.6M	369.5M	349.8M
Funded ratio	78.1%	87.4%	78.7%

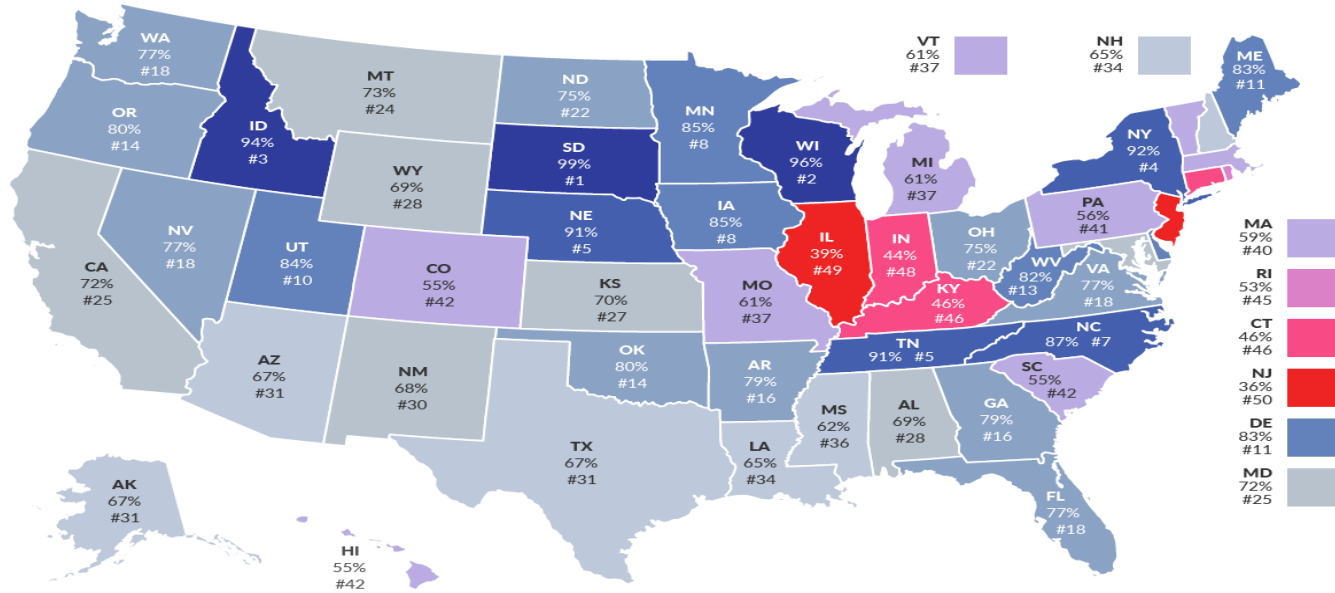
Projected 6/30/22 (CalPERS and OPEB) and 6/30/21 (CalPERS) assuming -5% 21/22 investment return

How Well-Funded Are Pension Plans in Your State?

Funded Ratio of Public Pension Plans, Fiscal Year 2019

Top 5 Well-Funded States:

1. S. Dakota 99%
2. Wisconsin 96%
3. Idaho 94%
4. New York 92%
5. Tennessee 91%



Note: Funded ratio is defined as the level of assets in proportion to accrued pension liability.
Source: Truth in Accounting Pension Database (2019).



Recommended Strategy

Paydown

- Paying Actuarially Determined Contribution (ADC) in full annually
- Additional discretionary payments

Create a 115 Trust

- An irrevocable way to segregate funds to reduce future plan contributions

Hypothetical CEPPT Investment Performance

	CEPPT 1	CEPPT 1	CEPPT 2	CEPPT 2
Expected Return	5.0%	5.0%	4.0%	4.0%
Initial Contribution	\$20.0M	\$20.0M	\$20.0M	\$20.0M
Additional Contributions	\$5.0M Yearly for Years 2-6	\$10.0M Yearly for Years 2-6	\$5.0M Yearly for Years 2-6	\$10.0M Yearly for Years 2-6
Total Contributions	\$45.0M	\$70.0M	\$45.0M	\$70.0M
Year 6 Cumulative Investment Earnings	\$10.8M	\$14.8M	\$8.5M	\$11.6M
Year 6 Ending Balance	\$55.8M	\$84.8M	\$53.5M	\$81.6M
Year 8 Cumulative Investment Earnings	\$16.5M	\$23.5M	\$12.8M	\$18.3M
Year 8 Ending Balance	\$61.5M	\$93.5M	\$57.8M	\$88.3M

Additional Funding CalPERS vs OPEB

	CalPERS	OPEB	Comment
Projected 6/30/22 Unfunded	\$94.2M	18.5M	5x
22/23 Contribution (% payroll)	19.4%	5.5%	3.5x
32/33 Contribution (% payroll)	24.5%	5.2%	CalPERS increase approx. = total OPEB contribution
Contributions	Mandated	Flexible	-
Investments	6.8% Long term expected return	6.25% Long term expected return	-

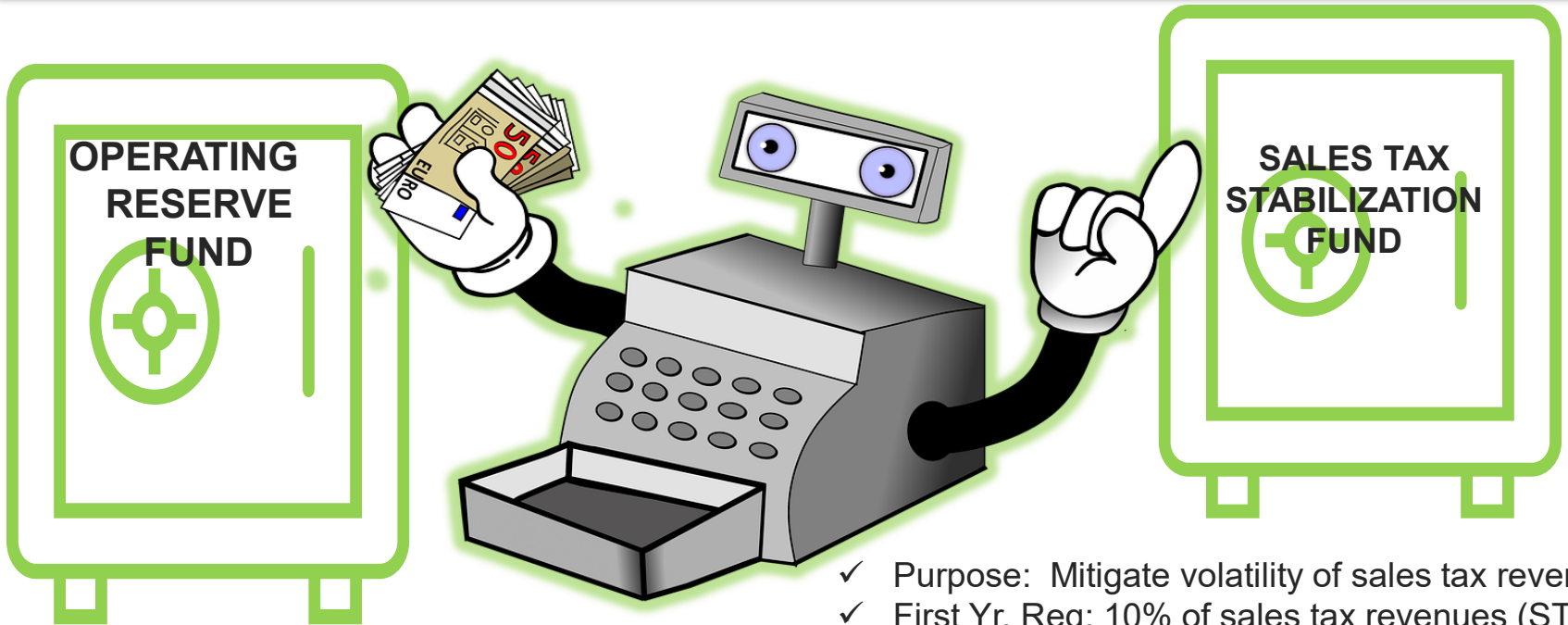
Additional Funding to CalPERS: 115 Trust Supplemental Trust vs. CalPERS

Comparison of Options

Supplemental Trust	CalPERS
<ul style="list-style-type: none">● Flexible	<ul style="list-style-type: none">● Locked In
<ul style="list-style-type: none">● Likely lower long-term return	<ul style="list-style-type: none">● Likely higher long-term return
<ul style="list-style-type: none">● Investment strategy choice	<ul style="list-style-type: none">● No investment choice
<ul style="list-style-type: none">● Does not reduce net pension liability for GASB reporting	<ul style="list-style-type: none">● Reduces net pension liability for GASB reporting
<ul style="list-style-type: none">● More visible	<ul style="list-style-type: none">● More restricted

