

The Portal Funding Plan and Schedule Update

Citizens Advisory Committee
May 7, 2024



Agenda

- Accelerated Work Plan – Target and Achievements
- Procurement Priorities & Risk Mitigation
- Considerations for Revised FFGA Target Date
- Funding Plan and Funding Gap Approach
- Look Ahead – Next Steps

Accelerated Workplan

- In April 2021, the TJPA Board adopted an Accelerated Workplan with a Full Funding Grant Agreement (FFGA) target date of spring 2025
- The most significant schedule risk was TJPA's ability to demonstrate full local share commitment at least six months in advance of FFGA
- All other significant Accelerated Workplan milestones have been achieved:
 - Entry to Project Development
 - Project Management Oversight Contractor finding of sufficient Capability and Capacity
 - Medium-High Capital Investment Grants Project Rating
 - Inclusion in the President's Budget recommendation to Congress
 - Entry to Engineering

Procurement Priorities: Progressive Design-Build

Risk Mitigation:

- Advance preconstruction work
- Address top project risks
- Clarify project phasing and sequencing to refine schedule, underpinning, scope and cost reduction, and design validation
- Start the approximately 18-month process of bringing the progressive design-build (PDB) civil and tunnel (40-CT) contractor up to speed, advancing design, and developing the requisite trust and partnership prior to the start of general civil construction

Minimum \$75 million target funding to issue 40-CT Request for Proposal (winter 2024-2025)

Risk Mitigation: Project Readiness

- Stand up Integrated Project Delivery Team
- Progress Federal Transit Administration (FTA) Engineering phase activities
- Complete procurement documents for all contract packages
- Progress utilities and Fourth and King Yard designs

Context for Revised FFGA Date

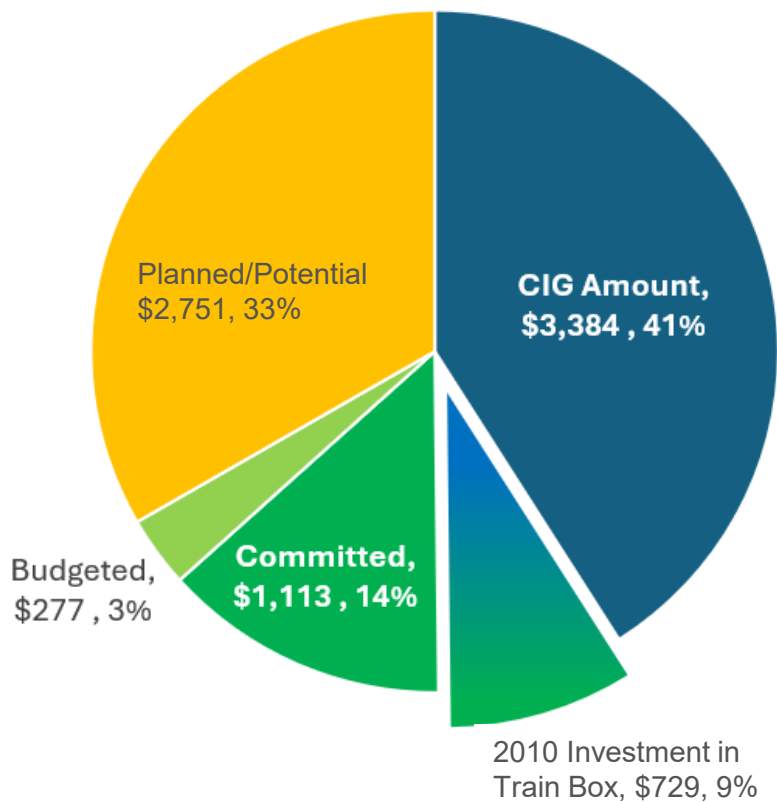
- TJPA Board-adopted Accelerated Workplan identified FFGA target date of spring 2025
- Target date requires revision, to account for time required to confirm local share funding and request/negotiate FFGA
- Project team and the Integrated Program Management Team (IPMT) considered multiple scenarios for revised FFGA date, from +12 months to +27 months
- Without further mitigation, schedule change scenarios would result in additional escalation of approximately ~\$300M-600M

