

**ITEM 6d**  
**Treasure Island Development Authority**  
**City and County of San Francisco**  
**Meeting of December 13, 2023**

**Subject:** Resolution authorizing the Treasure Island Director to enter into Amendment No. 1 to the Memorandum of Agreement #20/21-14 between the Treasure Island Development Authority and the San Francisco County Transportation Authority for Project Management and Oversight, Engineering and Environmental Services for the Hillcrest Road Widening Project on Yerba Buena Island

**Contact:** Robert Beck, Treasure Island Director

**SUMMARY**

The resolution would authorize the Treasure Island Director (“Director”) to execute Amendment No. 1 to the Memorandum of Agreement #20/21-14 for the Hillcrest Road Widening Project (“MOA”) between the Treasure Island Development Authority (“Authority”) the San Francisco County Transportation Authority (“SFCTA”) for project management, engineering and environmental services to implement the Hillcrest Road Widening Project (“Project”) as funded by the grant award from the State of California’s Infill Infrastructure Grant (“IIG”) Program. The proposed Amendment No. 1 (the “Amendment No. 1”) would amend the MOA to:

- (1) increase the Authority's total "TIDA Reimbursement Obligation" by \$500,000, bringing the total contribution from \$30,000,000 to \$30,500,000, \$30 million of which is tied to a state IIG grant and \$500,000 tied to new TIDA funding; and
- (2) Grant SFCTA the right to enter TIDA property to perform Construction Services for the Project and impose certain obligations on SFCTA and its contractor with respect to such access.

As part of this Amendment No. 1, the Preliminary Project Budget (Appendix C) is also being updated to include the total revised budget, including the \$500,000 in additional TIDA Funding, in addition to \$7,450,000 million of costs to modify the scope of the Project to incorporate certain modifications required to accommodate the Yerba Buena Island Multi-Use Path (“MUP”). The additional costs of this accommodation, in the amount of \$7.450 million, will be funded through a combination of Prop K funds and Senate Bill 1 Local Partnership Program Formula (“LPP-F”) funds.

The Project will improve a critical roadway segment on Yerba Buena Island improving the future vehicle and bicycle circulation and access to the Bay Bridge and widening the Hillcrest right-of-way to conform with Public Works standards for acceptance.

## **BACKGROUND**

The State of California Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability (“NOFA”) dated October 30, 2019, under the Infill Infrastructure Program (“IIG Program”) established under Division 31, Part 12.5 of the Health and Safety Code commencing with Section 53559. The IIG Program provides infrastructure grants to fund Capital Improvement Projects in support of Qualifying Infill Projects or Qualifying Infill Areas to applicants identified through a competitive process for the development of projects that support higher-density affordable and mixed-income housing and mixed-use infill developments.

The Program Guidelines require applications to be authorized by the governing body having jurisdiction. On January 14, 2020, the Board of Supervisors approved Resolution 27-20 authorizing the Authority to file an IIG application and delegating authority, on behalf of the City to prepare an application.

The Authority submitted an application for \$30 million to widen Hillcrest Road to support the development of affordable housing planned on Treasure Island. On June 23, 2020, the Department notified the Authority that our application was successful.

In November 2020, the TIDA Board approved Resolution No. 20-31-1118, authorizing the Treasure Island Director to enter into the MOA to implement an Infill Infrastructure Grant for the Widening of Hillcrest Road on Yerba Buena Island, and the MOA was further negotiated and executed effective January 1, 2022.

The SFCTA is currently implementing the Southgate/Hillcrest & Eastbound I-80 Interchange project and the Westside Bridges project to improve access to and from the Bay Bridge. The segment of roadway to be improved under the IIG award connects these two projects. The scope of work in the IIG application includes the construction of retaining walls along Hillcrest Road between the limits of the Eastbound Interstate-80 Interchange project and the Westside Bridges project being implemented by the SFCTA. These retaining walls account for half of the estimated construction costs and will allow the Hillcrest Road right-of-way to be widened to forty feet – the minimum standard for acceptance by Public Works as a City street. This additional width will improve traffic circulation on Yerba Buena Island, provide space for enhanced bicycle and pedestrian facilities and a transit-only lane for AC Transit buses as they approach the eastbound on-ramp to Interstate-80.

As part of the November 2020 TIDA Board action, TIDA staff recommended working with the SFCTA to implement the Project to ensure coordination of design and construction over the entire length of roadway to be improved.