RESERVE FUNDS

Reserve Funds Policy

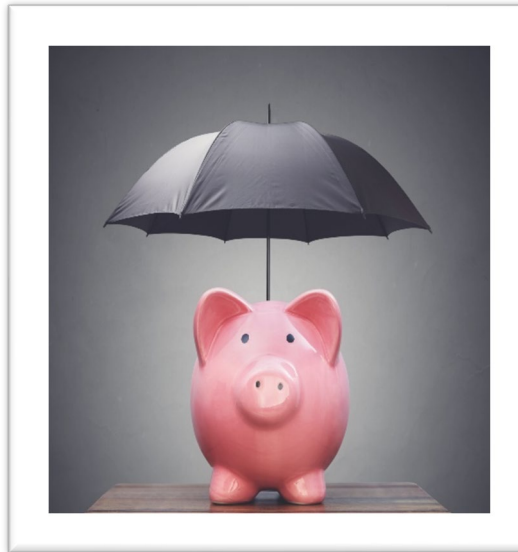


- ✓ Purpose: Fluctuations in revenues & unforeseen costs
- ✓ Minimum: 25% of OPEX

- ✓ Purpose: Mitigate volatility of sales tax revenues
- ✓ First Yr. Req: 10% of sales tax revenues (STR)
- ✓ Succeeding Yrs: 5% of STR
- ✓ Maximum: Greater of a) 35% of b) highest STR decrease for two years from the preceding revenue peak over the last twenty years

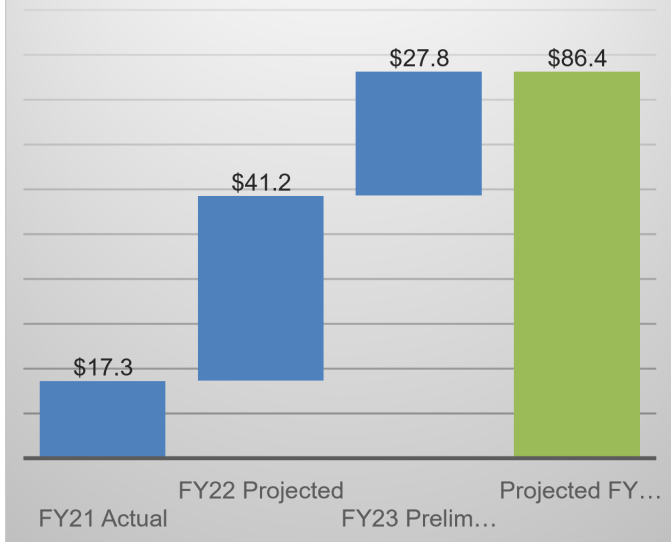
Rainy Day Funds

\$ in Millions



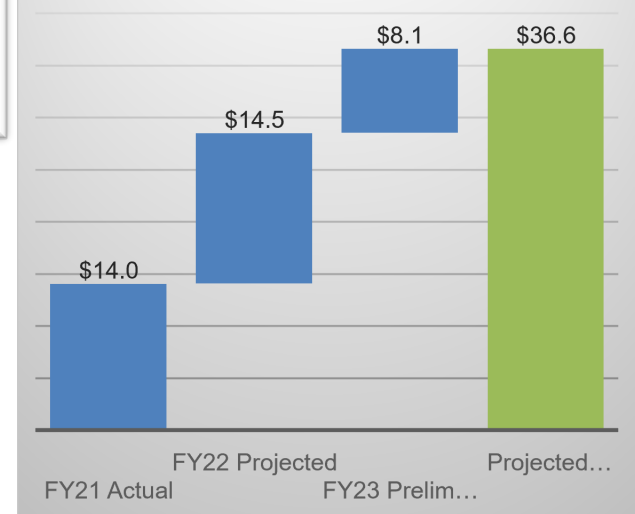
Operating Reserve

■ Increase ■ Decrease ■ Total



Sales Tax Stabilization Fund

■ Increase ■ Decrease ■ Total



NEAR-TERM & LONG-TERM CHALLENGES:

Near-term Challenges

- Fiscal capacity
 - Organizational capacity
 - Expense growth outpaces revenue growth
 - Continuous commitment to funding of unfunded obligations
 - Volatility of sales tax revenue
- Capital Reserve Policy & Capital Reserve Fund
- SOGR / Major Capital Projects
 - Express Bus
 - Measure W budget requests including organizational capacity
 - Central administration building improvements
 - Other business plan opportunities, including those identified by Comprehensive Operational Analysis (COA)

Long-Range Strategic Priorities

- Addressing organizational capacity and results of COA
- Emission Zero Program
- North Base Building 200 Replacement
- North Base Sea Level Rise Mitigation
- Central administration building
- Volatility of sales tax revenue
- Existing debt is retired in FY34

Policy/Procedure Recommendations

- Provide more info to board to set up 115 Trust
- Development of long-term forecast (10years)

DISCUSSION



Emission Zero Program



May 27, 2022 Prepared by Liria Larano

Topics

- SamTrans Innovative Clean Transit Plan (ICT Plan)
- Zero Emission Bus (ZEB) Technologies
- Fleet Procurement Update
- Infrastructure Update
- Hydrogen Technology Studies & Demonstration
- ICT Plan Timeline
- Next Steps

ICT Plan

- ICT Regulation
- Board Approved ICT Plan (2020)
- Proposed Changes to ICT Plan
- Benefits of Proposed Changes to ICT Plan

ICT Regulation

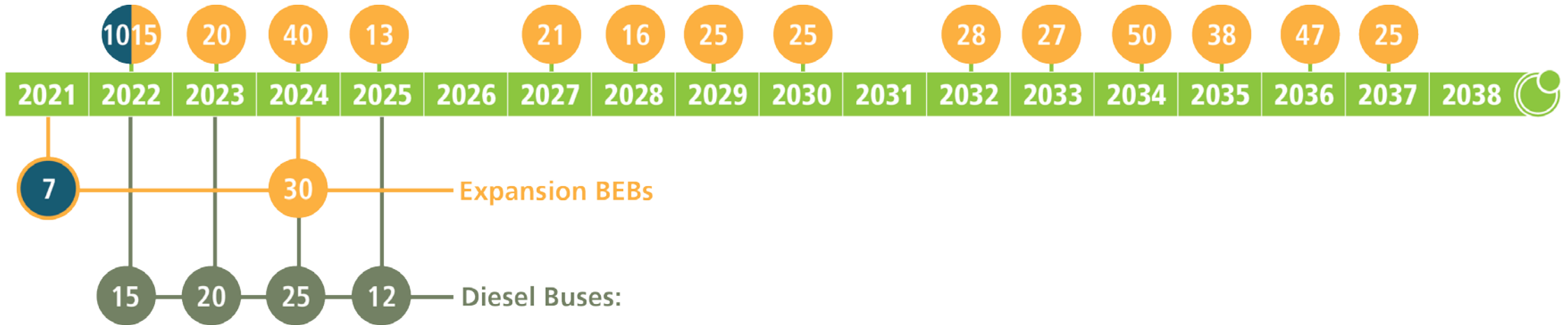
- Instituted by California Air Resources Board (CARB) in 2018
- Requires transit providers to transition their fleets to zero emission technology (ZE) by 2040
- SamTrans developed ICT Plan to plan and execute the fleet transition to ZE
- Board approved ICT Plan in 2020

Board Approved ICT Plan (2020)

- Includes procurement of 72 diesel buses
- Projects the entire diesel fleet to be replaced with Battery Electric Buses (BEBs) starting in 2022
- Includes procurement of 37 Expansion ZEB
- Proposes full fleet conversion to ZE by 2038
- Paratransit fleet to commence transition to ZE in 2026

ICT Approved Plan

ZEB Procurement Plan



Legend

- Work in Progress
- ZEB Decision to be made
- BEB
- Diesel

Proposed Changes to ICT Plan

- Consider the Hydrogen Fuel Cell Electric Buses (FCEBs) as an alternative technology
- Eliminate the procurement of 72 diesel buses
 - Revise the June 2022 procurement, as follows:
 - From: 15 BEBs & 15 Diesels
 - To: 20 BEBs & 10 FCEBs (Fuel Cell Electric Buses)
- Shift fleet procurement scheduled for 2023, 2024 & 2025 by one year to allow further evaluation of BEB & FCEB technologies to inform future fleet procurements

Benefits of Proposed Changes to ICT Plan

- ***Elimination of diesel procurement accelerates fleet conversion to 100% ZE to 2034, compared to 2038***
- Adding FCEB technology can provide resiliency and operational flexibility compared to using a single technology (BEB)
- Shifting 2023-2025 procurements provides one year to:
 - Continue ZEB technology evaluations and familiarization
 - Allows more time for construction of supporting ZEB infrastructure

