THIS STAFF REPORT COVERS CALENDAR ITEM NO.: 9
FOR THE MEETING OF: April 22, 2010

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Presentation of a proposed revised Baseline Budget for Phase 1 of the Transbay Transit Center Program (Program) in the amount of $1,589,000,000 in year of expenditure (YOE) dollars, funding plan, and schedule.

SUMMARY:

A Baseline Budget for Phase 1 of the Program in the amount of $1,189,000,000 was adopted by the Board in November 2007. The budget included the following Program components: (a) right-of-way acquisition; (b) construction of a temporary terminal; (c) demolition of the existing Transbay Terminal and bus ramps; (d) construction of the above-grade bus facilities portion of the new Transit Center and the foundations and other improvements to prepare for future construction of the below-grade train station ("top-down" approach); (e) construction of bus ramps and bus storage; and (f) design and engineering of the above-listed facilities including the full below-grade rail level component of the Transit Center building. The budget excluded construction of the below-grade train box.

The original Baseline Budget was developed based on the Transit Center design scheme that was developed by HOK under the PMPC contract and served as the basis for the Scope Definition Report in the Design and Development Competition. The Transit Center as proposed by Pelli Clarke Pelli Architects (PCPA) incorporated many features and aspirations that were not part of the concept including most notably the 5.4 acre park atop the Transit Center, but also significant architectural enhancements that will make the Transit Center an iconic landmark and water and energy conserving features that should help the project achieve a LEED gold rating rather than the original aspiration of LEED silver.

Through the design process the team has kept the project within the original baseline budget through diligent value engineering efforts, and in the Concept Validation phase reported that building the rail levels in the first phase in a more conventional "bottom-up" manner could save the program an additional $100 million. The incremental cost to Phase 1 of constructing the rail levels was estimated at $400 million, and TJPA staff redoubled its efforts to identify funds that might allow us to expand the scope of Phase 1 to realize the benefits and savings of the bottom-up approach.

On June 11, 2009, the Board authorized the Executive Director to direct PCPA to incorporate design and construction of the train box into Phase 1 of the Program based on the TJPA's recommendation that (a) constructing the train box in Phase 1 would have distinct cost, design, and other advantages over the previously adopted top-down approach; and (b) the TJPA had a good chance of receiving American Recovery and Reinvestment Act (ARRA) funding for the construction of the Transit Center train box.

On January 28, 2010, an award of $2.35 billion in ARRA high-speed rail funding for California was announced of which $400 million was reserved for the Transbay Transit Center Program. On March 29, 2010, the FRA provided a letter confirming that the $400 million had been reserved for the Transbay Transit Center project.

Since the Board authorized the inclusion of design and construction of the train box in Phase 1, considerable work has been completed to incorporate the rail levels into the design for Phase 1 construction and ensure that the projected costs are within the revised Baseline Budget being presented. The budget estimate was recalculated based on 50% design development documents for the Transit Center building, including the train box, under current market conditions. Two independent detailed estimates were prepared by the CM/GC (Webcor/Obayashi) and PCPA; meetings were held to review and reconcile the estimates to validate the forecast Phase 1 construction cost.

Most recently, PCPA has prepared an updated estimate on the 100% Design Development package which indicates that the forecast construction costs are still tracking on budget. We will continue to prepare independent estimates by the CMGC and PCPA through the Construction Document Phase to verify that the construction remains within budget and specific estimates will be made of each subcontractor trade package as it is finalized for bidding.

The recommended Phase 1 Baseline Budget reflects the addition of the train box, buttress, and security and geothermal systems; refinements to the Roof Park level and exterior glass enclosure; and other changes. The recalculated budget also considers updated estimates for the bus ramps and utility relocation; actual incurred costs and the forecast cost of remaining Temporary Terminal construction; award value of the Existing Terminal and Ramps Demolition contract; deletion of the Golden Gate Transit District bus storage facility and parking structure at the AC Transit bus storage facility; reassessment of time-dependent management and support costs; and annual levels of escalation to the end of construction, based on available data on current major projects and their forecast values for escalation. Adjustments were made for further scope development (design contingency), the implementation of intended contracting strategies, and the reallocation of some costs from Phase 2. Considerable time was spent analyzing the amount of contingency and Program reserve needed at the current stage of the Program. Contingencies and Program reserve now total 29% of the cost of construction.

Once adopted, the revised Baseline Budget for Phase 1 will be the benchmark against which cost performance will be measured.

Staff and consultants have developed a draft funding plan for the revised Phase 1 Baseline Budget using 2007 real estate-based revenue updates and newly obtained ARRA funding. This funding plan indicates that Phase 1 is fully funded.

Incorporating the train box construction into Phase 1 will extend the schedule for construction from 5 years to approximately 7 years. The inconvenience of the extended construction period is offset by the eliminating the future disruption to the neighborhood and the Transit Center operations that would have accompanied the original top-down phasing approach, but building the train box in Phase 1 will also eliminate the cost and schedule risks involved with the original approach and reduce total construction costs by $100 million.

REPORT:

Revised Phase 1 Baseline Budget and Funding Plan

A. Overview

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act ("ARRA"). The ARRA includes $8 billion nationally for High-Speed Rail and Intercity Rail grants. On April 16, the Federal Railroad Administration (FRA) released its Vision for High-Speed Rail in America, a Strategic Plan describing how the agency will use the $8 billion in ARRA funds for intercity and high-speed rail. On January 28, 2010, Transportation Secretary LaHood announced his intent to allocate $400 million for the train box in the Transbay Transit Center. On March 29, 2010, the FRA provided a letter confirming that the $400 million had been reserved for the Transbay Transit Center project. The inclusion of the ARRA funds for the train box brings the revised Phase 1 budgeted revenues to $1.589 billion.

Staff and consultants have developed a funding plan to fully fund the Revised Phase 1 Baseline Budget, using revenues reasonably assumed to be available during the Phase 1 schedule. The financial plan for Phase 1 includes a variety of grants, land sales proceeds, lease income from acquired right-of-way parcels, and other one-time revenue generation opportunities. Long term revenue streams to support the project have been identified, including tax increment funds from the State-owned parcels in the Redevelopment Area, and Passenger Facility Charges (PFCs) and/or other commitments from transit operators using the Transit Center. These revenue streams have been pledged to repay a TIFIA loan in the amount of $171 million for Phase 1. A summary of the Phase 1 Financial Plan as of March 3, 2010 is provided below (in thousands of year of expenditure dollars).

