Agenda Item No. (4)

To: Building and Operating Committee/Committee of the Whole
Meeting of June 23, 2022

From: Norma Jellison, Manager of Real Estate Services and Property Development
Ron Downing, Director of Planning
Mona Babauta, Deputy General Manager, Bus Division
Denis J. Mulligan, General Manager

Subject: AUTHORIZE THE GENERAL MANAGER TO EXECUTE A TWO-YEAR LICENSE AGREEMENT WITH THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AUTHORITY FOR THE SALESFORCE TRANSIT CENTER BUS PLAZA IN SAN FRANCISCO, CA

Recommendation

The Building and Operating Committee recommends that the Board of Directors (Board) authorize the General Manager to execute a two-year license agreement with San Francisco Metropolitan Transportation Authority (SFMTA) for Golden Gate Transit (GGT) to continue to provide regional service to and from San Francisco using two bays on the street level Bus Plaza at Salesforce Transit Center. SFMTA and GGT previously executed license agreements for regional services at the Bus Plaza on September 1, 2018 and September 1, 2019. SFMTA uses the Bus Plaza under a lease with the Transbay Joint Powers Authority (TJPA), the owner/manager of the Salesforce Transit Center.

This matter will be presented to the Board of Directors at its June 24, 2022, meeting for appropriate action.

Background

On September 1, 2018, the Golden Gate Bridge, Highway and Transportation District (District) began using two bays on the street level Bus Plaza of the Salesforce Transit Center in San Francisco under a license agreement with SFMTA, the lessee of the multi-platform Bus Plaza under a three-year lease with the TJPA. On September 1, 2019, the parties extended the arrangement for two years. The proposed new two-year license agreement commencing on July 1, 2022 will allow for continued use of the two bays at the street level Bus Plaza for Golden Gate Transit regional service.

The District operates frequent daily service to and from the North Bay using the two bus bays at Platform A, one of the platforms of the street level Bus Plaza of the Salesforce Transit Center and continues to use the Perry Street Bus Lot for the District’s commute service. Rent for District use of the Bus Plaza is paid on a quarterly basis under the terms of its two-year license agreement.
SFMTA is the primary public transit operator using the street level Salesforce Transit Center Bus Plaza, with GGT using two bays on one platform. The primary operators using the Bus Deck include AC Transit, WestCAT, Amtrak, and Greyhound. SFMTA is responsible for 26% of the annual operator gap—the difference between operating costs and revenues—in each annual budget adopted by TJPA. SFMTA’s share is based on SFMTA’s Exclusive Use Space of 26%. GGT is responsible for 4.2% of the annual operator gap, based on its Exclusive Use Space. TJPA’s total net operating gap is $4,580,000 in the FY 2022-23 Operating Budget, which TJPA adopted at its June 2022 Board meeting. TJPA requires that all operators share the net operating expense associated with the Salesforce Transit Center.

**Summary**

In the General Manager’s report of August 2018, the General Manager reported to the Board that, effective September 9, 2018, the District would begin operating its regional basic service from the Salesforce Transit Center Bus Plaza. At its July 26, 2019 meeting, the Board authorized execution of a two-year license agreement for continued use of the two bays at the street level Bus Plaza.

The current proposed two-year license agreement states an initial per year license fee of $192,360. As in the previous license agreement, the license fee is based on the District’s 4.2% exclusive use space and 4.2% of net operating expenses/net operating gap. The license agreement caps the District’s total license fee for the two years of the agreement at $750,000. Should the license fee for both years combined exceed $750,000, the District has the right to terminate the license agreement. The District’s license agreement is based on SFMTA’s three-year lease with TJPA, effective June 15, 2018, with three one-year options. Similar to the “not to exceed” clause in the District’s license agreement, the SFMTA lease includes a clause that allows termination if the annual rent exceeds $3,000,000 in any fiscal year.

**Fiscal Impact**

The fiscal impact of the first year of the two-year license agreement license fee is $192,360. The fiscal impact of Year Two of the license agreement is unknown at this time. If the license fee for the second year increased to $557,640, the District could terminate the license agreement due to the $750,000 cap included in the license agreement. It is unlikely that the second year license fee would reach that amount.