



SAN FRANCISCO PENINSULA RAIL PROGRAM EXECUTIVE STEERING COMMITTEE MEETING

MINUTES

Friday, March 18, 2022

11:00 a.m. to 12:00 p.m.

WATCH LIVE:

<https://transbaycenter.webex.com/transbaycenter/onstage/g.php?MTID=e15fc1f319992e55e6e8b25c9100af518>

PUBLIC COMMENT CALL-IN: 1-855-282-6330 -- Access Code: 2559 058 3140

Due to the COVID-19 health emergency, the Executive Steering Committee (ESC) will meet via teleconference. Members of the public are encouraged to participate remotely. Please see additional information on the next page for remote meeting access.

In compliance with the Assembly Bill (“AB”) 361 (Rivas, Chapter 165, Statutes of 2021) and its amendments to California Public Resources Code Section 54953(e), this meeting will be held exclusively via teleconference participation of a quorum of ESC members in locations not open to the public. This meeting is being held during a proclaimed state of emergency, and state and local officials have imposed or recommended measures to promote social distancing, while allowing the public to observe and address the ESC.

EXECUTIVE STEERING COMMITTEE

Peninsula Corridor Joint Powers Board/Caltrain, Michelle Bouchard (Chair)
San Francisco County Transportation Authority, Tilly Chang (Vice Chair)
California High Speed Rail Authority, Boris Lipkin
City and County of San Francisco, Alex Sweet
Metropolitan Transportation Commission, Andrew Fremier
Transbay Joint Powers Authority, Adam Van de Water

REMOTE MEETING ACCESS
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Providing Public Comment

Ensure you are in a quiet location – Speak Clearly – Turn off any TVs or radios around you

1. When prompted, “raise hand” to speak by pressing *3 (star, 3) to be added to the queue.
2. Callers will hear silence when waiting for their turn to speak.
3. When prompted, callers will have two minutes to provide comment.

AGENDA

1. Call to Order

Chair Bouchard called the meeting to order at 11:00 a.m.

2. Roll Call

Secretary Pollitt noted that Lisa Klein was sitting in as Andrew Fremier’s alternate.

Members Present: Lisa Klein, Boris Lipkin, Alex Sweet, Adam Van de Water, Tilly Chang and Michelle Bouchard

Members Absent: Andrew Fremier

3. Communications

Secretary Pollitt provided instructions on the Public Call-in/Comment process. He stated that ESC video meeting archives are available at Box.com as of February 22, 2022, noting that no login is required and that files can be downloaded for full functionality. He also noted that the April ESC meeting had been rescheduled for April 22, 2022.

- Chair’s Report

Chair Bouchard presented the Chair’s report.

Public comment:

Roland Lebrun thanked the ESC for posting the meeting recordings. He suggested, in the absence of closed-captioning or a transcript, that the Chair’s report be posted to the website.

4. Action Item:

Approval of Meeting Minutes: February 18, 2022

There was no member of the public wishing to comment.

A motion to approve the minutes was made by Member Chang and seconded by Member Van de Water. A unanimous voice vote approved the motion.

5. Action Item:

Motion to Approve the Continued Use of Teleconferencing Technologies for Meetings of the ESC pursuant to Assembly Bill 361

There was no member of the public wishing to comment.

A motion to approve the item was made by Member Sweet and seconded by Member Klein. A unanimous voice vote approved the motion.

6. Informational Item:

Presentation on the Downtown Rail Extension Project Delivery Alternatives Study: Progress Update of Project Development Agreement – Design Build Finance Maintain Approach

Downtown Rail Extension (DTX) Project Director Alfonso Rodriguez introduced the item and members of the consultant team as well as a member of the Program Management/Program Controls (PMPC) team. Jesse Koehler, Rail Program Manager for the San Francisco County Transportation Authority (SFCTA), presented the item.

