



TRANSBAY JOINT POWERS AUTHORITY

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CALIFORNIA DEPARTMENT OF TRANSPORTATION
CALIFORNIA HIGH-SPEED RAIL AUTHORITY
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CITY AND COUNTY OF SAN FRANCISCO, MAYOR'S OFFICE
PENINSULA CORRIDOR JOINT POWERS BOARD
SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Interim Executive Director: Nila Gonzales

REQUEST FOR INFORMATION

Industry Sounding No. 02

Project Delivery Approach for the Transbay Program

Phase 2 – Downtown Rail Extension

Key RFI Dates

RFI issued:	June 30, 2021
Email confirming interest in participation due from Interested Parties:	July 7, 2021 before 4:00 p.m.
Meeting confirmation sent to Interested Parties:	July 8, 2021
Industry Sounding Meetings:	Between July 13 and July 20, 2021
Response letters due by:	July 27, 2021

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Point of Contact

All inquiries regarding this Request for Information are to be directed exclusively to the following point of contact:

Nila Gonzales, Interim Executive Director
Transbay Joint Powers Authority
425 Mission Street, Suite 250
San Francisco, California 94105
RFP@tjpa.org

Meetings and Response Letters

Industry Sounding meetings will be scheduled between July 13, 2021, and July 20, 2021. Exact meeting dates and times will be as mutually agreed between the Transbay Joint Powers Authority (TJPA) and each interested party who meets the minimum qualifications for participation (Qualified Interested Party).

Meetings will be conducted online via Microsoft Teams or a similar platform. The meeting duration will be two hours.

Parties interested in participating in the Industry Sounding (Interested Parties) must send an email to RFP@tjpa.org by **July 7, 2021, before 4:00 p.m. Pacific Daylight Time**. Please provide your name, firm, contact information, names and titles of three proposed attendees, and three preferred meeting dates and times. To confirm that your firm meets the minimum qualifications for participation noted in the following section, include in your email a table of reference projects with the following information for each: project name, brief description, contract model, your firm's role, project status, and owner's contact information. The TJPA may elect to contact the owners referenced to validate the project information provided.

This Industry Sounding is restricted to Interested Parties who meet the stated minimum qualifications and is not open to entities interested in providing consulting services or entities that are solely interested in real estate development. The TJPA anticipates that Interested Parties may include contractors who have the capacity to provide construction financing and developer entities who have the capacity to develop, finance, and maintain rail infrastructure assets.

The TJPA will send meeting confirmations to Interested Parties who meet the minimum qualifications and notify those who do not meet the minimum qualifications by July 8, 2021. Attendees from each Qualified Interested Party will be limited to no more than three individuals.

The TJPA requests written responses to the questions contained in Section 5 from each Qualified Interested Party following the meeting. Response letters should be submitted by email to RFP@tjpa.org on or before July 27, 2021.

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Minimum Qualifications for Participation

To be designated a Qualified Interested Party, each Interested Party must have experience as a member of an entity that has entered into a project agreement and led a project team through the term of the agreement (Project Company). Each Qualified Interested Party must meet at least one of the following requirements:

- Demonstrated ability as a member of a Project Company on one or more public rail transportation infrastructure contracts with a value on the order of \$500 million U.S. dollars or more, where the Qualified Interested Party has provided the financing under a design-build-finance (DBF) contract model in North America having reached Financial Close within the past 10 years. Reference projects must have reached Financial Close and be advancing in construction as a minimum.
- Demonstrated ability on one or more alternatively financed public infrastructure projects as an equity member of a Project Company where debt financing has been raised with a concession period involving a design-build-finance-maintain (DBFM) model or a design-build-finance-operate-maintain (DBFOM) model in North America and the transaction reached Financial Close in the past 10 years with a construction value of \$1 billion U.S. dollars or more. Reference projects must have reached Financial Close and be advancing in construction as a minimum.

The TJPA will determine whether an Interested Party meets the minimum qualifications at its sole discretion.

1 Introduction

The Transbay Joint Powers Authority (TJPA) is issuing this Request for Information (RFI) to solicit feedback from Interested Parties (Industry Sounding) on the procurement and delivery of Phase 2 of the Transbay Program (Program), Downtown Rail Extension (DTX). The purpose of the Industry Sounding is to inform strategy and future decision-making relative to the feasibility of the procurement and delivery of the DTX project under a design-build-finance (DBF) or design-build-finance-maintain (DBFM) model, or both, as alternatively financed options relative to other options for procurement and delivery. The TJPA is simultaneously evaluating other procurement and delivery models that do not involve alternative financing (e.g., design-bid-build, design-build, construction manager/general contractor).

This RFI is an inquiry only and does not commit the TJPA to any specific form of procurement or delivery method. The responses to this RFI will inform planning and development efforts for the DTX project, which are expected to result in the launch of a formal procurement. No contract or agreement will be entered into as a result of this process, and this RFI does not initiate a formal procurement or represent a commitment to issue a Request for Qualifications, Request for Proposals (RFP), or Request for Bids (RFB) in the future.