Phase 1 Financial Plan and Allocations
($1,000s, YOE)

Source	Amount	Allocated to Date	Balance to be Allocated
TIFIA	$ 171,000	$ -	$ 171,000
SF Prop K Sales Tax	$ 98,150	$ 98,150	$ -
San Mateo Sales Tax	$ 4,497	$ 4,497	$ -
AC Transit Capital Contribution	$ 38,546	$ -	$ 38,546
Lease and Interest Income	$ 2,165	$ 2,165	$ -
Transferable Development Rights	$ 4,032	$ 4,032	$ -
Other Local	$ 799	$ 799	$ -
Regional Measure 1	$ 54,400	$ 6,600	$ 47,800
Regional Measure 2	$ 143,016	$ 143,016	$ -
AB 1171 (Other Bridge Tolls)	$ 150,000	$ 15,926	$ 134,074
RTIP	$ 28,353	$ 7,391	$ 20,962
Land Sales or Alternative	$ 429,000	$ -	$ 429,000
FTA Section 1601	$ 8,795	$ 8,795	$ -
High Priority - Bus (#403 & #459)	$ 29,137	$ 29,137	$ -
PNRS	$ 24,460	$ 24,460	$ -
ARRA	$ 400,000	$ -	$ 400,000
FRA Rail Relocation	$ 2,650	$ -	$ 2,650
GRAND TOTAL Sources	**$ 1,589,000**	**$ 344,968**	**$ 1,244,032**

To date, the TJPA has received nearly $345 million in local, state, and federal grants for the Phase 1 TTC project.

The TJPA has evaluated the relative level of commitment of funding to the project on an ongoing basis since 2006. Although the TTC project is not participating in the FTA Section 5309 New Starts process, the method for evaluating financial feasibility can be applied to other large capital projects such as the TTC project. Using the FTA method for determining the status of revenue commitments, the TTC project financial plan has a high level of certainty. 100 percent of the identified funding for Phase 1 has been received and/or committed to the project. Committed funds are those programmed funds that have all the necessary legislative or referendum approvals. Funds included in the Metropolitan Transportation Commission's (MTC's) Resolution 3434, the Regional Transit Expansion Policy, are considered committed but may require Board level approval of allocation requests. Sources of funds with remaining balances to be allocated that fall into this category include Regional Measure 1 (bridge tolls), AB 1171 (bridge tolls) and Regional Transportation Improvement Program (state) funds. With the California Transportation Commission's December 2007 action, the commitment to transfer land was finalized. Land sales are considered to be committed and estimated values are shown in the financial plan.

B. Financial Plan Reviews

In addition to ongoing reviews of our financial plan by the TJPA's funding partners, the financial plan underwent a rigorous review by the TIFIA Joint Programs Office and its financial consultants from October 2008 through January 2010. All sources of funds, their status, and levels of commitment were evaluated in the TIFIA loan process. Hundreds of pages of documents were provided in support of the TIFIA loan, including the loan application and attachments, responses to questions from the TIFIA team, supplemental reports, and the loan agreement and required legal opinions, certifications, and financial model. The loan agreement requires the financial plan to be updated and submitted annually to TIFIA in addition to ongoing monitoring and reporting requirements.

A key component of the TIFIA loan is the requirement for an investment grade rating from a nationally recognized statistical rating organization. The TJPA underwent an exhaustive credit evaluation process with Fitch Ratings. The TTC is a multi-faceted project. The success of this project will be part of the revitalization of a new vibrant neighborhood. In addition to the evaluation of the regional land development and its resulting impact on future assessed valuation and tax increment, which is a primary source of security for repayment for the TIFIA loan, the credit process included a review of the land sale study that was the basis for the tax increment projection, the level of certainty of all funding sources, ridership projections for AC Transit as primary tenant for Phase I, and construction contract risk management.

In October 2008, the TJPA received Fitch Ratings' Shadow Rating letter providing their favorable preliminary rating. In December 2009, Fitch assigned an investment grade rating to the TJPA's $171 million TIFIA loan for the project.

Land Sales Revenues

A. Overview

The 1989 Loma Prieta earthquake resulted in the demolition of several elevated freeway structures in the vicinity of the Transbay Terminal. In a Cooperative Agreement signed in July 2003, the State of California agreed to transfer approximately 12 acres of this state-owned land (State Owned Parcels) for the benefit of the TTC project. According to the agreement, all land sale revenue and all net tax increment revenue generated by the sale and development of the state-owned land must be used to help construct the TTC project. In December 2007, the California Transportation Commission (CTC) authorized the transfer of the State Owned Parcels, the final step in conveying the land for the TTC Program. The Cooperative Agreement limits the use of the land sales revenues to construction costs. This limitation has been incorporated into the financial plan. The uses for each parcel have been described in the Redevelopment Plan for the Transbay Redevelopment Project Area ("Redevelopment Plan"). Based on the TTC building construction schedule, the Program Management/Program Controls (PMPC) team developed an estimate of when each of the parcels would be available for sale. The land use information and sale schedule form the basis for the land sales revenue estimates prepared by The Concord Group (TCG) published in January 2008.

The State's land contribution has an estimated value of more than $600 million (in year of expenditure dollars) based on TCG's Market Analysis, Product Programming and Land Pricing Study. Given the timing of the sale of these parcels, $429 million is available for Phase 1 construction and $185 million is available for Phase 2 construction. As these State Owned Parcels become available to the TJPA for disposition, the TJPA and the San Francisco Redevelopment Agency will be seeking bids from private developers through a competitive process to secure the best price for each parcel in conformance with the City's redevelopment guidelines.

B. TIFIA Review

The TIFIA review of the TJPA's loan application and Fitch's stress testing of the tax increment revenues acknowledge that land sales are subject to real estate market conditions. In July 2009, at TIFIA's request, the TJPA engaged the services of Jones Lang LaSalle (JLL) to conduct a Peer Review of the TCG report.