Chair Bouchard asked Mr. Koehler to clarify the term “maximal Operations, Maintenance and Rehabilitation (OMR).” Mr. Koehler responded that the two OMR scenarios (2 and 4) he showed (slide 11) are intended in the analysis as bookend options with various options within. Scenario 4 includes certain reactive and planned maintenance as well as “soft” maintenance, such as janitorial and security, and lifecycle investment for both the Transit Center and DTX. Scenario 2 does not include soft maintenance. Vice Chair Chang asked Mr. Koehler to clarify what was included in the terms “Transit Center” and “DTX.” Mr. Koehler responded that the analysis refers to the DTX and new assets, both stations and tunnel, and the transit components of the Transit Center (i.e., the bus deck to the train box). He noted that the OMR does not include all operations costs that TJPA carries.

Member Klein asked about the advantage of the ESC’s giving direction on option 10 next month and holding on the others until July, noting that there are risks with all of the options. Mr. Rodriguez responded that the ultimate recommendation is an overall packaging strategy, including discrete packages that will vary depending on the option selected. Option 10, the fully aggregated approach, requires a great deal of development—it is a “different animal.” The study team is at a point where they are seeing considerable differences between option 10 and the others and would like for the ESC to have the opportunity to consider whether we want to pursue option 10. Member Lipkin commented that there is a lot within options 5, 6, and 7 to “get right,” and the TJPA management organization needs to align with the selected option. He stated that making a decision now on option 10 is appropriate. There are fundamental reasons to consider a public-private partnership (P3) that involve risk transfer and revenue optimization; however, those fundamentals do not exist for the DTX project. He noted that public financing options are a lower-cost alternative to private financing and can be done with other options, and that there is not much in the design to optimize. He also

stated it seemed pretty clear that there are risks and disadvantages to option 10 and no clear benefits. Vice Chair Chang said she appreciated the good qualitative work done to date, but she was not sure she heard the answer to Member Klein's question. She stated that she was not aware that the ESC would be committing to a decision on option 10 next month. She stated that a full report on all options should be presented before the ESC is asked to make a decision. She said that more information on risk is needed; for example, what happens if the risks materialize, how does each option hold up and perform? She noted that it is important to hear the operators' perspectives. Likewise, it is important to hear the reaction of the P3 companies; they may bring value. Regarding the examples of other North American P3 projects, she would like to hear about which went well and the lessons-learned. She added that the region will have a lot of interest in this topic and hopes that the DTX project can add value.

Member Van de Water stated that his concern is the accelerated work plan. An inherent question is regarding scope, schedule, and budget. He asked whether the consultants from Sperry or Mott MacDonald could speak to the additional information needed for the ESC to make a decision and the schedule to do so. He said that if there is no benefit to risk transfer, the team should not spend additional time studying the Design Build Finance Maintain option. Mr. Rodriguez noted that the approach taken by the study team is consistent with that of other projects and noted that the DTX is not a stand-alone project (but rather an extension of an existing system) so it is a bit different. He asked Mr. Tony Purdon of Mott MacDonald to offer his thoughts on the process. Mr. Purdon noted Eagle P3 as an example of a successful transit P3 project, along with the Canada Line in Vancouver, which reached financial close in 2005. He said that there are lots of reasons why projects succeed or not, and getting the delivery strategy right up front is key. He said the team considered risk from the beginning, looking at contract packaging and attracting market interest. Recently, the interaction with the operators has identified other risks and how those risks could be allocated. To Vice Chair Chang's points, he offered that the team could bundle all identified risks and look at how they would be allocated among each of the options and present this analysis and a recommendation next month. Mr. Koehler acknowledged Member Klein's and Vice Chair Chang's hesitancy, noting that the schedule is somewhat unforgiving. He said he thought that with the ESC's guidance there is a reasonable path to looking at the shortlisted options within the available timeframe. Member Lipkin responded to the reference to Eagle P3, which was a series of commuter rail lines around Denver. He said that part of this P3 was the integration of the construction build with the operations and maintenance (O&M) of the infrastructure and service. The availability payment for that O&M was about two-thirds of the overall payment. He asked the group to articulate what the fundamental thing is that the private sector would optimize in a way that TJPA could not. Mr. Purdon said that Mr. Lipkin pointed to a fundamental difference; that is, the developer was responsible for the rail operations, and that is where the value can come from—operations, equipment selection, yard layout, and operations. This is what distinguishes these projects from the DTX. With the DTX, there is limited scope during the operating period for the P3 contractor to take on. Value might be derived through design or construction, which is also true of the other options being studied. He also noted that the OMR ratio of value to the availability payment is fundamental to risk transfer and the two reference projects, Maryland Purple Line and Denver Eagle P3, were in the 50-60 percent range. The DTX is in the 10-20 percent range,