ZEB Technologies

- BEBs vs. FCEBs:
 - Vehicles
 - Infrastructure
 - Energy & Emissions
- Evaluation Criteria – informed by Board approved Energy Policy

BEBs vs. FCEBs: Vehicles

Criteria	BEBs	FCEBs
Cost per bus*	\$1.28M	\$1.54M
Vehicle Range	Estimated 220 miles	Estimated 300 miles
Charging/Fueling Time	4 to 6 hours	6 to 20 minutes

*Costs in 2022 \$; Incl. Bus Manufacturing & Delivery, Project Management & Q/A, & ICAP

BEBs vs. FCEBs: Infrastructure

Criteria	BEBs	FCEBs
Cost (Estimate)	\$160M for 180 buses	Pending results of Hydrogen Feasibility Study Phase 2
Footprint (area)	Spread out	Consolidated
Maintenance	Minimum Facility Modifications Needed	Facility Modifications Required
Equipment Availability	Standardized	Limited

BEBs vs. FCEBs: Energy & Emissions

Criteria	BEBs	FCEBs
Cost per mile*	\$2.02 per mile	\$1.97 per mile
Source	Single Source	Multiple Sources
Tail Pipe Emissions	Zero	Zero
Well to Wheel Emissions	Neutral (GHG)	(GHG)

*Operational cost per mile from AC Transit's Zero Emission Transit Bus Technology Analysis (12-8-2021)

Evaluation Criteria

- Operating Costs & Flexibility
- Infrastructure Cost & Footprint
- Maintenance Costs & Requirements
- Energy Consumption & Cost
- Reliability of Energy Supplier
- Emissions
- Emerging and Evolving Technologies

Fleet Procurement Update

- Fleet Procurement through June 2022
- Fleet Delivery Schedule

Fleet Procurement through June 2022

	Proterra BEBs	New Flyer BEBs	New Flyer FCEBs
Delivery Nov '18	2		
Delivery Jan '20	8		
Procurement Jun '21		7	
Return Jan '22	(8)		
Procurement Mar '22		10	
Procurement Jun '22		20	10
ZEB Total (49/319)	2*	37	10

* Pending final resolution with Proterra

Fleet Delivery Schedule

	New Flyer BEBs	New Flyer FCEBs	Delivery
Procurement Jun 2021	7		Sept '22 thru Feb '23
Procurement Mar 2022	10		Feb '23 thru Apr '23
Procurement Jun 2022	20	10	Early 2023
Total	37	10	

Infrastructure Update

- Interim BEB Chargers
- Permanent BEB Chargers





Apr 11, 2020 at 12:32:05 PM
N 37° 38' 26" W 122° 23' 30"
South San Francisco, CA 94128

Interim BEB Chargers

- In-ground dispensers, that provide manual chargers for BEBs until permanent overhead chargers are installed
- Installing 10 universal dispensers at North Base by Winter 2022 and an additional 10 dispensers at South Base by late 2023
- Cost: \$7.4 million

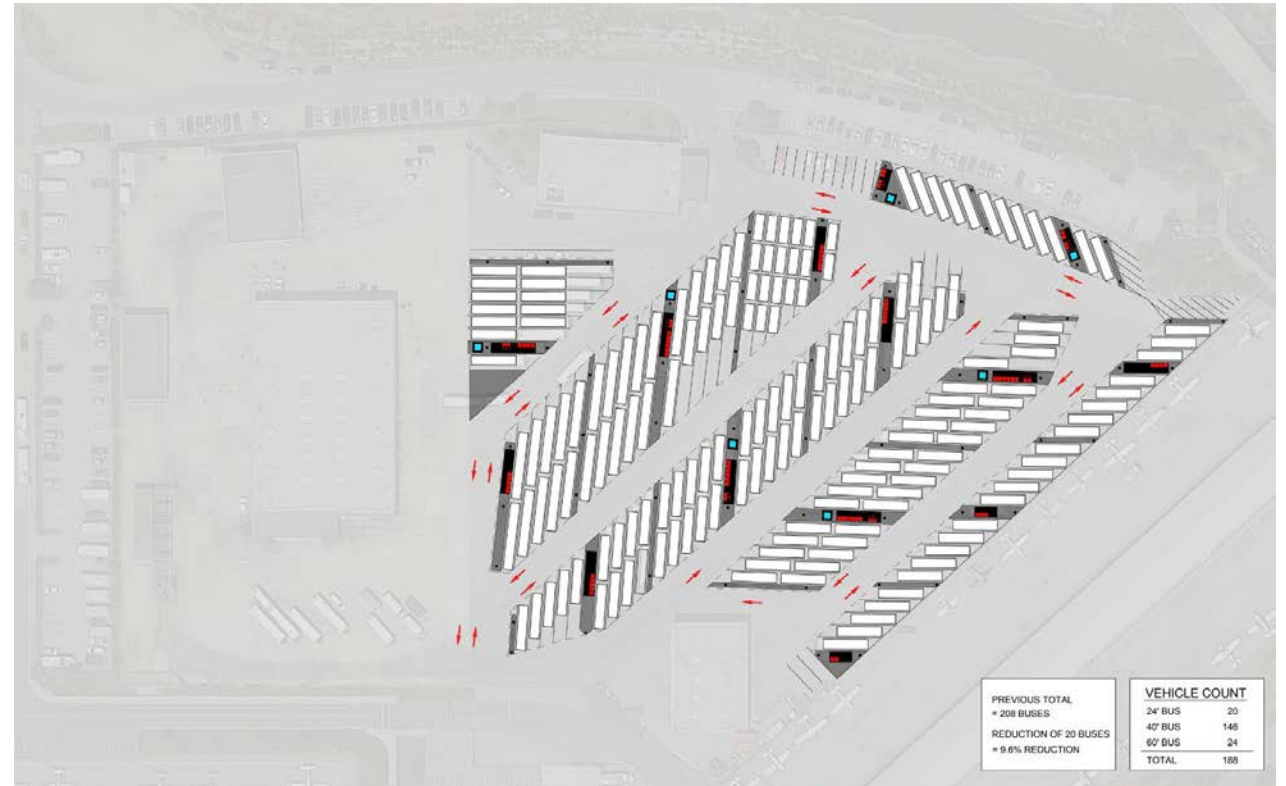
Permanent BEB Chargers

- 30% Design was completed for entire fleet at NB & SB
 - Environmental Clearance by December 2022
 - Utilizes a modular design to provide flexibility for construction
- Charging infrastructure to be constructed in phases based on the number of BEBs procured
- Phase 1: BEB Chargers at South Base for 37 BEBs
 - Requires issuance of Requests for Proposal (RFPs) for design, construction and construction management contracts

Permanent BEB Chargers

South Base

(Illustration of 100% BEB
infrastructure)



Permanent BEB Chargers

North Base

(Illustration of 100% BEB infrastructure)



Pantograph Dispensers



Permanent BEB Chargers: Phase 1

- Overhead Charging for 37 BEBs at South Base
- Cost Estimate:
 - Charging Infrastructure: \$40.13 million
 - Solar Panels/Canopies: 3.52 million
 - Total: \$43.65 million
- Design & Construction Schedule:
 - Summer 2022 – Fall 2026
- Workforce Training for Operators & Maintenance Crews

Charging Structure without Solar Panels

Systemwide: Electrical Network

Modular Components:

- Some Electrical Equipment
- Steel Structures
- Chargers
- Dispensers



Charging Structure with Solar Panels

Modular Components:

- Solar Panels
- Fire Suppression System for Canopies



Hydrogen Technology Studies

- Hired the Center for Transportation & the Environment (CTE)
- Demonstration with 10 FCEBs
- Study 1: 10 FCEBs at North Base: May – June 2022
- Study 2: Replacement of North Base Fleet with FCEBs: July – September 2022
- Next Steps for FCEB Demonstration

Demonstration with 10 FCEBs

- Validation of Vehicle Performance
- Validation of Fueling and Operational Logistics
(Provide Staff with Training and Experience)
- Fueling Options with Multiple Competitors
- Upgrades to Maintenance Facilities
- Accurate Assessment of Operating Costs
- Head-to-Head Comparison with Battery-Electric Technology
- Defer Full Commitment while Technology Improves



FCEB Test Run on SamTrans Routes

- Performed Test Run on May 4
- Dispatched 40' New Flyer FCEB from North Base
- Loaded with 4,000 lbs. (approx. 27 passengers)
- Acceleration & hill climbing ability were equal to diesel buses