Utilizing data and assumptions based upon historic and 2007 market conditions, JLL's analysis included a thorough examination of the underlying exhibits profiling each market segment entailed in the redevelopment area program, which include commercial office, for-sale residential, retail, hotel and for-rent residential. JLL determined that the overarching assumptions and methodology that were used by TCG to project an aggregate land value for the Transbay Redevelopment area were consistent with professional real estate standards at the time of publication. For each market segment addressed in the report, JLL determined that the findings were all within a reasonable (10-12% or less) margin of error.

In the fall of 2008, during the TIFIA review process, the San Francisco Redevelopment Agency (SFRA) issued a request for proposals for the development of one of the state owned parcels, Block 8. Based on the proposals that were submitted in the spring of 2009, the TJPA concurred with SFRA that the request for proposals should be suspended and reissued in 2010 when the market conditions are expected to improve. The TJPA revised its cash flow plan to reflect the deferral of the sale of Block 8, and submitted the revised cash flow plan to TIFIA.

The TIFIA loan agreement includes as a condition precedent to draw that the TJPA must provide evidence to TIFIA that land sales of State-Owned Parcels have been sold and closed with gross sales proceeds aggregating not less than $429 million or that the TJPA has received an allocation of alternative funding acceptable to TIFIA. The TJPA fully anticipates that this condition precedent to draw will be met.

C. Trends and Outlook for Land Values

Since the fall of 2008, the global real estate market has fallen from its peak. Real estate economists have advised TJPA that although San Francisco has seen declines in sales prices and rents, the pace and depth of local declines have been more measured than those in other key markets across the United States. In fact, the majority of the downturn in the local real estate market is reflective of challenges in the greater national market, not primarily based on problems with local fundamentals.

Experts suggest that despite the current environment, the San Francisco Bay Area remains a very desirable place to live and conduct business, remaining the employment, innovation, cultural and economic center of the west coast. San Francisco exhibits few of the long-term fundamental problems apparent in the hardest hit markets:

- Despite its built-out nature, San Francisco's population is growing at a healthy 0.5% annual rate.
- During the boom, markets such as Las Vegas, Phoenix, Florida, Texas, the California Central Valley and the Inland Empire were delivering housing units far in excess of their previous annual average pace. Due to its environmental constraints and limited available land, San Francisco's deliveries were constrained, prohibiting the build-up of excess supply.
- New home pricing in San Francisco has fallen an average of 10% to 15% versus 35%+ in the worst areas of the country.
- Local employment losses have been moderate, 5% loss in total employment over the last year versus 10%+ unemployment nationally.

Overall, experts are bullish on San Francisco. The current market downturn is temporary and caused by external factors more than fundamental imbalance. As part of a piece on housing market recoveries, TCG projected recovery timelines for key housing markets across the country. As part of this analysis, TCG forecasted annual new home demand by market, assessed current inventory levels, and forecasted remaining price drops.

Based on these data points, real estate economists expect the San Francisco Bay Area as whole to reach recovery in 2Q 2011, primarily driven by suburban and exurban Bay Area housing nodes experiencing significant correction. A similar analysis for the City of San Francisco alone prepared by TCG points to 2Q 2010 as a near term recovery date, on par with national leaders. Despite the downturn, newly constructed buildings have been able to close units at 10% to 15% discounts, significantly reducing inventory overhang.

During the next several years, as new units sell out and available office space is absorbed, real estate economists anticipate that the San Francisco market will return to its normalized condition, characterized by strong home prices, office rents, land values, and absorption. Projects currently underway will be well suited to capitalize on the opportunity between 2012 and 2020 as limited new development has occurred over the past 2+ years. Key opportunities will cater to individuals who want to live and work in the urban core. The proposed TTC offers a unique and limited opportunity to deliver 2,600 housing units and 2.5 million square feet of commercial space in the heart of downtown San Francisco.

The TJPA and its real estate economics advisors have recently begun to re-evaluate land sales revenues in light of the changes in market conditions and the opportunity to extend the time period over which land sales may occur for Phase 1 due to the addition of the train box construction and related extension of the construction schedule. The timing and sequencing of the sales of the parcels, potential reprogramming of the properties, potential for a master developer concept for the area, and other mechanisms to optimize the land values over the period from 2010 to 2015 will be analyzed. This evaluation of real estate values will continue periodically throughout the TTC project construction period.

Projected Recovery Dates for the U.S. and Selected Markets
(Prepared by The Concord Group)

Market	Blended Mo. Supply (1)	Recovery		Market Rating (2)
		Land	Housing	
United States	32	2Q 10	2Q 11	2
Charlotte	25	4Q 09	4Q 10	2
Tampa	28	1Q 10	1Q 11	2
Dallas	29	2Q 10	2Q 11	2
Seattle	30	2Q 10	2Q 11	3
Boston	30	2Q 10	2Q 11	3
S.F. Bay Area	32	2Q 10	2Q 11	3
Orange County	33	3Q 10	3Q 11	3
Orlando (3)	33	3Q 10	3Q 11	3
Sacramento	35	4Q 10	4Q 11	3
Los Angeles	36	4Q 10	4Q 11	4
Inland Empire	37	4Q 10	4Q 11	4
DC/Baltimore	37	4Q 10	4Q 11	4
Phoenix (3)	43	3Q 11	3Q 12	5
Las Vegas (3)	44	3Q 11	3Q 12	5

(1) Blended sales rate takes into account a minimum of 12 months at LTM run rate, followed by near-term recovery rate, and projected annual demand rate thereafter; months of supply is current as of Nov. 2008 and rounded to the nearest month
(2) Rating is based on a 5-point scale: 1 = <24 months recovery, 2 = 24-30 months, 3 = 30-36 months, 4 = 36-42 months, 5 = 42+ months
(3) Indicates high volume second home market. Recovery projections may be conservative
Sources: HanleyWood; Claritas; MetroStudy; RealtyTrac; DataQuick; U.S. Census Bureau/HUD; The Concord Group

D. Alternative Funding

In addition to re-evaluating and optimizing the plan for land sales, the TJPA continues to seek alternative funding. We have submitted applications for new and existing funding sources as they become available and are vigilant in our pursuit of any and all funding opportunities. Sources we are considering for Phase 1 revenue contingencies and Phase 2 funding include:

- Statewide bond proceeds, including Prop 1C (Housing and Emergency Shelter Trust Fund), and Prop 1A High Speed Rail bonds
- Real estate-based revenues, including Mello-Roos District fees or transportation impact fees
- Advancing land sales revenues from Phase 2 (DTX) to Phase 1 (TTC building and rail box)
- Advocacy for new regional and statewide revenue sources through MTC's Resolution 3434, such as bridge toll revenues, regional gas taxes, State revenue restructuring and potential increases, VMT pricing, and congestion pricing
- Funds from federal ARRA bill, including TIGER, TIGGER, and Urban Circulator program
- Funds from Federal transportation bill reauthorization
- Private partnerships, including options such as naming rights and annuities

The TJPA will continue to seek new funding, secure identified sources, and reduce program costs throughout project development.