## **DISCUSSION**

As the SFCTA prepares to enter into a contract for construction services for the Project, SFCTA staff determined that SFCTA and the Construction Contractor need the right to enter onto TIDA’s property to perform such work. In addition, TIDA has also agreed to contribute an additional

\$500,000 to the Project (“TIDA Funding”) to allow for increased construction costs and/or interest costs as a result of the SFCTA advancing Prop K funds to pay for Project costs ahead of permanent funding availability from the IIG funds, LPP-F funds, and TIDA Funding. Both of these changes are reflected in the proposed Amendment No. 1 to the MOA.

Authority Staff has negotiated a draft Amendment No. 1 to the Memorandum of Agreement #20/21-14 for the Hillcrest Road Widening Project (“Amendment No. 1”) that includes the key terms described in this report. A copy of the draft report is attached as Exhibit A to this report.

## **NEXT STEPS**

The Project’s construction contract is scheduled to be advertised by the SFCTA in Spring 2024. The SFCTA anticipates contract award in late Spring 2024 with the project open for use no later than early 2027.

## **RECOMMENDATION**

Staff recommends that the Authority Board authorize the Director to (i) execute Amendment No. 1 as described in this report and in substantially in the form attached as Exhibit A to this report and (ii) to work collaboratively with the SFCTA and selected consultant to implement the Project and, in consultation with the City Attorney’s Office, to make such modifications to Amendment No. 1 as necessary, appropriate, or advisable to implement the Project and satisfy IIG program requirements.

## **EXHIBITS**

Exhibit A – Draft Amendment No. 1 to the Memorandum of Agreement #20/21-14 for the Hillcrest Road Widening Project

Prepared by Jamie Querubin, Finance Manager, TIDA



**DRAFT AMENDMENT NO. 1 TO  
MEMORANDUM OF AGREEMENT # 20/21-14  
for the  
HILLCREST ROAD WIDENING PROJECT**

THIS **AMENDMENT NO. 1** is made and shall be effective on the \_\_\_th day of \_\_\_\_\_, 202XX, by and between the San Francisco County Transportation Authority (“Transportation Authority”) and the City and County of San Francisco (“City”) acting through the Treasure Island Development Authority (“TIDA”), referred to collectively as “Parties” or individually as “Party.”

**RECITALS**

- A. The Transportation Authority and TIDA entered into that certain Memorandum of Agreement #20/21-14 (“Agreement”), effective January 1, 2022, setting forth the Parties’ respective obligations with respect to project development and construction services, and funding, for the Hillcrest Road Widening Project (“Project”) on Yerba Buena Island (“YBI”).
- B. Although the Agreement provides, among other provisions, that the Transportation Authority shall enter into a contract for the Construction Services required for the Project, the Parties have determined that the Agreement is missing a key provision regarding the rights of the Transportation Authority and the Construction Contractor to enter onto TIDA’s property to perform such work and the obligations of the Transportation Authority and the Construction Contractor to TIDA related to such access.
- C. TIDA has agreed to contribute funding to the Project in the amount of \$500,000 (“TIDA Funding”).
- D. The Transportation Authority, in consultation with TIDA, has determined that it is necessary and appropriate to modify the scope of the Project to incorporate certain modifications required to accommodate the Yerba Buena Island Multi-Use Path (“MUP”). The additional costs of this accommodation, in the amount of \$7.450 million, will be funded through a combination of (i) Proposition K (“Prop K”) funds in the amount of \$4.85 million made available through funding swaps with the San Francisco Municipal Transportation Agency, and (ii) \$2.6 million in Senate Bill 1 Local Partnership Program Formula (LPP-F) funds provided to the Transportation Authority through the California Transportation Commission.
- E. The Transportation Authority further agrees to first use local Prop K funds to finance the cost of the portion of the Project work intended to be funded by the IIG and LPP-F grants and TIDA Funding until such time that the Transportation Authority is reimbursed for eligible work from other funding sources. The Transportation Authority is willing to do so on the understanding that the TIDA Funding may be used to pay for interest and financing costs resulting therefrom.
- F. The Parties accordingly wish to amend the terms of the Agreement to incorporate these additional provisions as provided above.



