



# Phase 1 Budget Update

September 10, 2015

## Transbay Transit Center

**TJPA**





- **Phase 1 Construction Cost Update**
- **Draft MTC Cost Review**
- **Funding**
- **Next Steps**

# Phase 1 Construction Cost Update (\$millions)

## Awarded to Date (direct cost)\*

Transit Center	\$ 1,028.43
Utility Relocation	\$ 20.84
Demolition Old Terminal	\$ 15.48
Temporary Terminal	\$ 20.65
Bus Ramp	\$ 56.23
<b>Subtotal Awards through July 2015</b>	<b>\$ 1,141.63</b>
<b>Recommended for Award Sept 2015</b>	<b>\$ 27.68</b>
<b>Total Awards through September 2015</b>	<b>\$ 1,169.31</b>

\*Amounts include executed change orders

# Remaining Construction Work to be Awarded (\$millions)

TTC Construction	July 2015 Costs	Current Costs
TG 7.6 Concrete Topping Slabs	\$ 27.68	\$ 27.68
Metal Column Covers* (CCO)	\$ 6.50	\$ 6.59
TG 8.6 Metal Ceiling*	\$ 28.30	\$ 26.41**
TG8.7 Glass Floors* (CCO to TG8.11R)	\$ 10.00	\$ 16.80
TG 13.1 Roof Top Park Landscaping/Hardscaping	\$ 33.28	\$ 32.28
Roof Top Park/ Electrical/Mechanical (CCO)	\$ 13.50	\$ 22.00
TG 17.1 Signage/Graphics/Directory System*	\$ 3.47	\$ 3.47
Overhead Contact System (MUNI) (CCO)	\$ 7.85	\$ 7.85
IP Network	\$ 20.00	\$ 20.00
Art	\$ 2.18	\$ 2.18
<b>Total To Complete</b>	<b>\$ 152.76</b>	<b>\$ 165.25</b>
Remaining TTC Trade Packages Budget:		\$ 11.61
<b>Additional Need-direct cost</b>		<b>( \$ 153.64 )</b>

\*Design Build/Assist

\*\* Amount does not include \$1.9M for advanced work



## Transbay Transit Center

# Draft Phase 1 Budget (\$millions)

### Phase 1 Budget - 30% Confidence Level (FTA Model)

	Budget (as of Aug 2015)	Revised Budget	Delta
TTC Construction*	\$ 1,039.96	\$ 1,193.60	\$ (153.64)
Bus Ramp*	\$ 56.23	\$ 56.23	\$ 0.00
Temp Terminal	\$ 20.65	\$ 20.65	\$ 0.00
Bus Storage*	\$ 15.95	\$ 19.45	\$ (3.50)
Utility Relocation	\$ 20.84	\$ 20.84	\$ 0.00
Demolition	\$ 16.48	\$ 16.48	\$ 0.00
CM/GC Costs	\$ 89.77	\$ 111.63	\$ (21.86)
<b>Subtotal Construction</b>	<b>\$ 1,259.88</b>	<b>\$ 1,438.88</b>	<b>\$ (179.00)</b>
<b>Soft Costs</b>			
Design	\$ 188.66	\$ 178.28	\$ 10.39
Construction Mgmt	\$ 53.83	\$ 75.98	\$ (22.15)
Pre-Construction	\$ 31.27	\$ 31.27	\$ 0.00
Art	\$ 2.00	\$ 2.00	\$ 0.00
ROW	\$ 76.71	\$ 76.71	\$ 0.00
PMPC	\$ 101.45	\$ 101.45	\$ 0.00
Admin/Legal/Financial/etc.	\$ 124.05	\$ 121.69	\$ 2.35
<b>Subtotal Soft Costs</b>	<b>\$ 577.96</b>	<b>\$ 587.37</b>	<b>\$ (9.41)</b>
CM/GC Contingency	\$ 18.99	\$ 32.80	\$ (13.81)
Construction Contingency	\$ 34.03	\$ 67.45	\$ (35.31)
Program Reserve	\$ 8.54	\$ 17.93	\$ (9.39)
<b>Subtotal Contingencies &amp; Reserve</b>	<b>\$ 61.56</b>	<b>\$ 118.18</b>	<b>\$ (58.51)</b>
<b>Total Phase 1 Program</b>	<b>\$ 1,899.40</b>	<b>\$ 2,146.32</b>	<b>\$ (246.92)</b>

\*Budgets include design contingency and escalation



# Contingencies & Reserve

- Recommended total contingencies and reserve consistent with 30% FTA Risk Model confidence level
- This will replenish the current contingency amount by \$58.5 M, to a total amount of \$118.2M
- Recommended contingency level constitutes approximately 15% of remaining work after all existing known exposure is accounted for
- Recommended construction contingency level is consistent with CM/GC's assessment and CMO's recommendation
- Recommended construction contingency is reasonable given that bidding risk is minimal moving forward, construction is more than 50% complete, foundation work and train box construction is complete, and structural fabrication and erection risks are quantified

# Transbay Transit Center Phase I: Cost Review

Programming and Allocations Committee

September 9, 2015



METROPOLITAN  
TRANSPORTATION  
COMMISSION

# Summary of July Commission Action

- At its July 22<sup>nd</sup> meeting, the Commission:
  - Approved partially releasing MTC’s interest in the 568 Howard property, making this small portion available for inclusion in a TJPA land sale known as Parcel F
  - Received an update from TJPA on a proposed budget increase to the Transbay Transit Center Phase 1 project