Study 1: 10 FCEBs at North Base

- Surveyed multiple hydrogen suppliers
 - Cost Estimate: \$2M - \$5M
 - Includes equipment, hydrogen fuel & O&M for 2 years
 - Implementation Timeline: 18 - 24 months
- Identified required facility modifications
 - Cost Estimate: \$1M - \$2M
 - Schedule: 20 - 24 months
- Identified possible fueling site locations at North Base

Next Steps

- Demonstration to commence upon delivery of 10 FCEBs in late 2023 – early 2024
- Issue RFP for Hydrogen and Fueling Equipment
- Issue design & construction contracts for Facility Modifications



ICT Plan Timeline

ICT Plan Proposed Rev1

ZEB Procurement Plan

17



- Legend
- Work in Progress
 - ZEB Decision to be made
 - BEB
 - FCEB

ICT Plan Proposed Rev1

ZEB Procurement Plan



Legend



Work in Progress



ZEB Decision to be made



BEB



FCEB

ICT Plan Proposed Rev1

ZEB Procurement Plan



Legend

- Work in Progress
- ZEB Decision to be made
- BEB
- FCEB

ICT Plan Proposed Rev1

ZEB Procurement Plan



Legend



Work in Progress



ZEB Decision to be made



BEB



FCEB

ICT Plan Proposed Rev1

ZEB Procurement Plan



Legend



Work in Progress



ZEB Decision to be made



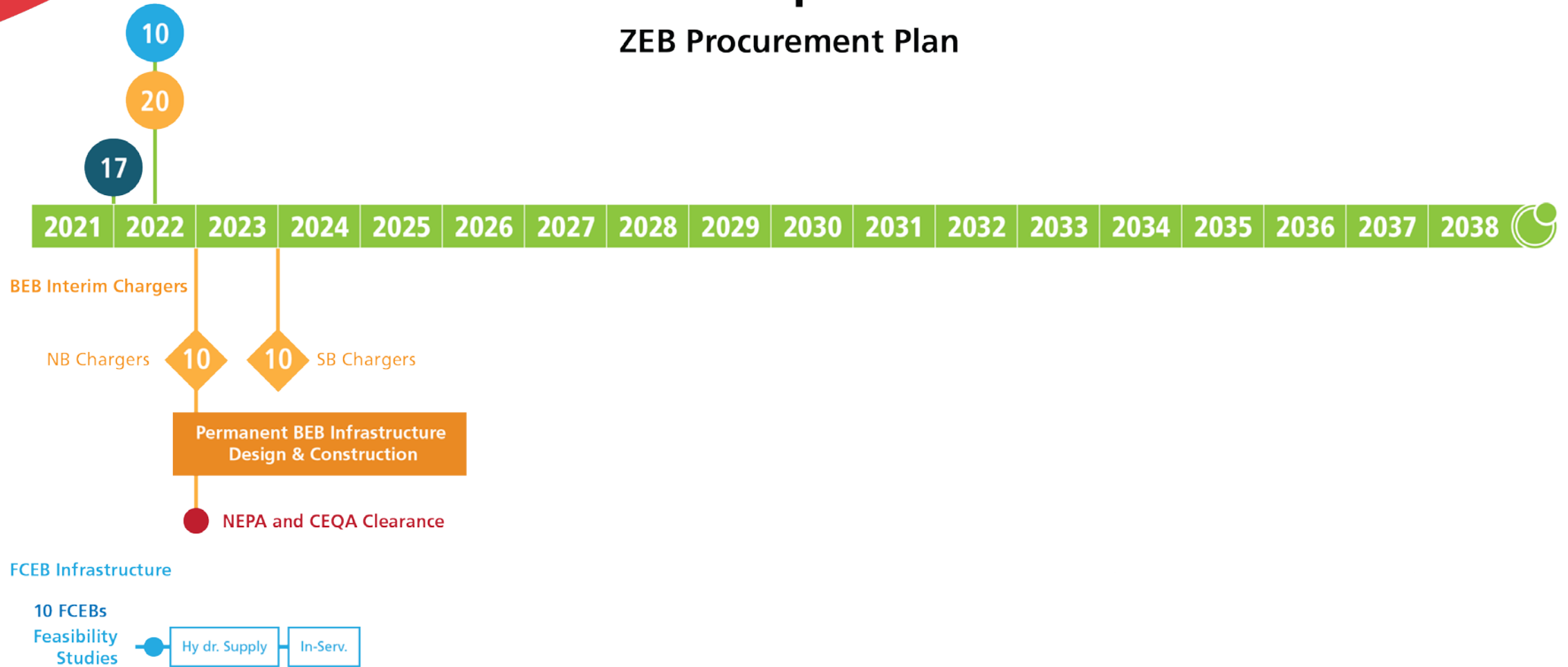
BEB



FCEB

ICT Plan Proposed Rev1

ZEB Procurement Plan



Legend



Work in Progress



ZEB Decision to be made



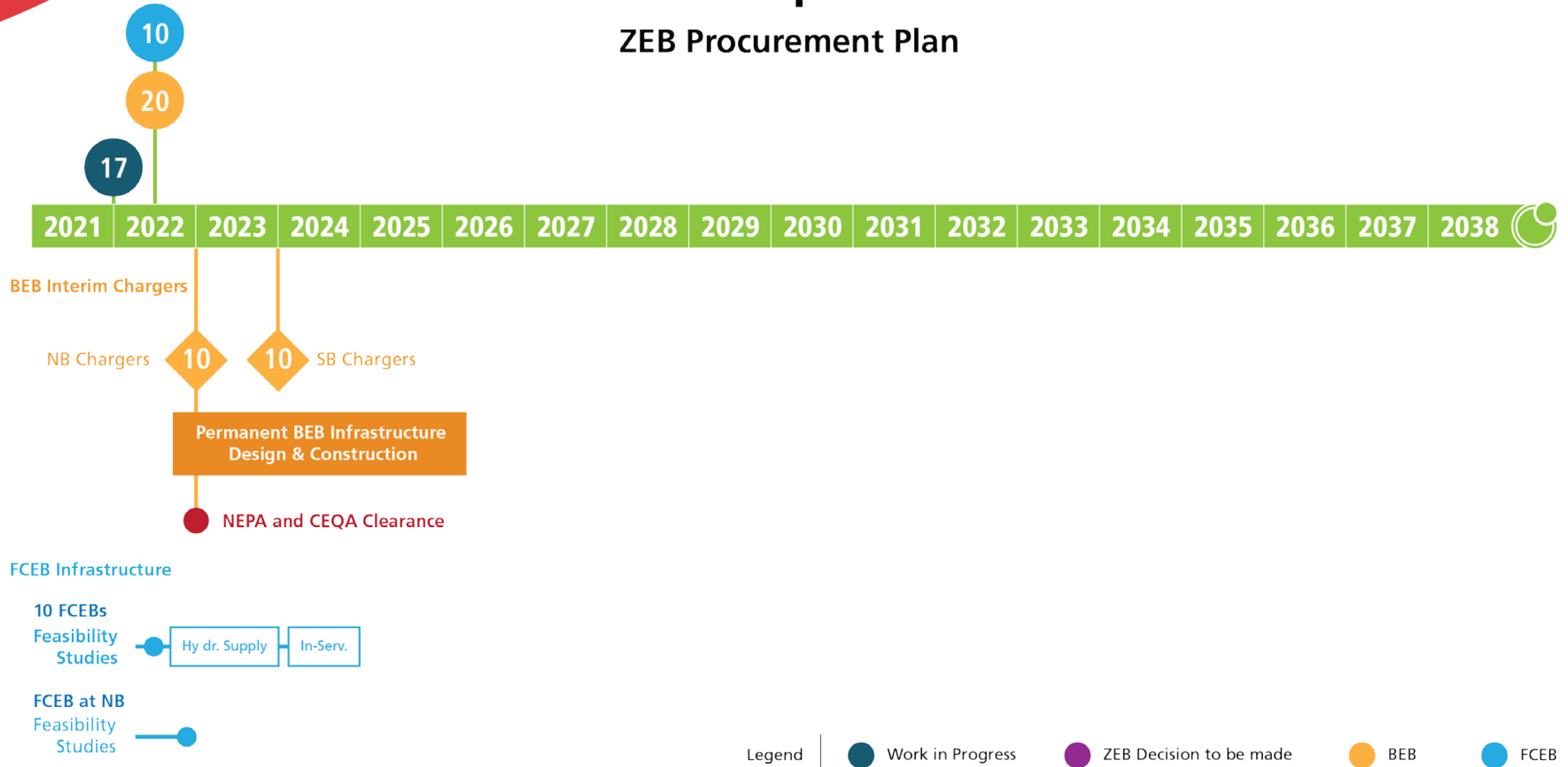
BEB



FCEB

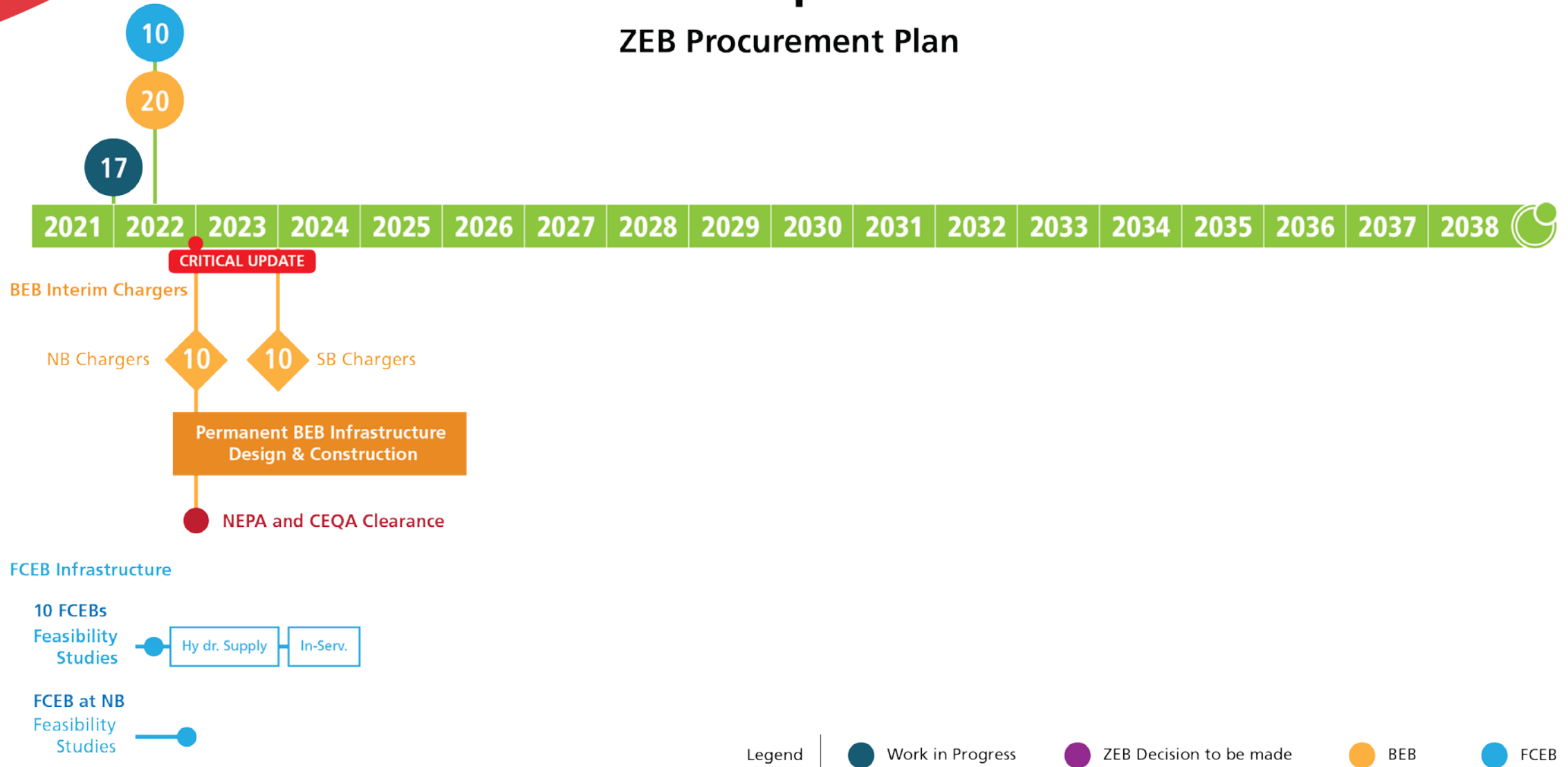
ICT Plan Proposed Rev1

ZEB Procurement Plan



ICT Plan Proposed Rev1

ZEB Procurement Plan

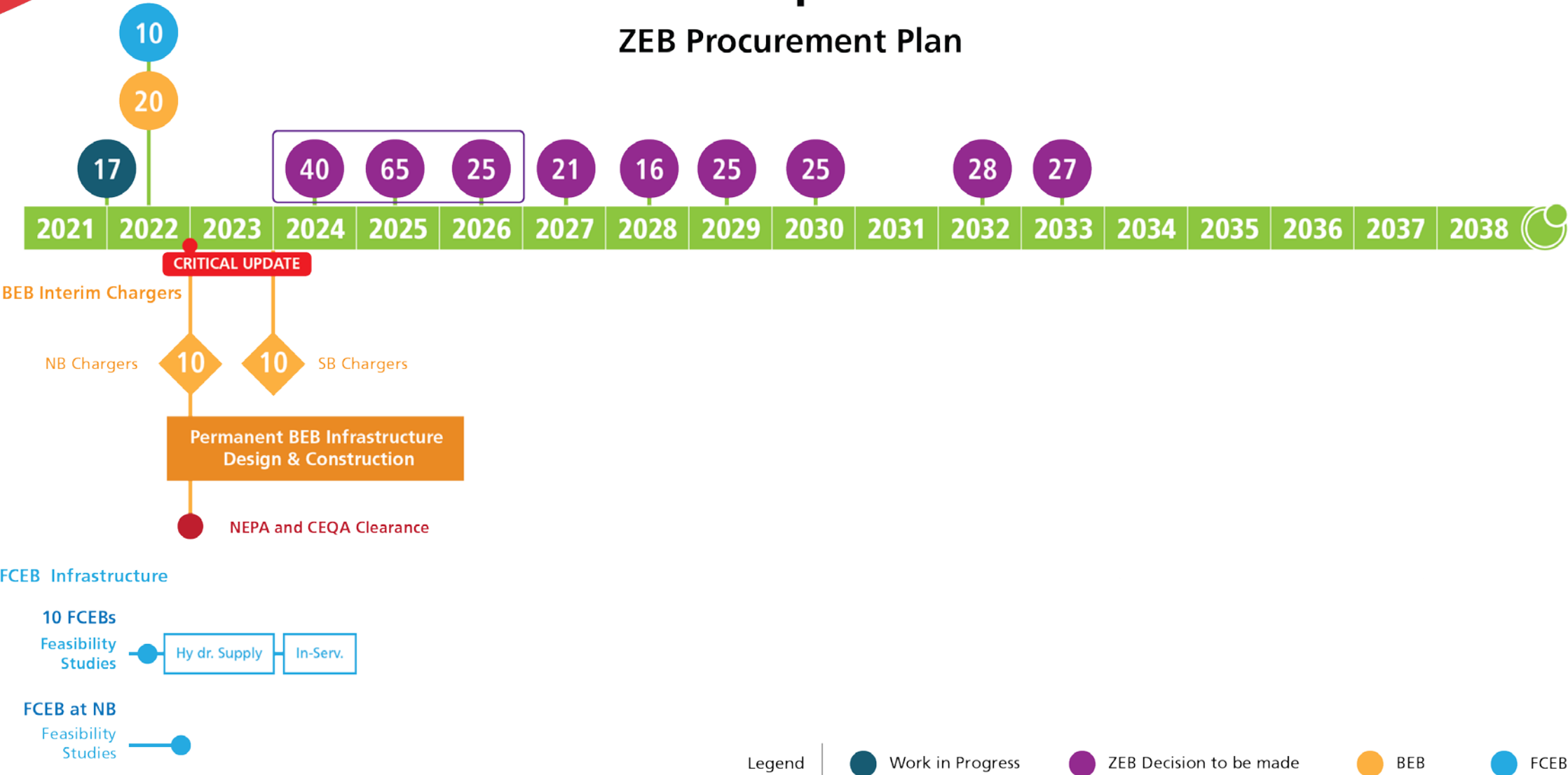


Critical Update

- Facility Infrastructure
 - Feasibility of FCEB technology (North Base)
 - Cost estimate for permanent fueling Infrastructure
 - Cost estimate for BEB technology (NB & SB)
- Schedule for Design & Construction of Infrastructure (FCEB and BEB)
- Availability of Reliable Hydrogen Suppliers
- Estimated Energy/Fueling Costs