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This RFI is the second opportunity for direct industry engagement on the DTX project; the first was designated as Industry Sounding No. 1 in September 2020, which focused on soliciting input from contractors.

Industry Sounding No. 2 will focus on the questions listed in Section 5 of this RFI. The agenda for the Industry Sounding No. 2 meetings will be provided with an email confirmation to each Qualified Interested Party. The TJPA expects that the Industry Soundings will be followed by a separate Industry Forum, which will be open to the public and provide all interested stakeholders with an opportunity to learn more about the DTX project. The TJPA reserves the right to allow for and schedule additional reviews and meetings associated with this RFI.

Participating in the Industry Sounding is not a prerequisite to participating in a future procurement process, nor does it prevent participation in future procurement solicitations. Accordingly, respondents to this RFI will not be deemed proposers on the Program by virtue of providing a response, and no respondent will have any advantage or disadvantage in any subsequent procurement process related to the Program. There will be no monetary award or reimbursement by the TJPA for participation in this Industry Sounding.

Each Qualified Interested Party may be invited to review draft contract documents prior to release of a formal RFP or RFB.

2 Downtown Rail Extension

The DTX project will connect the Caltrain regional rail system and the California High-Speed Rail Authority's (CHSRA) statewide system to downtown San Francisco to the Salesforce Transit Center. The three-track, 1.95-mile rail alignment will be constructed principally below grade to provide a critical link for Peninsula commuters and travelers on the state's future high-speed rail system. The DTX project is an important third element of the Transbay Program, which has delivered the multimodal Salesforce Transit Center in downtown San Francisco and created a transit-friendly neighborhood that will bring nearly 4,000 new homes, 35% affordable.

The DTX project is being developed in collaboration with the following major stakeholders: the Metropolitan Transportation Commission, the San Francisco County Transportation Authority, the Peninsula Corridor Joint Powers Board (Caltrain), the CHSRA, and the City and County of San Francisco.

The DTX and related infrastructure include:

- Tunnel and associated guideway infrastructure
- Ventilation and emergency egress structures along the alignment
- Build-out of the below-grade train station at Salesforce Transit Center
- Build-out of an underground station near Fourth and Townsend streets
- Systems—communications, signaling, traction power, and operating systems for the tunnel and Fourth and Townsend Street Station

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- Trackwork—mainline tracks through the tunnel and station and at-grade maintenance-of-way and turnback tracks
- Sitework, including laydown areas, building demolition, building protection, utility relocation, and street restoration

The DTX project configuration will be in accordance with the Transbay Program Final Supplemental Environmental Impact Statement/Environmental Impact Report (Final SEIS/EIR) dated November 2018. The Final SEIS/EIR documents are located on the TJPA website: <https://tjpa.org/documents/final-supplemental-eiseir>.

The primary goals of the DTX project are to:

- Improve Caltrain service by providing direct access to downtown San Francisco
- Enhance connectivity between Caltrain and other major transit systems
- Enable direct access to downtown San Francisco for future intercity and high-speed rail service
- Accommodate projected growth in travel demand in the San Jose–San Francisco corridor and the Los Angeles–San Francisco corridor
- Reduce traffic congestion on U.S. 101 and I-280 between San Jose and San Francisco and other routes
- Reduce vehicle hours of delay on major freeways in the Peninsula corridor
- Improve regional air quality by reducing auto emissions
- Support local economic development goals
- Enhance accessibility to employment, retail, and entertainment opportunities

3 DTX Delivery and Procurement

To implement the DTX project in a financially responsible manner, the TJPA seeks to:

- Safely deliver a high-quality project on schedule and within budget
- Provide durable, resilient infrastructure that optimizes maintenance requirements and operating costs

The TJPA intends to evaluate multiple project delivery options to identify a procurement and contract strategy that generates best value by optimizing design and construction efficiency, quality, and life-cycle cost. The following delivery options are under consideration:

- Design-bid-build
- Design-build
- Progressive design-build
- Construction manager/general contractor
- Design-build-finance with the provision of interim financing by the Project Company

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- Design-build-finance-maintain using an availability payment model
- Design-build-finance-maintain preceded by a Project Development Agreement phase with the Project Company

The delivery method that is ultimately selected may reflect a combination of these models (e.g., for different scope packages).

4 DTX Information

Prior to the Industry Sounding meeting, each Qualified Interested Party will be provided access to the following materials via an internet-based file sharing site to facilitate the Qualified Interested Party's understanding of the DTX project:

- DTX and related infrastructure description/scope
- Schedule
- Cost estimate and funding plan summary
- Select drawings that depict the tunnel “base” configuration and proposed options and transit center fit-out
- Federal Transit Administration Record of Decision—containing Program environmental mitigation and monitoring requirements: <https://tjpa.org/tjpa/documents/environmental-documents>

Additional information, as available, may be provided upon request.