July 2013 Approved Budget	July 2015 Proposed Budget
\$1,899 M	\$2,146 M

- Directed staff to perform a project cost and risk review for both phases of the Transbay Transit Center project - to understand scope changes, cost increases



# Approach for Cost/Risk Review

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## 1. Phase 1 Cost and Risk Review (Subject of today's presentation)

- Clarify project scope
- Assess cost exposure in two ways: cost review and risk review

## 2. Phase 2 Cost Review – An assessment of the Phase 2 scope, cost estimate, and delivery model

- Working in cooperation with TIPA staff and SF City staff

# Approach #1: Cost Review

- Scope of Review
  - Past differences between estimates and actual bids/change orders
  - Construction packages remaining to be awarded
  - Soft costs, Construction Manager/General Contractor (CM/GC) costs, and reserve/contingency levels
- Overall Findings
  - Past cost increases attributed to several factors
  - Recent bids have been 179% over estimates (total)
  - CM/GC contract has unusual features
  - Soft costs generally in line with expectations

# Cost Review Recommendations

- For contracts remaining to be awarded, add \$48 Million in contingency:
  - Apply a 30% minimum contingency to the contracts with known bids/costs but not yet awarded in 2015
  - Apply a 180% contingency to the IP Network contract (2016)
  - Apply a 5% contingency on the remaining soft cost budget of \$117 million
- Additional recommendations for cost control going forward:
  - Implement funding partners process to review and approve change orders.
  - Consider a Maximum Price Guarantee with CM/GC for the remaining construction contracts to ensure cost certainty.

## Approach #2: Risk Review

- Scope of Review
  - Project risk management practices and models
  - Did not review all inputs to risk register or models
- Findings
  - Risk Register generally follows best practices, though risks having a cost impact do not appear to be quantified
  - TJPA uses two methods of quantitative risk modeling: “Top Down” and “Bottom Up” Cost Risk Analysis
  - Proposed budget is at a 30% confidence level; 50-80% generally more appropriate

# Risk Review Recommendations

- **Recommendations**

- Focus on “bottoms up” risk analysis model for contingency
- Consider a method of cost risk analysis that accounts for costs from the risk register
- Consider adding contingency at a higher confidence level, at least 50%

## Additional Contingencies at Confidence Levels (\$ Millions)

Confidence Level	Bottom-up + Risk Register	Bottom-up Only
30%	228	89
50%	244	105
70%	263	122

# Summary: Phase 1 Budget Exposure

- Based on both cost and risk analysis approaches, additional budget would be prudent

## Phase 1 Budget

	(\$ millions)
Approved budget (2013)	\$1,899
Proposed new request (July 2015, TJPA)	\$247
Proposed new total (July 2015, TJPA)	\$2,146
Potential additional exposure (Sept. 2015, MTC)	\$48-244
New Total	\$2,194-\$2,390

## Next Steps

- Receive feedback from this Committee
- Proceed with cost review of Transbay Transit Center Phase 2
- Continue to work with TJPA and funding partners to identify additional funding/financing and cost control strategies to successfully deliver full scope of Phase 1 project and be positioned to implement Phase 2



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# Funding





## Transbay Transit Center

# Funding Plan (\$millions)

Sources	Committed Funds	Potential Funds
Land Sales	\$ 510.0	\$ TBD
FRA Grants	\$ 402.7	
TIFIA/Bridge Loan	\$ 171.0	
FTA Grants	\$ 62.4	
FEMA Grants	\$ 0.1	
Regional Measures 1 & 2	\$ 197.4	
AB 1171	\$ 150.0	
San Francisco Prop K	\$ 139.0	
AC Transit Capital Contribution	\$ 39.0	
RTIP	\$ 10.2	
Miscellaneous Local	\$ 12.7	
One Bay Area Grant	\$ 6.0	
San Mateo Sales Tax	\$ 4.5	
Transit Center District Plan (Mello-Roos)	\$ 194.5	\$ TBD
Additional Net Tax Increment-financed Debt	-	\$ TBD
Sponsorship	\$ -	\$ TBD
<b>Total Funds</b>	<b>\$ \$1,899.4</b>	<b>\$ TBD</b>

*Any increase to the Phase 1 budget must be fully funded to meet TIFIA/bridge loan lender requirements*



# Potential Funding Options

- Unsecured loan from funder to be repaid with surplus (excess) net tax increment
- Subordinate loan from funder secured with subordinate (to TIFIA) lien on net tax increment
- Secured loan from funder to be repaid with Mello Roos bond proceeds forecast to be available FY2018-19 or later
- TJPA-issued private security to be purchased by funder and repaid with surplus net tax increment or future Mello Roos bond proceeds
- Funder provides credit guarantee to another lender that lends based on one of the structures above



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# Next Steps



## September 2015

- Award Topping Slab, Bus Crash Rails & Expansion Joints (\$27.68M)
- Execute a CCO for Metal Column Covers (\$ 6.59M)
  - Uses same subcontractor but saves markup costs of \$1.63M
- Adopt a fiscal year budget (action item) based on current \$1.899B budget
  - Can be amended as necessary later in the fiscal year
- Augment CMO contract by \$11.2M for FY16 (action item)

## October 2015

- Continue to work with local and regional partners to develop a funding plan for Phase 1
- Continue to work with MTC to complete the cost review for Phases 1 & 2

## November 2015

- Adopt Final Program budget for Phase 1
- Award remaining construction work
  - Except IT Network and Bus Storage, planned for 2016



Transbay Transit Center

# Questions?