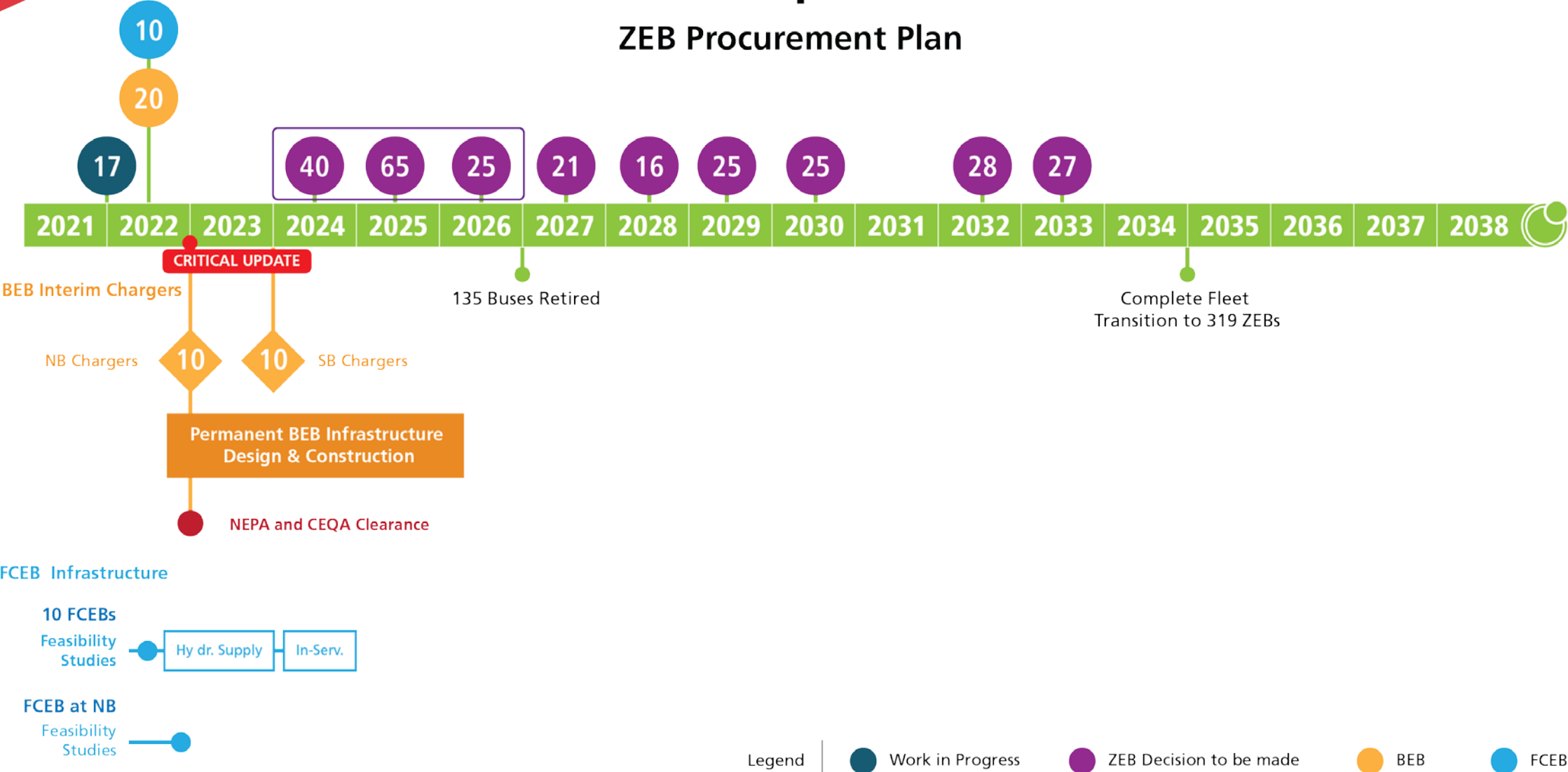
ICT Plan Proposed Rev1

ZEB Procurement Plan



ICT Plan Proposed Rev1

ZEB Procurement Plan



Re-cap

- ICT Plan to be update to reflect changes in procurement strategy and advancements in technology.
- District will be evaluating BEB and FCEB technologies and infrastructure costs and operational readiness to inform future decisions.
- As a result, the District will accelerate its fleet conversion and obtain full compliance with CARB by 2034.



Next Steps

- Seek Board approval to purchase (20) BEBs and (10) FCEBs in June 2022
- Complete FCEB Feasibility Study for NB Fleet – Fall 2022
- Issue RFP(s) such as, design and construction for charging infrastructure, and for hydrogen and fueling equipment
- Evaluate BEB and FCEB performances – Provide updates to the Board in early 2023





Questions and Open Discussion



samTrans



1250 San Carlos Avenue
HQ Redevelopment Update

*SamTrans Board Retreat
May 27, 2022*



Meeting Agenda and Goals

DRAFT



Agenda

1. Background
2. Details of Scenario Analysis
3. Housing Assistance Assessment Update
4. P3 Discussion
 - a) Board Input: P3 Risk Evaluation Exercise
 - b) P3 Structures being Considered
5. Next Steps

Goals

1. Discuss work to date
2. Gather input from Board on its ranking of potential risks of P3
3. Understand next steps and timeline for Project

Next Steps:

1. Market Sounding
2. City and Community Outreach
3. Develop P3 Structure
4. Draft of P3 Solicitation Documents

Background



Background

DRAFT



Board Retreat: March 19, 2019

- ***Discussed status of Current HQ building***
 - Millions of dollars of deferred maintenance
 - Costly to maintain
 - Not built to current office standards
 - Significant building inefficiencies
 - Building at or exceeding capacity with current workforce

Board Action: September 2020

- ***Selection of Jones Lang LaSalle (JLL) to help develop P3 process***
- ***Discussed Objectives for HQ building***
 - Maximize HQ site opportunity & value
 - Transfer risks related to future facility cost
 - Create quality workplace for future employees
 - Capacity to expand/contract as needed in future

Background

Meetings with Board Ad Hoc Committee

- ***Discussed appropriate new building size***
 - Currently Agency uses all available space – approximately 125k Square Feet

 - Building was first occupied in 1990
 - Agency used 2 of 4 floors at that time
 - Agencies currently use all four floors of the building
 - Space needs doubled over 30 years

 - Modern buildings are designed for more people per gross square foot
 - Potentially decrease space need by between 12% and 25%

 - Recommend SamTrans develop 190K sf to accommodate growth
 - 110k sf can accommodate current agency needs
 - Space reserved for growth could be offered to other public transportation agencies to potentially create a “Transportation Campus”

Background

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- ***Meetings with Board Ad Hoc Committee***
 - ***Current building has excess parking***
 - Parking drives development costs
 - Use existing parking for new office development
 - **Reduce ratio of parking spots/office square footage**
 - ***Discussed various site plans and selected recommended plan***
 - ***Looked at components of different P3 business structures***


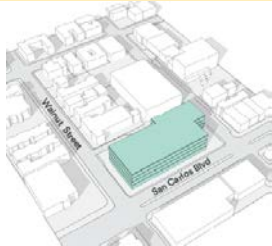
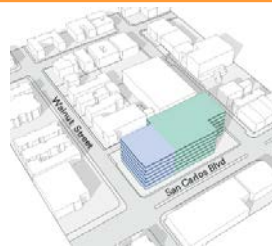

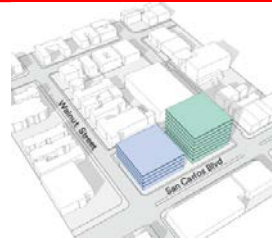

Details of Scenario Analysis



Scenario Development Summary

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Concept	 0: Modernize Existing Building & Retain Parking Garage	 1: Max Zoning & Retain Parking Garage	 2: Max Site Potential & Retain Parking Garage	 3: Phased Redevelopment of Parcel 1 & 2	 4: Separate Buildings Parcel 1	 5: 20-Story Building / Parking per Code
# Floors	4 Stories	4 Stories	7 Stories	Parcel 1: 4 Stories Parcel 2: 9 Stories	4 and 7 Stories	Parcel 1: 20 Stories Parcel 2/3: 7 Stories
Total Rentable SF of Development ⁽¹⁾	110,000 RSF	110,000 RSF	192,000 RSF	219,000 RSF	170,000 RSF	453,000 RSF
Parking	450 spaces 4.5 / 1,000 GSF	450 spaces 3.7 / 1,000 GSF	450 spaces 2.0 / 1,000 GSF	565 spaces 2.2 / 1,000 GSF	450 spaces 2.4 / 1,000 GSF	1,120 spaces 2.2 / 1,000 GSF
1st Year Availability Payment (AP) or Debt Serv / OpEx ⁽²⁾	\$4.4M ⁽³⁾	\$7.1M	\$5.3M	\$9.8M	\$5.3M	\$12.7M
Present Value of Estimated Future SamTrans Costs ⁽⁴⁾	\$135M	\$136M	\$103M	\$176M	\$104M	\$247M

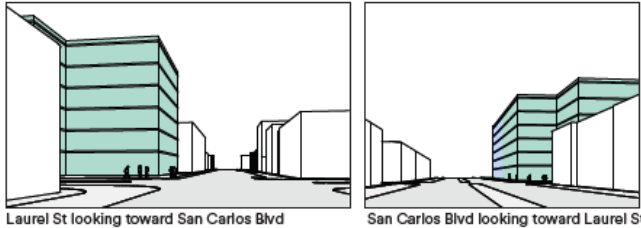


Notes: (1) Assumes 40% of the space designated for SamTrans will be occupied by Caltrain and Caltrain will pay market rent for the space.
 (2) Net of rent revenues and expense reimbursements from Caltrain and interim tenants.
 (3) Includes debt service for major building renovations/upgrades and annual operating expenses.
 (4) 35 years at 3.25% discount rate. Includes potential move costs and cost of temporary space during HQ redevelopment.