### **AMENDMENT**

1. The Preliminary Project Budget attached as Appendix C to the Agreement is hereby replaced with the revised Preliminary Project Budget shown in the revised Appendix C attached hereto. All references to Appendix C in the Agreement shall mean and refer to the revised Appendix C attached hereto.
2. The following is added as a new Section 2.c.v to the Agreement:
  - v. TIDA hereby provides the Transportation Authority the right to enter TIDA property to perform the above-referenced Construction Services for the Project in accordance with the terms and conditions set forth on Exhibit A attached to this Amendment No. 1.
3. Section 5 of the Agreement is hereby amended to provide that TIDA's reimbursement obligation is limited to \$30,500,000 rather than \$30,000,000; provided, however, the parties understand that \$30 million of such amount is comprised solely of IIG funds.
4. Section 5.e of the Agreement is hereby deleted and replaced in its entirety as follows:
  - e. It is anticipated that IIG funds will fund approximately \$30,000,000 of the total Transportation Authority Project Costs shown on Appendix C. The parties agree that it is in the interest of both parties for the Transportation Authority to seek reimbursement from IIG funds for eligible Project Costs first prior to seeking reimbursement from other sources, to the extent consistent with IIG guidelines. The parties anticipate seeking further state and federal funds to fund Project Costs.

If state or federal funds or other funds do not become available for some or all of the Transportation Authority Project Costs anticipated in Appendix C, or if any state or federal agency disallows the Transportation Authority's reimbursement claims on some or all of the Transportation Authority Project Costs anticipated in Appendix C, then all Transportation Authority Project Costs reasonably anticipated to be but not paid by state or federal funds shall be included in the TIDA Reimbursement Obligation and TIDA shall pay those amounts to the Transportation Authority within forty-five (45) days from receipt of Transportation Authority invoice, provided, however, TIDA will be allowed additional time necessary if TIDA needs to obtain supplemental appropriation to pay for such invoiced cost. TIDA and the Transportation Authority acknowledge that the terms and time period for reimbursement of the TIDA Reimbursement Obligation are based on the not-to-exceed TIDA Reimbursement Obligation amount of \$30,500,000.

TIDA and the Transportation Authority agree that if the TIDA Reimbursement Obligation exceeds the amounts recovered from state, federal and other funds, the Parties shall meet and negotiate in good faith to evaluate a mutually agreeable repayment plan and schedule of the amount of the TIDA Reimbursement Obligation that exceeds the Project Costs recovered from state, federal and other funds. Regardless of any adjustments to the schedule and deadlines for repayment,



TIDA shall be responsible for the full amount of the TIDA Reimbursement Obligation subject to the limitations set forth in this Agreement.

5. The following are added as new Sections 5.f, 5.g, 5.h, and 5.i to the Agreement:
- f. The Parties acknowledge that the Transportation Authority is advancing Prop K funds to pay for Transportation Authority Project Costs, with the intent that Prop K funds will be repaid by reimbursements from IIG and LPP-F funds, other state and federal funds, if any, and TIDA Funding.
  - g. Interest shall accrue on the outstanding unreimbursed Transportation Authority Project Costs, compounded quarterly, at the City Treasurer's Pooled Investment Fund rate or the Transportation Authority's borrowing rate, whichever is applicable, beginning on the date when the Transportation Authority first submits an invoice for reimbursement of Transportation Authority Project Costs (i) to TIDA for reimbursement from IIG funds and/or TIDA Funding, or (ii) to Caltrans for reimbursement from LPP-F funds, and continuing until the Transportation Authority has received full reimbursement from TIDA or other sources. Accrued and unpaid interest shall be deemed to be Transportation Authority Project Costs as accrued. If the Transportation Authority has not issued long-term debt after the effective date of this Amendment No. 1, the applicable interest rate will be the City Treasurer's Pooled Investment Fund rate, calculated quarterly.

If the Transportation Authority issues long-term debt after the effective date of this Amendment No. 1 to help advance funds for the Project Cost, the applicable interest rate will be the "all-in TIC" of such debt issuance. *(The all-in TIC is defined as: The discount rate, assuming semiannual compounding and a 30/360-day calendar, which sets the net present value of all payments of principal and interest equal to the par amount of bonds plus accrued interest plus premium less original issue discount less insurance premium less costs of issuance less other up-front expenses discounted to the issue date.)* If the Transportation Authority issues such long-term debt and that increases the applicable interest rate under this Section, the Transportation Authority shall modify the rate to the appropriate interest rate under this Section and use that new rate going forward. The Transportation Authority shall provide written notice to TIDA of any change in the interest rate and the date on which the Transportation Authority applied the new rate. Notwithstanding the foregoing, in no event shall the interest rate the Transportation Authority applies exceed the maximum rate permitted under California Government Code Section 53531.