5 Industry Sounding Meetings

The TJPA will hold Industry Sounding meetings to seek industry feedback to inform the feasibility of alternatively financed procurement models. For these Industry Sounding No. 2 meetings, please provide your responses on the following:

Design-Build-Finance

1. What scope elements of the project could lend themselves to the advantages of a DBF form of procurement?
2. What is the optimum distribution between interim milestone payments and a substantial or final completion payment in order for the TJPA to benefit from the private delivery partner being strongly incentivized to perform?
3. There are examples of a DBF model whereby the final payment is paid out a short period after completion to serve as a form of warranty. Is the cost of this financing proportional to the gain in increased incentivization?
4. Considering the different private sector financing options that can be used in a DBF: a design-builder can (a) self-finance and front their own implementation costs or (b) use financing through existing commercial credit lines; or a design-build can use a

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combination of these two approaches. What are the advantages and disadvantages of each approach?

5. If a DBF was adopted as one of a series of different procurement options to deliver multiple packages for the DTX project, what risks specific to a DBF would be prevalent as they relate to issues around interfaces?
6. Would a form of collaborative progressive design-build in a DBF be considered feasible?
7. If the answer to question 6 is affirmative, what models for compensation of the Project Company in the pre-project agreement phase would be appropriate?

Design-Build-Finance-Maintain

8. What elements of the project lend themselves to the advantages of being incorporated into a DBFM?
9. What are your views on the balance of the risk of rehabilitation and meeting hand-back requirements?
10. Would it be appropriate to consider having the Project Company be responsible for maintenance and rehabilitation of track and rail systems within a DBFM project agreement?
11. What is the optimum comparative proportion of maintenance and rehabilitation scope, considering a hypothetical \$500 million to \$1 billion worth of financing? A meaningful maintenance and rehabilitation scope are needed to establish incentives for the parties to structure a DBFM.
12. Is there enough value at approximately \$125 million in capital costs to make a DBFM model feasible for individual elements (e.g., fit-out of the Salesforce Transit Center)? Please indicate a minimum design-build construction value to warrant a public-private-partnership type of procurement.

Project Development Agreement (PDA)

13. What is the appetite for involvement in a collaborative PDA approach with the TJPA in which the project would be developed and opportunities for other revenue streams would be examined? The end point of the development period would be the negotiation of the project agreement (for a DBFM contract) and Financial Close followed by project delivery and a concession period.
14. What would be the minimum compensation prior to Financial Close for you to accept to participate in a collaborative PDA in a multi-year development period?
15. What are the key impacts to your interest to compensating development costs in full versus partially paying development costs prior to Financial Close?

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The following information should be considered in formulating responses to the above questions listed in this Section 5.

1. Railroad operations would be exclusively provided by Caltrain and the CHRSA. The operations of facilities such as stations (e.g., security, retail) could be included in a DBFM contract.
2. Elements for maintenance and rehabilitation would include stations, non-railway systems infrastructure, and tunnel ventilation. It is also possible that the track and rail system assets could be maintained by the Project Company, with Caltrain and CHRSA remitting a usage fee to the TJPA for access.
3. It is probable that the TJPA would seek financing for only a portion of the total capital cost from the Project Company under the DBF or DBFM options. For the purposes of Industry Sounding No. 2, the assumption is that \$500 million to \$1 billion worth of financing would be sought from the Project Company.
4. Under a DBF, the payment mechanism could comprise progress payments during design and construction or the full payment upon substantial completion (or a short period thereafter to serve as a warranty), which would provide financing during the design and construction period only, in principle.
5. Under a DBFM, the payment mechanism to the Project Company could comprise progress payments during design, construction, testing, and commissioning and availability payments linked to maintenance and rehabilitation performance over the term of the Project Agreement.

6 Response Letter

The TJPA requests a written response to the questions in Section 5 from each Qualified Interested Party, based on the discussions at the Industry Sounding No. 2 meeting. The response letter will consist of a one-page transmittal letter and an attachment having no maximum length. Please do not include marketing material, budgetary information, or proprietary information.

7 Confidentiality

Respondents are advised that any written materials submitted to the TJPA in connection with this RFI are public records subject to the California Public Records Act (Statutes of 1968, Chapter 1473; currently codified as Chapter 3.5 of Division 7 of Title 1 of the California Government Code). This statute guarantees access of governmental records to the public upon request.

Any materials submitted by respondents will be handled in accordance with the California Public Records Act and any other laws and regulations applicable to the disclosure of documents submitted under this RFI. In no event will the TJPA, or any of its agents, representatives, consultants, or employees be liable to a respondent for the disclosure of any materials or information submitted in response to this RFI.