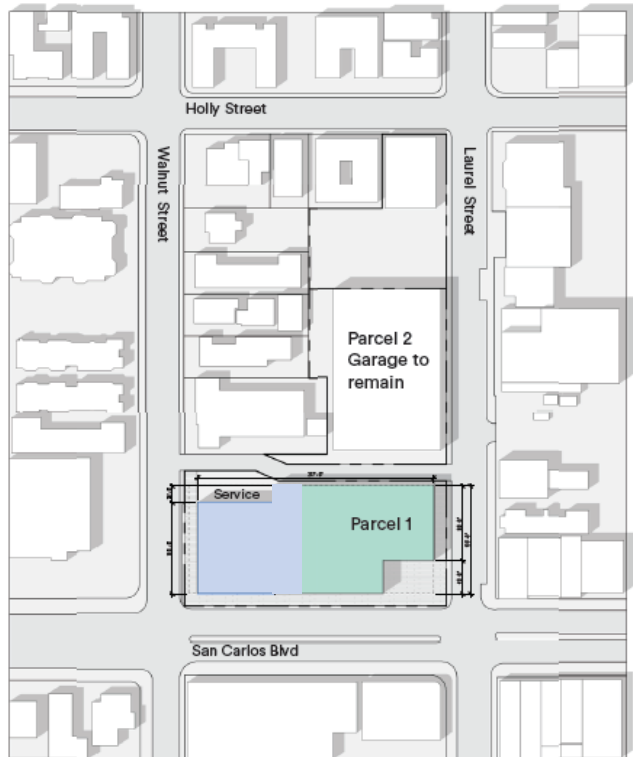
All quantities are estimates based on market and cost data available at the time of estimation, and are developed for comparison purposes only; quantities are rounded

Recommended Development Concept

Concept 2: Transit Campus: Maximize Site Potential using Existing Parking Garage



Laurel St looking toward San Carlos Blvd San Carlos Blvd looking toward Laurel St



Building Details:

- 7 Stories Above Grade + 1 Basement Parking Level
- Approx. 190,000 Square Feet
 - Provides opportunity to create a “Transportation Campus” that would allow ST to provide space for other transportation entities and public agencies
 - 110,000 RSF for Current SamTrans Needs
 - 80,000 RSF for future ST expansion and immediate use by other agencies
- 450 Parking Spaces (incl. 120 basement)

Recommendation Rationale:

- Lowest cost / highest value
- Fully addresses long-term problems of existing HQ
- Safeguards the future: Allows for District to easily expand / contract in place over time
- Using existing parking structure creates significant cost savings
- No added parking help eliminates potential impacts and streamlines EIR / CEQA;

Break for Questions



Assessment of Housing on HQ Site

The Ad Hoc Committee asked about the potential to create housing on the HQ site.

- **After research and evaluation, staff and JLL advise housing is possible. However, it presents challenges and is not recommended because:**
 - Housing on site would be minimal
 - Splitting site in half would yield only approximately 50 housing units
 - A public-private residential project of this scale typically struggles to attract quality development partners

Assessment of Housing on HQ Site (cont.)

- Housing on site means SamTrans will not accomplish goal of creating sufficient office space to accommodate its future needs
 - Inclusion of housing would reduce office space to what is necessary to accommodate current staffing needs
 - After spending over \$100M on the project, Agency would need to rent more space in a few years
- Housing substantially increases project costs and risks
 - Transforms development into 2 separate projects with individual developers, shoehorned onto one small site
 - Costs between \$7m to \$9m more to construct only half the office space
 - Increases construction cost of per unit housing, due to the small site available for housing construction

Housing Assistance Assessment

Staff is continuing to evaluate housing assistance opportunities for employees

- Policies/programs of other agencies indicate certain best practices:
 - Start with needs assessment--Survey demand and interests of employees
 - Identify housing assistance benefits to address employees' demand/interest
 - Create partnerships with other agencies and experts in affordable housing
 - Evaluate opportunities to use available assets
 - Establish non-profit entity to manage any agency-created housing assets
 - Assess and identify required financial resources to provide desired housing assistance benefits
 - Work with employees to ensure input and support all along the way

Housing Assistance Assessment

- Potential Opportunities

- Colma

- SamTrans-owned park and ride lot in Daly City, near Colma BART Station
- Can accommodate over 500 residential units
- Requires approval from FHWA, who provided funds for site purchase

- San Bruno Caltrain Station

- Promising TOD site owned by TA—partnership opportunity with TA

- Brewster Facility in Redwood City

- Would need to relocate current bus operations on site

- La Terrazza: Provision of housing units at existing development

- SamTrans TOD project near Colma BART Station
- SamTrans owns the land and La Terrazza owns the building
- La Terrazza willing to make available 20 to 30 rental units for employee housing use

Housing Assistance Assessment – next steps

Next Steps for balance of 2022

- June 2022 – Bring in consultant to assist with developing the workforce housing and/or housing assistance policy, and accompanying action plan
 - Consultant will provide expertise in workforce housing best practices; seek and establish partnership opportunities with experts in the affordable housing space; determine what entity/structure to manage any agency-created housing assets.
- Summer 2022 - Complete demand survey and needs assessment
- Summer 2022 – Establish a Board ad hoc committee to review survey results, and housing assistance options, and costs, and provide guidance on consultant work

Break for Questions



Partnership & Risk Sharing



Contemplated Business Transaction Structure

Public-Private Partnership (“P3”) Design-Build-Finance-Operate-Maintain (“DBFOM”)

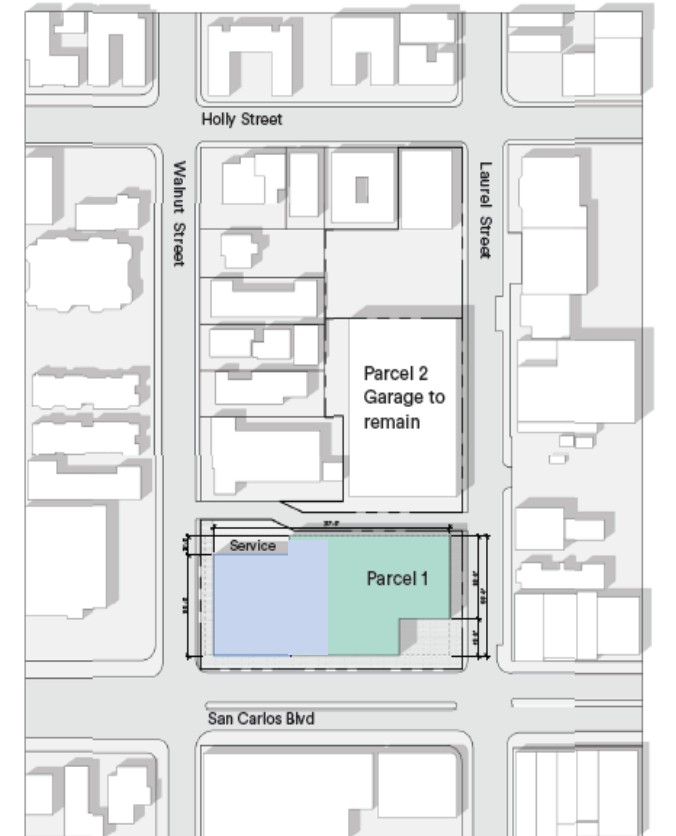
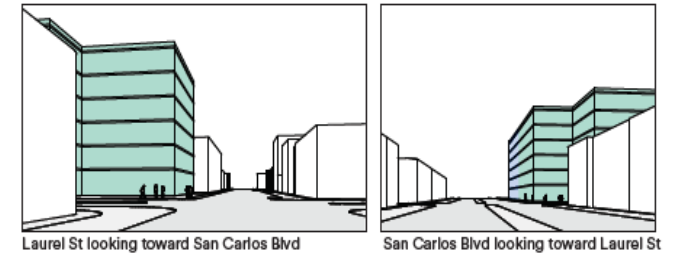
SamTrans partners with a **private sector developer** to redevelop the site

- **Developer responsibilities:**

- Construction of the Project
- Finance the entire Project
- Maintains everything for 30 years (typical term is 30 years)

- **SamTrans responsibilities:**

- SamTrans owns the entire building after 30 years
- SamTrans makes a predictable, annual Availability Payment for services



What is a “Public-Private Partnership” or “P3”?