<u>Certification of Funding Availability</u>

Under the Lease and Use Agreement, in order for AC Transit to move out of the Transbay Terminal and into the Temporary Terminal, the following conditions must be met:

- The TJPA completes Phase 1 construction of the Temporary Terminal (excluding the ramp space) *(complete May 2010)*
- The Temporary Terminal (excluding ramp space) is ready for occupancy and use by AC Transit and the public *(complete May 2010)*
- The TJPA has certified and awarded a contract to demolish the Transbay Terminal (*awarded October 2009)*
- The TJPA Board adopts a Resolution certifying that it has the funds available to construct the Transit Center *(planned for May 2010 Board action)*
- The TJPA advertises a construction contract for the foundations and substructures for the Transit Center *(planned for June 2010)*

The TJPA Board can certify funding availability when all of the funds have been committed to the project. With the US DOT's letter of March 29, 2010 regarding the $400 million in ARRA funds, all of the Phase 1 funds have been committed. Certification of funding availability will be included in the upcoming adoption of Revised Baseline Budget for Phase 1. Notice to proceed on construction will occur once all regulatory requirements of the $400 million have been met which is expected in the summer of 2010.

Construction Schedule

A. Overview

The current schedule for the construction of the Transit Center, including the incorporation of the rail levels into Phase 1 construction, is approximately 7 years, an increase over the initial projection of 5 years when the original phasing plan was developed. This revised projection is based upon extensive preconstruction work by the CMGC to plan the sequence of construction and reflects the refinement of the design by PCPA during the Design Development phase.

The time required to excavate the train box and construct the below grade structure represents the greatest portion of the extended duration, but the additional duration is not driven exclusively by the addition of the train box. The time required to construct the original Phase 1 elements has expanded as the design has developed. In particular, the scope and method of the ground treatments near adjacent structures has been defined and will take more than a year to complete. Because that work necessarily precedes excavation in that area, it directly extends the overall duration of construction.

To minimize the impact of these changes, we have incorporated double-shifting of excavation, welding, and the buttress construction into the schedule and cost estimates. The design team has also incorporated refinements of the design suggested by the CMGC to facilitate the construction including additional temporary works.

We continue to work with the CMGC to refine the schedule and look for other feasible alternates to reduce the schedule even further with additional analysis of the interior construction and the implementation of additional double shifting, identifying concurrent work opportunities and other means of schedule compression where practical and economically viable.

NEXT STEPS:

This item is presented as an information item. Prior to requesting AC Transit to relocate to the Temporary Terminal and commencing construction, Staff will bring the revised baseline budget to the Board for adoption and certification of the funding plan.

Proposed Revised Phase 1 Baseline Budget & Schedule with ARRA Funding

April 22, 2010

Transbay Transit Center

TJPA

Transbay Transit Center

Background

- June 2006:
  TJPA Board adopted phasing strategy for Transbay Transit Center Progam

- November 2007:
  Board adopted Phase 1 Baseline Budget

- June 2009:
  Board approved designing for inclusion of the Train Box in Phase 1 pending ARRA application

Basis of November 2007 Phase 1 Baseline Budget

The 2007 Phase 1 Baseline Budget of $1,189M (in year-of-expenditure dollars) was based on the following:

- Top-down construction with train box construction deferred to a later date
- Transit Center construction costs estimated based on HOK design scheme
- Transit Center building concept validation by the Architect to be selected later
- Phase 1 construction to be completed in January 2014
- Cost of construction in January 2007 dollars
- 3.5% annual escalation rate through construction

Baseline Budget Phasing Strategy

Summary of Key Issues

Since preparation of the 2007 Phase 1 Baseline Budget:

- May 2008 — Architectural consultant contract awarded to Pelli Clarke Pelli Architects
- September 2008 –- Design Team completed Concept Validation of competition proposal against program requirements
- Value Engineering during the Schematic Design Phase identified $100 million savings to program from constructing the rail levels in Phase 1
- June 2009 — The Board authorized including design of the train box in the Phase 1 construction

Transbay Transit Center

Summary of Key Issues
(continued)

- January 2010 — ARRA awards announced, including $400 million reserved for the Transbay Transit Center Program
- Bid prices have been declining (in 2009-2010 bids average 34% below engineers' estimates).
- Construction estimate was recalculated based on 50% design development documents for the Transit Center building, including the train box, under current market conditions.
- Independent detailed estimates were prepared by the CM/GC (Webcor/Obayashi) and the Architect (PCPA); estimates were reconciled to determine the estimated cost of Phase 1 construction

Proposed Revised Baseline Phasing Strategy

Transbay Transit Center

Proposed Revised Project Schedule

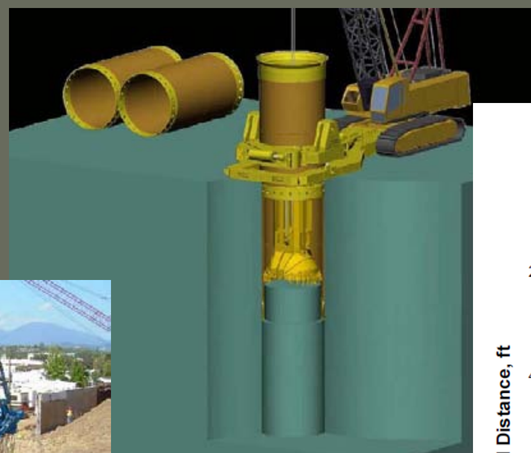
- At the June 2009 Board meeting, preliminary analysis projected that including the train box would extend the construction schedule by 14 months