Considerations for Revised FFGA Target

- Establishing a target that is ambitious but achievable
- Building urgency and setting foundation for funding advocacy
- Minimizing additional escalation cost
- Maintaining confidence and credibility with partners and industry

Current Master Schedule Funding Plan

DTX/The Portal Full Funding



Capital Cost and Funding	YOE \$ M
Capital Cost	8,255
Train Box (completed)	729
The Portal (All Other Eligible Costs)	7,526
Proposed Funding	
FTA New Starts CIG	3,384
Train Box (Completed/Committed)	729
Other Committed/Budgeted Funds	1,390
Remaining Funding Gap	2,752
Total Funding Plan	8,255

State Funding

Funding plan calls for ~\$1B in additional state funding, through combination of TIRCP, high-speed rail, and/or future sources

- \$1B is in range (~12%) of peer projects statewide

Until cap-and-trade is extended, Greenhouse Gas Reduction Fund (GGRF) will not have capacity for this level of investment

Potential timeframe for securing state:

- Throughout 2024: Advocacy, education, and engagement with partners, stakeholders, and Bay Area delegation
- By mid-2025: Approval of cap-and-trade extension/GGRF reauthorization
- 2025/2026: Secure accelerated commitment of funding to project

Funding advocacy to continue to focus on urgency and opportunity to leverage/secure federal funding

Greenhouse Gas Reduction Fund Program Shares

Program	% or \$ Share
High-Speed Rail	25%
Affordable Housing and Sustainable Communities	20%
Transit and Intercity Rail Capital Program (TIRCP)	10%
Low Carbon Transit Operations	5%
Healthy and Resilient Forests	\$200M*
Safe and Affordable Drinking Water	5%, up to \$130M*
Manufacturing Tax Credit	Approx \$70-90M
State Responsibility Area (SRA) Fee Backfill	Approx \$70-90M

* Allocation may be reduced proportionally if annual revenues are not sufficient to support specified amount.

Local Funding: Additional/New Sources

Schedule adjustment will provide time to develop/commit additional local funding:

- **Existing** land-based sources, such as Impact Fees, Net Tax Increment, and Community Facilities District (CFD) funds
- **Expanded** sources, including pledge of future tax increment revenues and further development contributions
- Potential **new/future** sources could include pricing, future local measure, etc.

Propose to form TJPA - City and County of San Francisco - San Francisco County Transportation Authority working group to advance local sources, reporting to the Executive Working Group on regular basis

Regional Funding: Potential 2026 Regional Measure

SB 1031 would authorize placement of a regional transportation funding measure as soon as November 2026

Metropolitan Transportation Commission (MTC) leading regional-level engagement and policy development

- First-order priority to stabilize transit operating funding
- Could potentially also include capital funding component

Uncertain as a potential source of funding for The Portal

+24 to +27 months required for a November 2026 measure to potentially commit funds to The Portal's funding plan

Other Federal Funding: Non-CIG Grants Programs

- MTC has endorsed the project for Mega and Federal-State Partnership programs, under the regional Bipartisan Infrastructure Law framework
- Recently, the project has not been successful in securing funds from non-CIG federal grant programs
- Project is part of FRA Corridor Identification Program planning (through HSR Phase 1 corridor)
- TJPA has submitted its application for MEGA 2024 and will continue to seek funding in current and future cycles where the project is eligible and potentially competitive
- Relatively limited number of current and anticipated grant cycles, even with adjustment to project schedule

Non-CIG Federal: Past Cycles	Status	Value
FRA: CRISI 2022	Non-selected	\$29M
USDOT: MEGA 2023	Non-selected	\$114M
FRA: Fed-State Partnership 2023	Non-selected	\$97M

Non-CIG Federal: Current/Future	Status	Value
FRA: CRISI 2024	In Preparation	TBD
USDOT: MEGA 2024	Submitted May 3	~\$119M
FRA: Fed-State Partnership 2024	Anticipated	TBD