No Standard Definition...

- Industry term for a **significant agreement between a public sector entity and a private sector entity** to achieve a specified project outcome.
 - Typically used in the development of buildings or infrastructure
 - Different from a “vendor” relationship because the District is not the “buyer” of services.
- Involves **sharing of some combination of skills, resources, assets, risk**, and project outcomes between public and private sector participants.
 - Often used by public sector to **transfer certain risks** or responsibilities to private sector
- There is **no single “P3 Model”** -- many potential structures, crafted for specific situations



Why P3s?

- A ‘public-private partnership’ is contractual relationship between a public sector entity and a private sector partner.
- A variety of project responsibilities and risks are allocated and/or shared in order to meet project objectives. They include:



Transferring risk
(design, cost, financing, leasing management and maintenance, etc.) to private sector



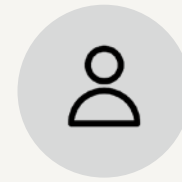
Access new capital markets for project financing, thus freeing agency balance sheet for its core projects



Save time in new project delivery and costs



Generating revenue from assets



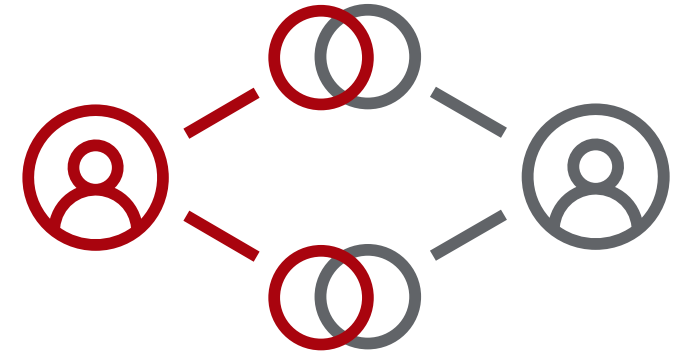
Tap unique expertise and resources offered by private sector



Keep public institution focused on core capabilities while allowing private partner to concentrate their expertise in project delivery and operations

Which party can most cost-effectively bear the risk?

- One of the primary benefits of a P3 is **transferring risks** normally held by the public sector to the private sector
- A critical success factor for P3s is determining **how risks should be allocated**; addressing them clearly and objectively will deliver strong value for money and facilitate stakeholder alignment



It is important to understand how SamTrans values various risks and how the Board rates the importance of these potential risks

- The Board's input will be combined with data collected during "market sounding" to help JLL structure the RFQ process

Board Input: Risk Evaluation



- Determine whether SamTrans should **keep, transfer, or share** specific risks
- Risks generally fall into the below general categories, with numerous specific risks in each category
- In the following slides, we describe eight project risks that are vital to assess
 - The board will be asked to “rank” them, with the risks that SamTrans should transfer ranked first, followed by those to be shared or transferred

Risk Types For Discussion:

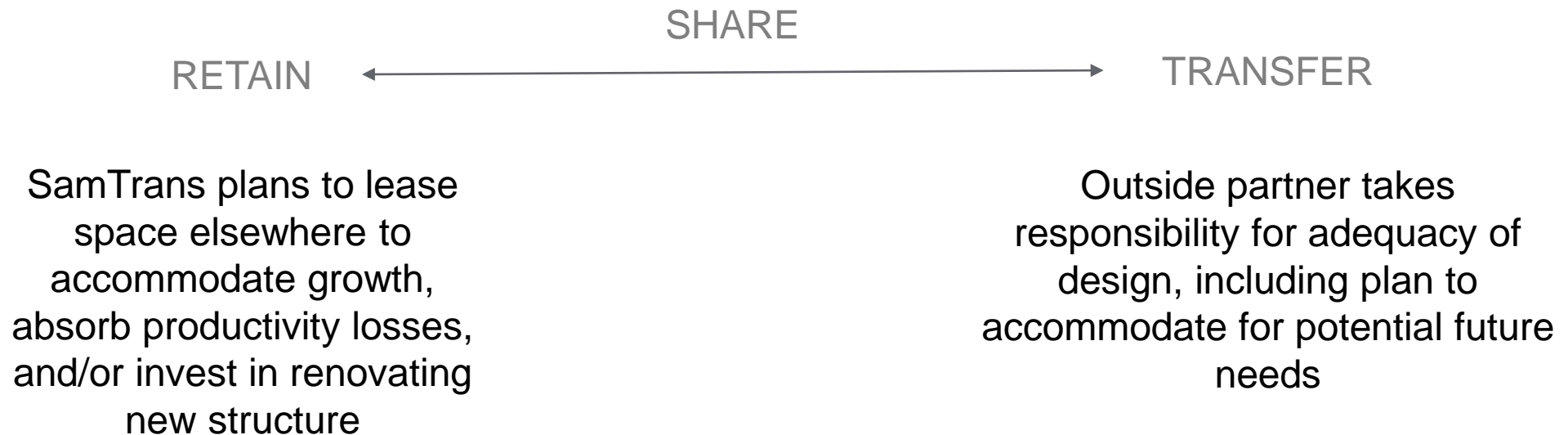
- **Cost**
- **Delivery**
- **Design**
- **Maintenance**
- **Schedule**
- **Market Demand**



Project Fit (Design)

Project design is “off” or not big enough to accommodate future growth

“We spent all this money on a new building, but by 2028 we are realizing it doesn't actually fit our needs”



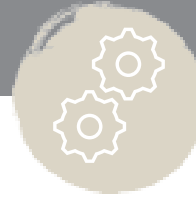


Financial Inefficiency (Financing)

Ineffective use of SamTrans' funds & resources

"We didn't make full use of the land, parking garage, cost of capital, and professional resources to ensure the creation of a good, cost-effective project"





Project Complexity (Construction)

Too complicated to actually achieve, or achieve effectively

We committed to do a variety of additional things with the Project, and now issues with one part of the project now make the entire thing problematic





Site Issues (Construction)

Unanticipated site issues impact cost & schedule

As work begins, it becomes clear that certain site realities are going to significantly impact project feasibility, such as water table, foundation issues, parking garage integrity, utilities limitations, etc.





Cost Escalation (Construction)

Significant construction cost escalation forces hard choices

“Everything got so expensive that we have to change the project into something we hadn't bargained for.”



Delay (Schedule)

Significant project delay disrupts operations, business planning, cost

“SamTrans processes and procurement of the new HQ facility are stalled or ‘slow-rolled’, leaving the issue unresolved for years”





Occupancy (Operations)

Project demand does not materialize / shift in market

"We spent money to build office space to grow into and rent out in the meantime, but no one actually shows up to rent it"



Insufficient project revenue forces SamTrans to subsidize facility's ongoing financial obligations out of other funds until better tenants can be found

Outside partner must leverage their professional resources to ensure excess space is marketable and well-marketed



Facility Condition (Maintenance)

SamTrans receives low-quality facilities at end of ground lease term

“Thirty years from now we're in the same spot we are in today--trying to figure out what to do with an obsolete building with outsized deferred maintenance costs”



Key Risks for Discussion



Risk Type	Risk Description	SHARE				
		RETAIN	TRANSFER			
		1	2	3	4	5
Design	Project Fit – Project design is “off” or not big enough to accommodate future growth					
Delivery / Cost	Financial Inefficiency - Ineffective use of SamTrans’ funds & resources					
Delivery / Design	Project Complexity - Too complicated to actually achieve, or achieve effectively					
Delivery / Cost	Site Issues – Unanticipated site issues impact cost & schedule					
Cost	Cost Escalation - Significant construction cost escalation forces hard choices					
Schedule	Delay -- Significant project delay disrupts operations, business planning, cost					
Market Demand	Occupancy -- Project demand does not materialize / shift in market					
Maintenance	Facility Condition -- District’s facility is Low-quality/obsolete after a period of time					

Board Evaluation Process

- Reveal Results
- Board Discussion

Next Steps - HQ

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- Market Sounding: Seek input from developers to determine how various options will be received by private developers
- Commence outreach to City and community
- Meld Board input with information derived from the market to develop an RFQ that is consistent with agency values and market conditions
- Deal Structure Confirmation with Board
- Draft of P3 Solicitation Documents