

# Downtown Rail Extension / The Portal Funding Plan and Schedule Update

Citizens Advisory Committee  
July 15, 2024



# Agenda

- Accelerated Work Plan
- Procurement Priorities & Risk Mitigation
- Considerations for Revised Full Funding Grant Agreement (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 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

# 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
- Develop procurement documents for all contract packages
- Progress Utilities and Fourth and King Yard designs
- Subject to satisfaction of the Governance Blueprint stage gate requirements, compete and award the 40-CT Heavy Civil and Tunnel contract with a limited Notice to Proceed to advance pre-construction services to reduce risk with respect to tunneling, underpinning, construction sequencing, and cross contract integration and coordination.

# 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

# Forthcoming Proposed Scope Modifications

IPMT/Configuration Management Working Group and Executive Working Group have approved the following scope modification and value engineering (VE) concepts for final environmental review, totaling up to ~\$541 million:

Project Element	Status	Estimated Value
Train box extension elimination	Proposed	\$130M
PAX tunnel stub box reduction	Proposed	\$205M
HSR vertical circulation deferral	Proposed	\$16M
4th and Townsend St. Station Configuration Change	Proposed	\$190M



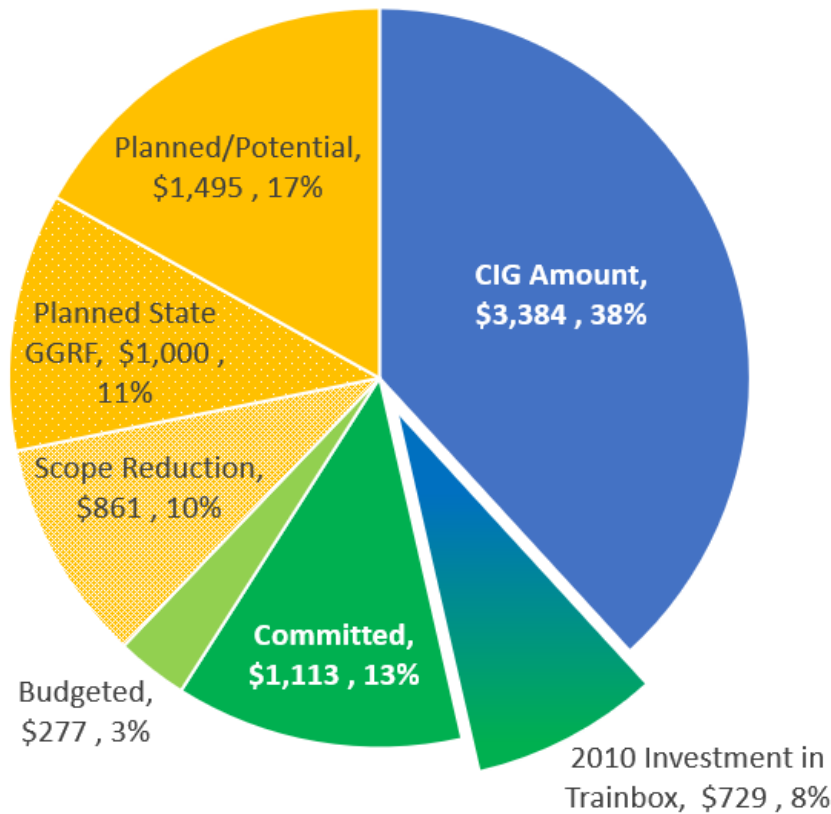
# Other Cost Reductions and Secondary Mitigations

- 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 ~\$320M
Potential Secondary Mitigations	Potential Value
Other VE/Scope Modifications or Deferrals	TBD
Cost/Risk Reduction through Design Development/Constructability	TBD

# Proposed FFGA +27 Master Schedule Funding Plan

DTX/The Portal Full Funding - Assuming \$605M Escalation from FFGA +27mths



(\$ millions YOY)

FFGA +27 Capital Cost and Funding	YOY \$ M
<b>Capital Cost</b>	<b>8,860</b>
Train Box (completed)	729
The Portal (Other Eligible Costs)	7,526
FFGA +27 Escalation (3.5%/yr)	605
<b>Proposed Funding</b>	
FTA New Starts CIG	3,384
Train Box (Completed/Committed)	729
Other Committed/Budgeted Funds	1,390
Scope Reductions/Cost Actualization	861
Remaining Funding Gap	2,495
<b>Total Funding Plan</b>	<b>8,860</b>

# 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	~\$605
Funding Gap Before Mitigation incl. CIG	~\$3,012M	~\$3,152M	~\$3,292M	~\$3,357M
Potential Favorable Adjustments to Project Budget	(~\$550M)	(~\$530M)	(~\$510M)	(~\$510M)
Value Engineering (VE), Scope Modification, and Other Mitigations	(~\$351M) total in VE/Scope Modification concepts currently in review; + Additional mitigations to be pursued over time			
Planned/Potential Sources of Funds	(~\$144M)	(~\$144M)	(~\$1,144)	(~\$1,776)
<b>Funding Gap Post Mitigation incl. CIG</b>	<b>~\$1,967M</b>	<b>~\$2,127M</b>	<b>~\$1,287M</b>	<b>~\$720M</b>

# 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

# Local Funding: Additional/New Sources

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

- **Existing** land-based sources, such as Impact Fees 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

While the CA Legislature withdrew SB 1031, the MTC is leading discussions to place a regional transportation funding measure on the November 2026 ballot

- First-order priority to stabilize transit operating funding
- Could also include capital funding component
- Uncertain as a potential source of funding for The Portal

Revised FFGA Target Date of +24 to +27 months required to include potential funds from a November 2026 measure 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 though the project has not yet secured funds from non-CIG federal grant programs
- Project is part of FRA Corridor Identification Program planning (through HSR Phase 1 corridor)
- TJPA will continue to seek funding in current and future cycles where the project is eligible and 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	Federal Funds
FRA: CRISI 2024	Submitted May 24	\$24.6M
USDOT: MEGA 2024	Submitted May 3	\$118.5M
FRA: Fed-State Partnership 2024	Anticipated	TBD

# Funding Advocacy

## 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

## 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 Civil and Tunnel Contract, either through new allocation or re-programming of \$100.7M in currently allocated funds

## State

1. Cap & Trade reauthorization
2. Authorizing legislation for future regional transportation measure
3. Request to re-allocate portion of \$60M in TIRCP project development funding



# EWG 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

## Related Milestones at TJPA Board:

- Approve Successor Governance MOU
- Adopt secondary mitigations (including VE/Scope Modification and Budget Adjustments) upon completion of environmental findings
- Adopt Updated Master Schedule and Baseline Budget
- Establish The Portal Committee of the TJPA Board

Questions?