FFGA Date Scenarios

FFGA Scenario	+12 mo.	+18 mo.	+24 mo.	+27 mo.
FFGA Date	April 2026	October 2026	April 2027	July 2027
Estimated Additional Escalation	~\$260M	~\$400M	~\$540M	~\$610
Funding Gap Before Mitigation	~\$2,320M	~\$2,460M	~\$2,590M	~\$2,660M
Potential Favorable Adjustments to Project Budget	(~\$550M)	(~\$530M)	(~\$510M)	(~\$510M)
Value Engineering (VE), Scope Modification, and Other Mitigations	(~\$375M) total in VE/Scope Modification concepts currently in review; + Additional mitigations to be pursued over time			
Potential Additional Funding	~\$225M	~\$225M	~\$225M	~\$1,600M
Funding Gap Post Mitigation w/CIG Requested	~\$1,170M	~\$1,330M	~\$1,480M	~\$175M
Funding Gap w/CIG Approved	~\$1,863M	~\$2,023M	~\$2,173M	~\$868M

Forthcoming Proposed Scope Modifications

IPMT/Configuration Management Working Group currently reviewing concepts for scope modification and value engineering (VE), totaling up to ~\$375 million:

Project Element	Status	Estimated Value
Train box extension elimination	Proposed	\$130M
PAX tunnel stub box reduction	Proposed	\$205M
HSR vertical circulation deferral	Proposed	\$40M

Other Cost Reductions and Secondary Mitigations

- Closing funding gap expected to require other cost reductions and secondary mitigations, including risk reduction and further VE/scope modification
- Other potential mitigations have been identified, to be further developed and considered by Integrated Project Delivery Team and IPMT:

Potential Cost Mitigations	Potential Value
Adjustments to Current Budget (e.g., escalation cost actualization)	Up to ~\$360M

Potential Secondary Mitigations	Potential Value
Fourth and Townsend Station Design Modifications	TBD
Other VE/Scope Modifications or Deferrals	TBD
Cost/Risk Reduction through Design Development/Constructability	TBD

Funding Advocacy

State

1. Cap & Trade Reauthorization
2. SB 1031 Authorizing Legislation for Future Regional Transportation Measure
3. Request to re-allocate portion of \$60M in TIRCP project development funding

Regional

1. Submitted request to MTC to advance project to Level 1 of Major Project Advancement Policy (MAP) Framework
2. Request MTC to allocate RM 3 funds for 40-CT either through new allocation or re-programming of \$100.7M in currently allocated funds

Local

1. Seek pledge of future tax increment revenues
2. Advance Transbay CFD funds
3. Seek Central SoMa impact fees and CFD funds
4. Develop other/new local funding sources

ESC Recommendation

1. Continue to advance all risk mitigation strategies including limited procurement activities, consistent with the approved Governance Blueprint and Stage Gates as follows:
 - a. Start the approximately 18-month process of bringing the 40-CT PDB contractor up to speed, advancing design, and developing the requisite trust and partnership prior to the start of general civil construction
 - b. Advance 40-CT preconstruction work to mitigate project risks, clarify project phasing and sequencing to refine schedule, underpinning, scope and cost reduction, and design validation
 - c. Stand up Integrated Project Delivery Team
 - d. Progress FTA Engineering phase activities
 - e. Complete procurement documents for all contract packages
 - f. Progress utilities and Fourth and King Yard designs
2. Develop an updated Master Schedule reflecting a new TJPA Board adopted FFGA target date
3. Continue to advocate for project funding, seek grant funding, and work to complete the funding plan to advance to the FFGA

TJPA Board Look-Ahead

June 2024 TJPA Board:

- FY2024/25 TJPA Budgets for approval
- Approve Successor MOU
- Target FFGA Date

Subsequent Related Milestones at TJPA Board:

- Adopt secondary mitigations (including VE/Scope Modification and Budget Adjustments)
- Adopt Updated Master Schedule and Baseline Budget
- Establish The Portal Committee of the TJPA Board

Questions?