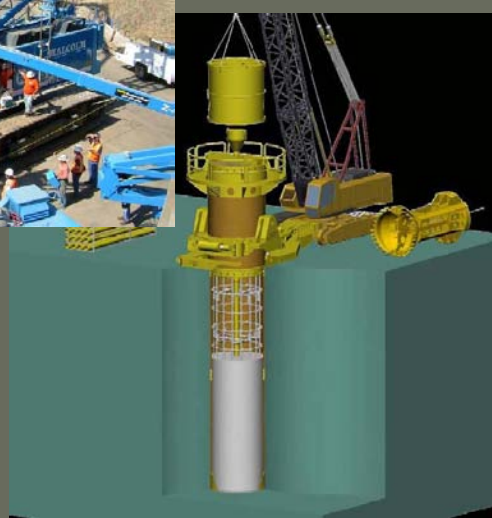
- After additional development of the schedule and refinement of both the train box and original Phase 1 scope, the proposed revised schedule would increase by 24 months to a total of seven years

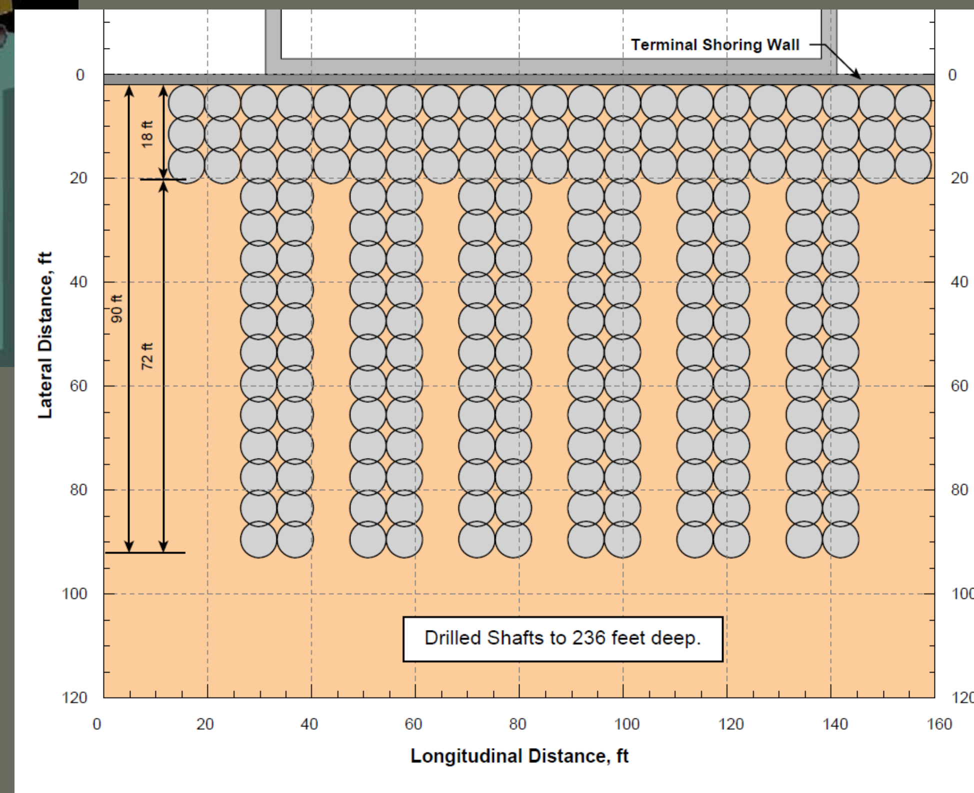
Transbay Transit Center

Schedule Impacts

—Buttress Scope and Duration





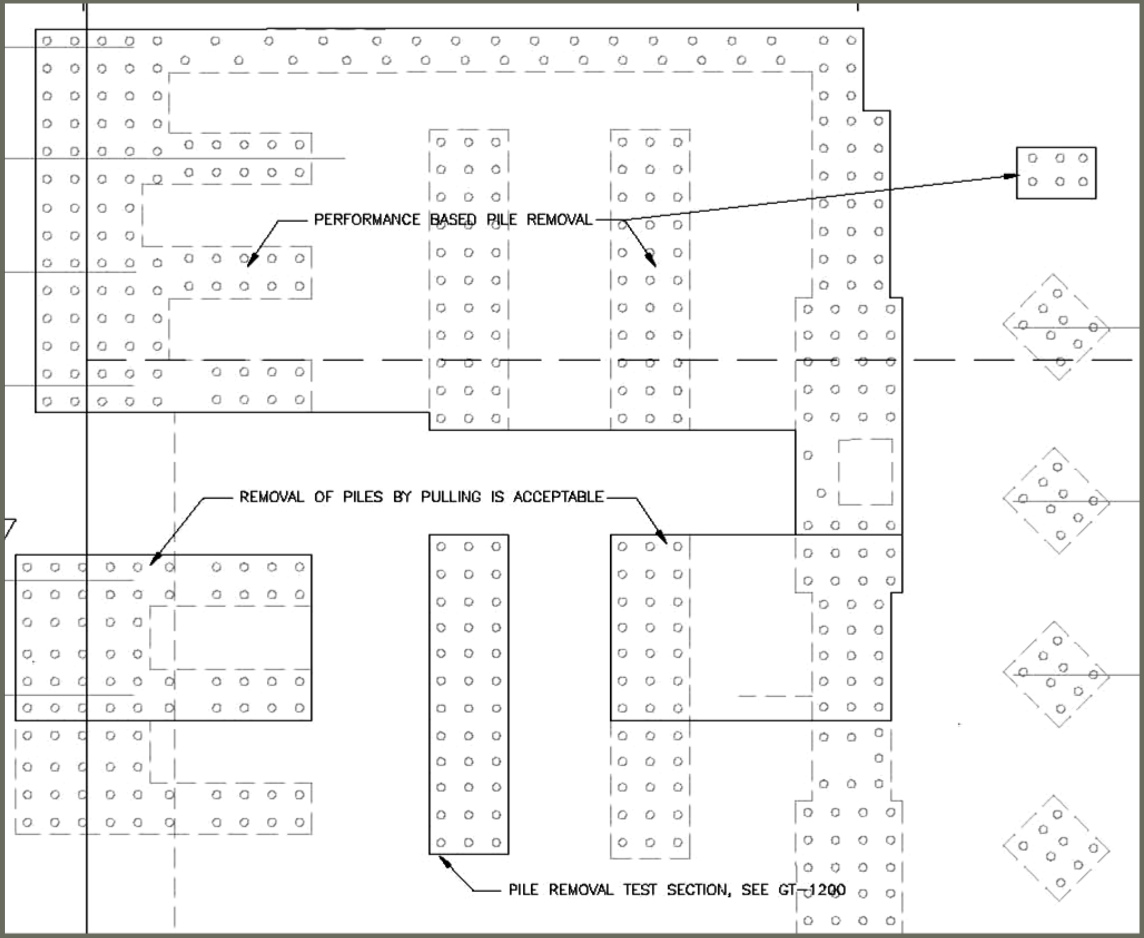


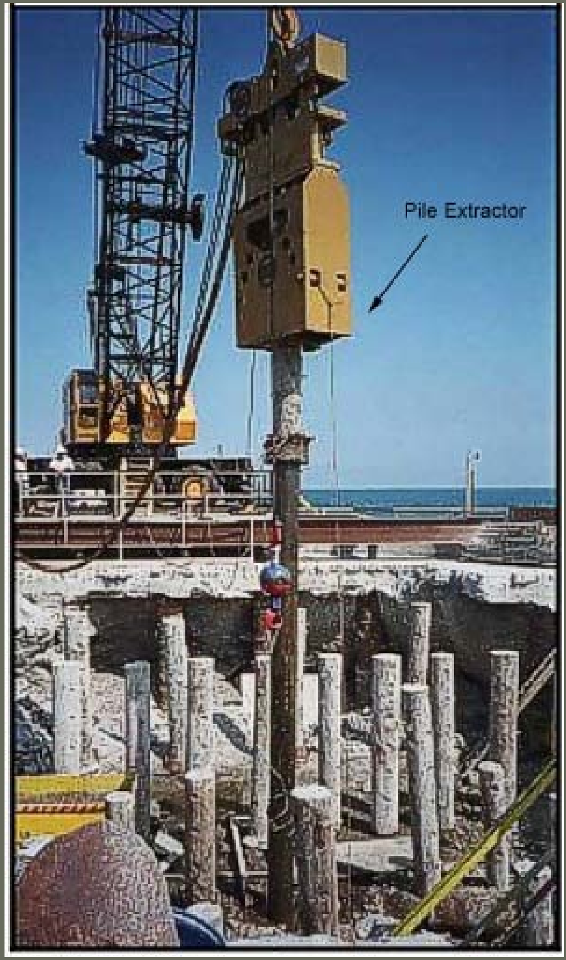
Buttress Plan

Transbay Transit Center

Schedule Impacts

— *Remove Existing Piles and Pile Caps*

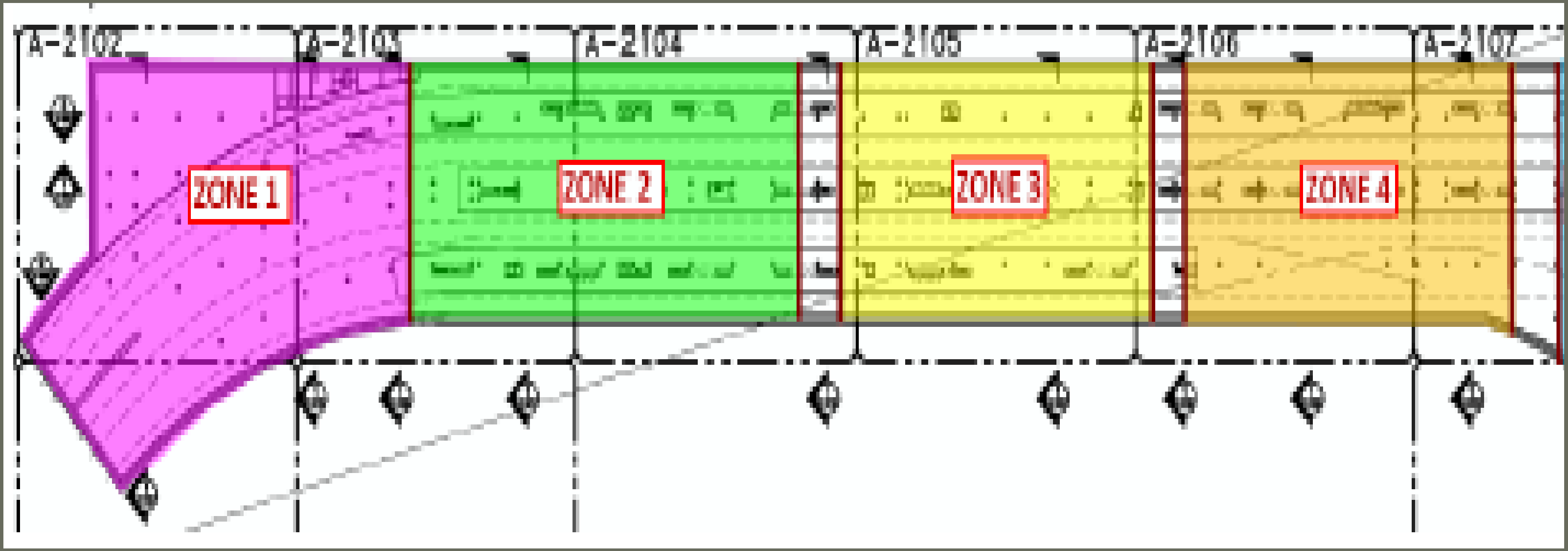