- h. For Transportation Authority Project Costs advanced by the Transportation Authority that are not subject to interest payments under Section 5.g above, the interest and fiscal charges (including but not limited to letter of credit fees, remarketing fees and rating agency fees) incurred by the Transportation Authority through its Revolving Credit Agreement ("Fiscal Fees") shall be applied to the lower of (1) the average quarterly outstanding unreimbursed Transportation Authority Project Costs (including interest accrued pursuant to Section 5.g, above) or (2) the total outstanding unreimbursed Transportation Authority Project Costs (including interest accrued pursuant to Section 5.g, above), beginning on the date when the Transportation Authority first submits an invoice for reimbursement of Transportation Authority Project Costs (i) to TIDA for reimbursement from IIG funds and/or TIDA Funding, or (ii) to Caltrans for reimbursement from LPP-F funds, and continuing until the Transportation Authority has received full reimbursement under this Agreement from TIDA or other funding sources.



- i. All Transportation Authority Project Costs, accrued interest and Fiscal Fees are referred to in this Agreement as the “Project Costs.” TIDA shall reimburse the Transportation Authority for all Project Costs agreed to be paid for by TIDA in writing (the “TIDA Reimbursement Obligation”). As of the effective date of Amendment No. 1 to this Agreement, the TIDA Reimbursement Obligation is limited to \$30,500,000 (\$30,000,000 of which consists of the IIG funds). Notwithstanding anything to the contrary in this Agreement, the TIDA Reimbursement Obligation shall not include any costs incurred as a result of the Transportation Authority’s negligence or willful misconduct.
6. All initially capitalized terms used by not defined herein shall have the same meanings given to such terms in the Agreement.
7. Except as expressly modified in this Amendment No. 1, all of the terms, covenants and conditions of the Agreement shall remain in full force and effect and are hereby ratified and confirmed.



**IN WITNESS WHEREOF**, the Parties have executed this Amendment No. 1 on the date set forth above:

SAN FRANCISCO COUNTY TRANSPORTATION  
AUTHORITY

TREASURE ISLAND DEVELOPMENT AUTHORITY

Recommended by:

Recommended by:

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Cynthia Fong  
Deputy Director for Finance and Administration

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Robert Beck  
Treasure Island Director

Approved by:

APPROVED AS TO FORM:  
DAVID CHIU, City Attorney

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Tilly Chang  
Executive Director

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Grace Park, Deputy City Attorney





## **Exhibit A Terms of Access to TIDA Property**

Note: Exhibit A will include, among other things, that TIDA will grant the TA, its contractor's and others access to TIDA property to perform the work, a depiction of the applicable TIDA property, that the TIDA property is being offered in its as-is condition, insurance requirements (including the contractor adding TIDA as an additional insured), indemnity from the contractor to TIDA for claims re: work, construction safety, etc.



**APPENDIX C**

**PRELIMINARY PROJECT BUDGET**

(revised 11/10/23)

The Transportation Authority will provide project management services for the Project. These services include project management oversight, consultant services, construction manager services, and Transportation Authority support staff services. The Consultant will provide all necessary planning and engineering services to complete PE, and PS&E. The Construction Manager will provide full construction management services during construction. The services will be billed on an actual time and materials basis, and will vary from month-to-month from this budget estimate.

The budget for the services provided is as follows, for the period from execution of this Agreement through June 30, 2028.

<b>Project Items</b>	<b>Preliminary Estimate</b>
Total Roadway and Structure Items escalated to 2024-25	\$26,002,000
PE/Final Design by Consultant	\$3,960,000
Construction Administration	\$6,938,000
Permit and Right of Way Approval	\$1,050,000
<b>Project Cost</b>	<b>\$37,950,000</b>
	<b>Funding Available</b>
IIG funds	\$30,000,000
SFCTA Local Sales Tax Funds	\$4,850,000
Local Partnership Program funds	\$2,600,000
TIDA Funding	\$500,000
<b>Total Funding</b>	<b>\$37,950,000</b>

1 [Amendment No. 1 to the Memorandum of Agreement with SFCTA for the Hillcrest Widening  
2 Project]

3 **RESOLUTION AUTHORIZING THE TREASURE ISLAND DIRECTOR TO ENTER INTO**  
4 **AMENDMENT NO. 1 TO THE MEMORANDUM OF AGREEMENT BETWEEN THE**  
5 **TREASURE ISLAND DEVELOPMENT AUTHORITY AND THE SAN FRANCISCO COUNTY**  
6 **TRANSPORTATION AUTHORITY FOR PROJECT MANAGEMENT AND OVERSIGHT,**  
7 **ENGINEERING, AND ENVIRONMENT SERVICES FOR THE HILLCREST WIDENING**  
8 **PROJECT ON YERBA BUENA ISLAND.**

9 WHEREAS, Naval Station Treasure Island (“NSTI”) was selected for closure and  
10 disposition by the Base Realignment and Closure Commission in 1993, acting under Public  
11 Law 101-510, and its subsequent amendments; and