and this is the challenge. Vice Chair Chang said that the innovation and discipline that a P3 contractual relationship imposes on governance and management are among the benefits of a P3. She noted that she is not trying to advocate for P3 but noted the Presidio Parkway highway project in San Francisco as an example of a good performing P3. She asked Mr. Rodriguez and Mr. Koehler whether the team has been in touch with the development community. She asked to have the risk-adjusted analysis be transparently laid out for the ESC, as it would be a benefit. She said that she does not necessarily agree with Member Lipkin that the delivery method chosen would have a huge impact on the governance structure. She thinks the partnering agencies would face a lot of the same organizational and management issues with the other options. She acknowledged Member Van de Water's concerns and emphasized the importance of completing this study and progressing the other work streams.

Chair Bouchard noted that the critical difference between the DTX and other projects is that we have an ongoing operation. She noted her appreciation for Mr. Purdon's comments about the challenges of P3 for the DTX and that it is important to remember that the DTX is not a greenfield site. She voiced her appreciation for Vice Chair Chang's comments about the delivery organization and stated that a design-build organization is different from that of a traditional design-bid-build project and imagines that it is much different with a P3. She emphasized that the organization structure needs close attention in terms of the complexity and requisite skills. Member Klein agreed that the amount of O&M scope is small. She requested that the study team present a better picture of the risk and map option 10 to the other options in terms of risk so that the ESC can understand what risk they are transferring. Member Van de Water added that he is concerned about the general civil risk and asked that the team focus on how the options differ by project delivery. He also asked the members to relay any suggestions regarding work that needs to be done by the study team between this meeting and the next meeting. Vice Chair Chang apologized that she had not realized a decision by the ESC was expected next month. Chair Bouchard concluded the discussion by saying that she agreed with Member Van de Water that we need to focus on the risks that would influence the options.

Chair Bouchard passed the gavel to Vice Chair Chang to preside over the remainder of the meeting.

Public Comment:

Roland Lebrun expressed concern regarding the public comment process and how members are only allotted two minutes to comment on items. He suggested that a transcript of Mr. Koehler's comments be posted on the website. He asked about using the Transit Center as an asset to incentivize the private sector, just like St. Pancras (in London) is part of the concession for high speed rail. He also suggested that railyard development is an opportunity, noting Diridon and Gilroy down the line. He also asked the ESC to consider alternative delivery methods to the unsolicited proposal method in addition to the FTA process.

7. Public Comment

Members of the public may provide comment on matters within the ESC's purview that are not on the agenda.

Roland Lebrun stated that his great grandfather was chief engineer for the Peking Hankow Railway, noting the railway was 800 miles, built in seven years, and delivered for \$25 billion in today's dollars. He also stated that it was the most profitable rail line in history, noting it was a high-quality line delivered at the lowest possible cost by the private sector.

8. Discussion Item:
ESC Agenda items for upcoming meetings

Vice Chair Chang proposed continuing this item and the members agreed.

9. Adjourn
Vice Chair Chang adjourned the meeting at 12:03 p.m.

DRAFT

ACCESSIBLE MEETING POLICY

The Ethics Commission of the City and County of San Francisco has asked us to remind individuals that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (Campaign and Gov't Conduct Code, Article II, Chapter 1, § 2.100, et seq.) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102, telephone (415) 252-3100, fax (415) 252-3124 and website: www.sfethics.org.