12 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,  
13 authorizing the Mayor’s Treasure Island Project Office to establish a nonprofit public benefit  
14 corporation known as the Treasure Island Development Authority (the “Authority”) to act as a  
15 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and  
16 conversion of the Base for the public interest, convenience, welfare and common benefit of  
17 the inhabitants of the City and County of San Francisco; and

18 WHEREAS, The San Francisco County Transportation Authority (“SFCTA”) is the  
19 congestion management agency for San Francisco, and the SFCTA has an ongoing, positive  
20 relationship with TIDA, including planning, design and leading in construction and  
21 implementation of the Treasure Island/Yerba Buena Island Ramps Project (the “Project”); and

22 WHEREAS, The first component of the Project completed the construction of new  
23 westbound on-ramp and off-ramp (on the east side of YBI) to the Eastern Span of the San  
24 Francisco-Oakland Bay Bridge in June 2016 and was open to public traffic shortly after; and,

25

1           WHEREAS, The second component of the Project is currently under construction to  
2 seismically retrofit and reconstruct the YBI Westside Bridges (“Westside Bridges Project”);  
3 and

4           WHEREAS, On May 8, 2019, TIDA Board of Directors approved amendments to the  
5 existing Memorandum of Agreements with SFCTA to incorporate the Southgate Road  
6 Realignment Improvement Project (“Southgate Project”) to the overall scope of the Project;  
7 and

8           WHEREAS, On October 30, 2019, the State of California Department of Housing and  
9 Community Development (“Department”) issued a Notice of Funding Availability (“NOFA”),  
10 under the Infill Infrastructure Program (“IIG Program”) established under Division 31, Part 12.5  
11 of the Health and Safety Code commencing with Section 53559; and

12           WHEREAS, The Department is authorized to approve funding allocations for the IIG  
13 Program, subject to the terms and conditions of the NOFA IIG Program Grant Guidelines  
14 adopted by the Department on October 30, 2019 (“Program Guidelines”), an application  
15 package released by the Department for the IIG Program (“Application Package”), and an IIG  
16 standard agreement with the State of California (“Standard Agreement”), and to administer the  
17 approved funding allocations of the IIG Program; and

18           WHEREAS, On January 14, 2020, the Board of Supervisors approved Resolution 27-  
19 20 authorizing the Authority to file an IIG application and delegating authority, on behalf of the  
20 City to prepare an application; and

21           WHEREAS, On June 23, 2020, the Department notified the Authority of an IIG Program  
22 award of \$30 million for the Hillcrest Widening Project (“IIG Grant”); and

23           WHEREAS, On November 18, 2020, added the TIDA Board approved Resolution 20-  
24 31-1118 and authorized the Treasure Island Director to enter into a Memorandum of  
25 Agreement between the Authority and SFCTA for Project Management and Oversight,

1 Engineering and Environmental Services (the “Existing MOA”) to Implement the IIG Grant for  
2 widening of Hillcrest Road and connecting with the new improvements under the Southgate  
3 Project and Westside Bridges Project for a comprehensive design (“Hillcrest Widening  
4 Project”); and

5 WHEREAS, The Authority has negotiated a draft Amendment No. 1 to the Existing  
6 MOA (the “Amendment No. 1”), that (1) grants the SFCTA and its construction contractor  
7 rights to access Authority property to perform the work required under the Existing MOA and  
8 imposes various obligations on such parties relating to such access, (2) obligates up to an  
9 additional \$500,000 of Authority funds to pay for the SFCTA’s interest and carrying costs for  
10 initially funding the Hillcrest Widening Project with the SFCTA’s funds, and makes certain  
11 other amendments, all as further described in the staff report accompanying this resolution  
12 and the draft Amendment No. 1 attached to the staff report; ; now therefore be it

13 RESOLVED, That the Authority Board authorizes the Authority and the Treasure Island  
14 Director to execute the Amendment No. 1 on terms and conditions substantially similar to the  
15 draft attached to the staff report accompanying this resolution; and, be it

16 FURTHER RESOLVED, That the TIDA Board of Directors hereby authorizes the  
17 Treasure Island Director to enter into any additions, amendments or other modifications to  
18 Amendment No. 1 that the Treasure Island Director determines in consultation with the City  
19 Attorney are in the best interests of the Authority, that do not materially increase the  
20 obligations or liabilities of the Authority, that do not materially reduce the rights of the  
21 Authority, and are necessary or advisable to complete the preparation and approval of  
22 Amendment No. 1, such determination to be conclusively evidenced by the execution and  
23 delivery by the Treasure Island Director of the documents and any amendments thereto; and,  
24 be it

25