Transbay Transit Center

Schedule Impacts

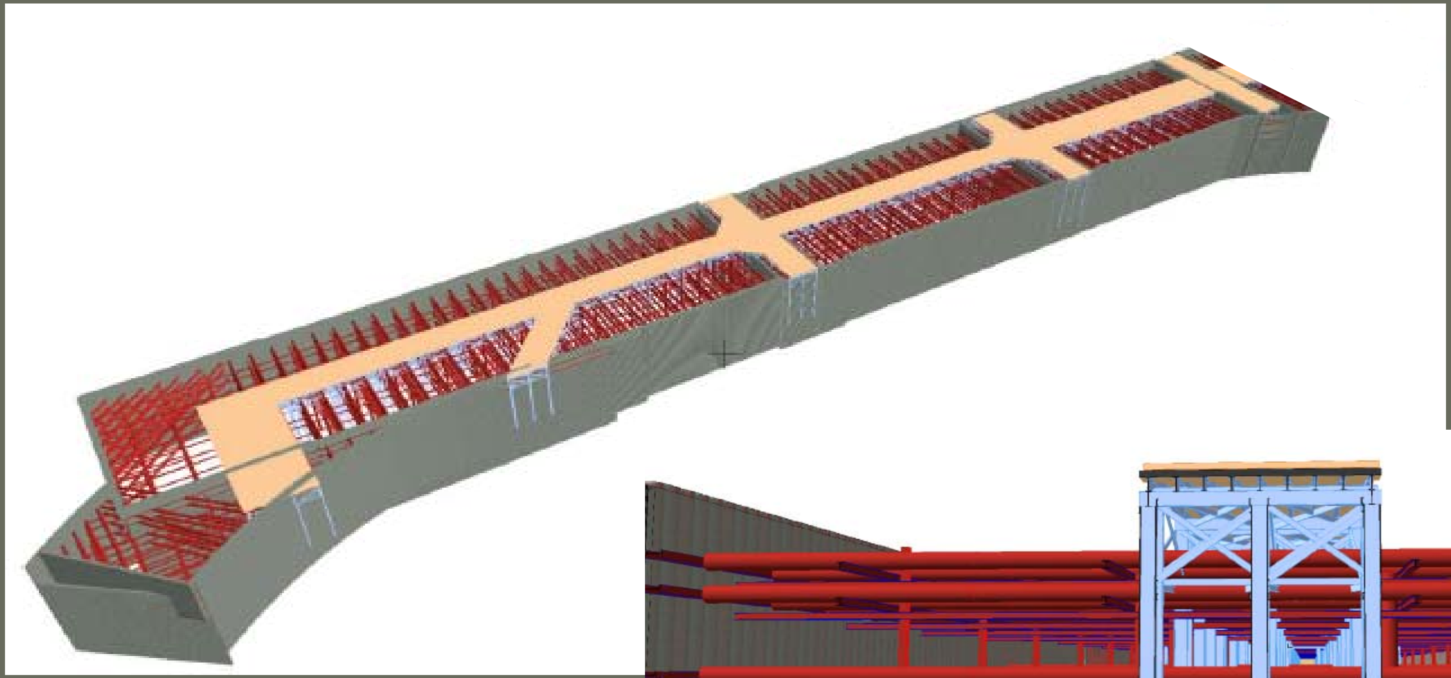
—Refined Construction Sequencing

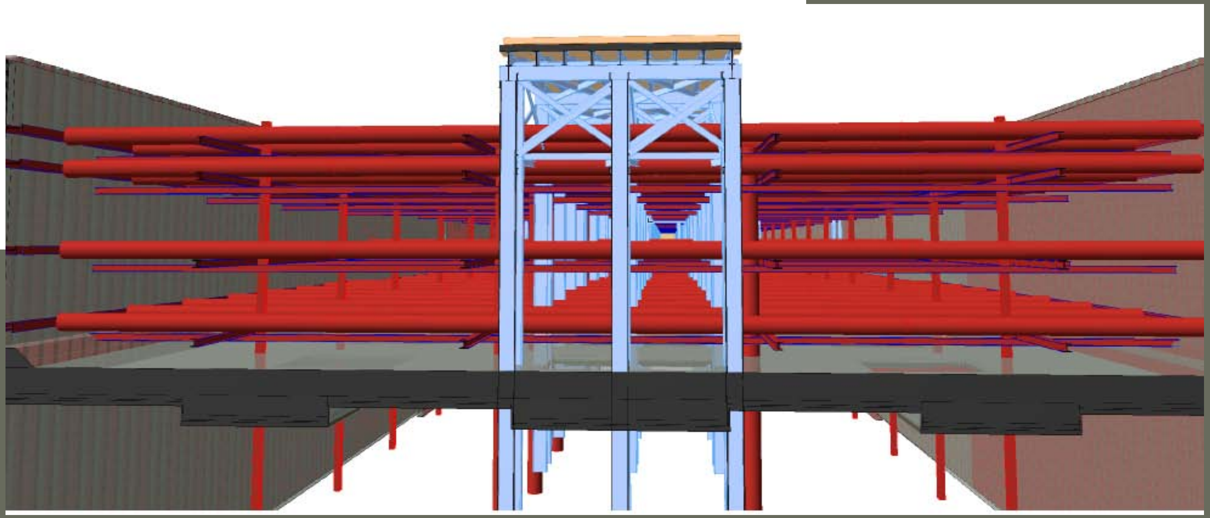


Transbay Transit Center

Schedule Impacts

—*Refined Construction Sequencing*

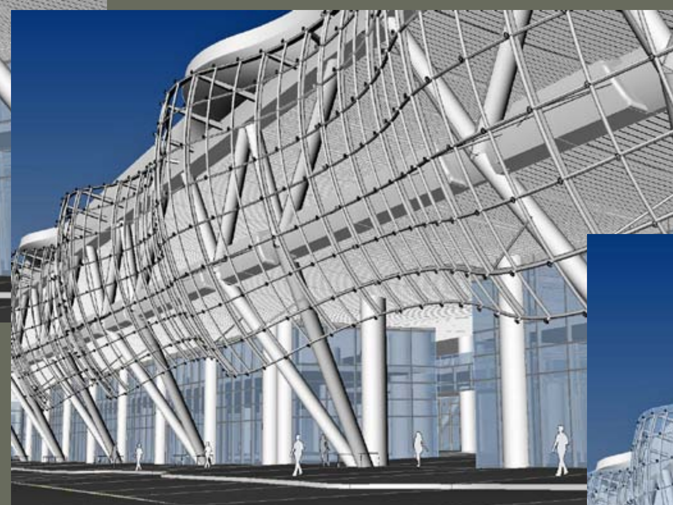


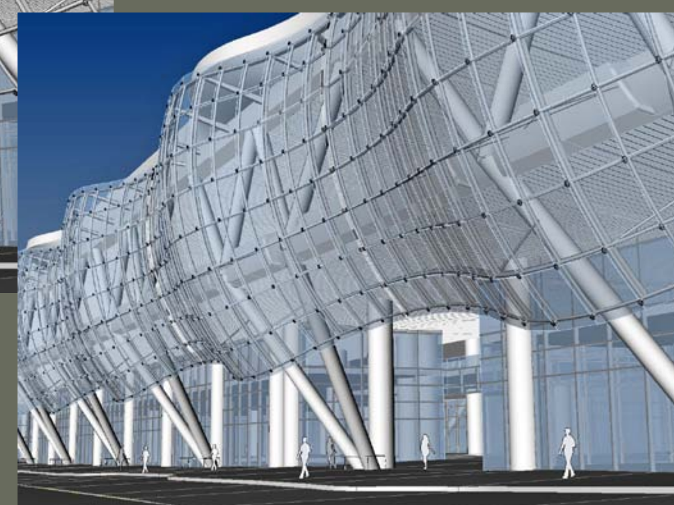


Transbay Transit Center

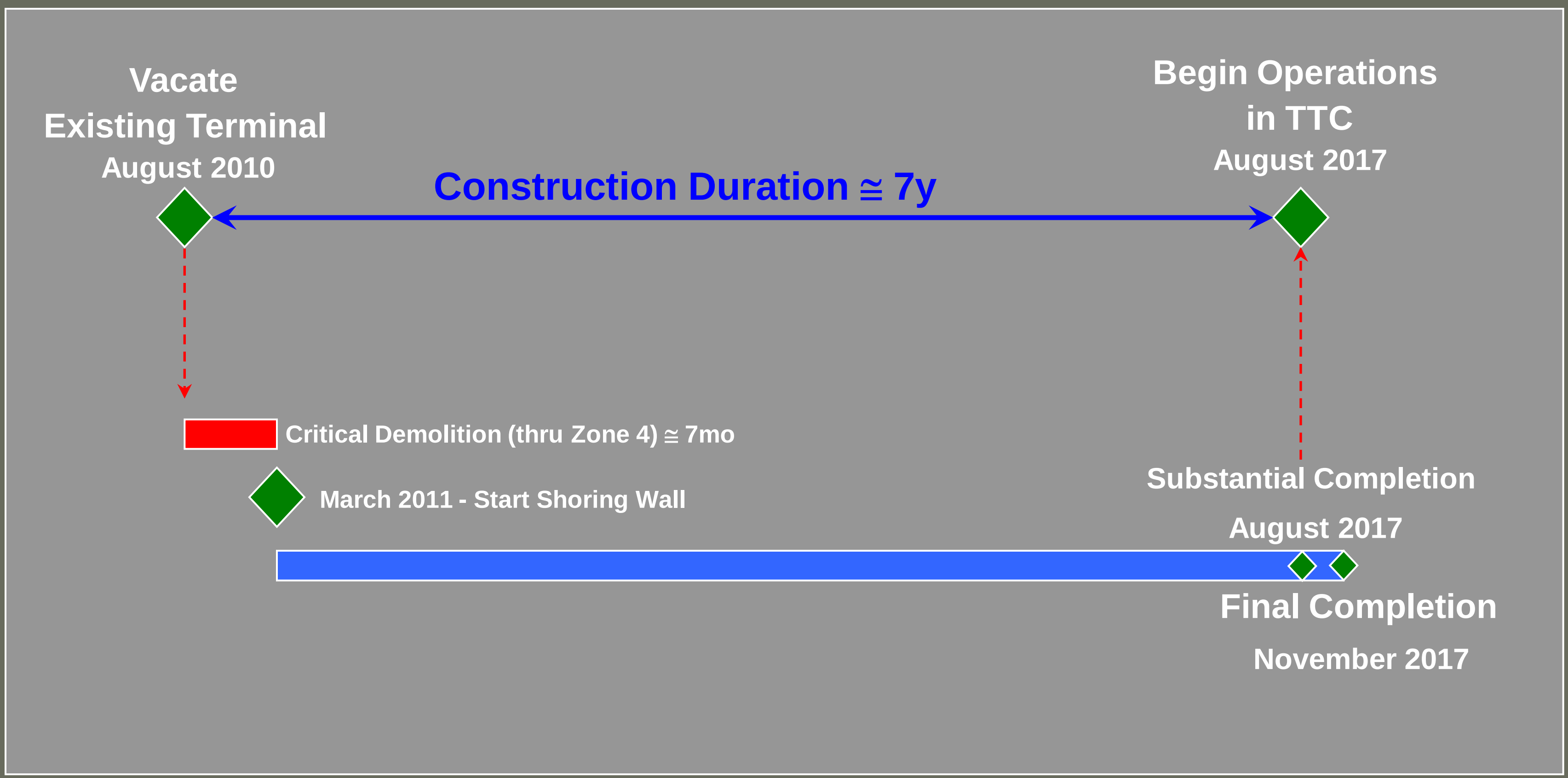
Schedule Impacts

—Refined Construction Sequencing





Construction Duration



Transbay Transit Center

Phase I Milestones

Vacate Terminal/Begin Demolition	August 2010
Begin Shoring Wall Construction	March 2011
Complete Excavation	July 2013
Complete Below-Grade Construction	June 2014
Complete Construction of Bus Ramps	October 2014
Complete Superstructure Construction	August 2015
Complete Rooftop Park	October 2016
Begin Bus Operations	August 2017

Transbay Transit Center

Schedule Opportunities

- The proposed schedule reflects several initiatives to compress the schedule, including additional temporary shoring to expedite excavation and the double shifting of the excavation, the welding of temporary and permanent steel, and the buttress

- We will continue exploring additional opportunities to reduce the schedule
  - Extended work schedules on critical activities
  - Strategies to allow more activities to be concurrent
  - Design/build approach to glazing systems

Revised Phase 1 Baseline Budget

The proposed revised baseline budget developed considering the following:

- Actual costs incurred constructing the Temporary Terminal and the forecast cost to complete construction
- Award value of the Existing Terminal and Ramps Demolition contract
- Updated estimates for Bus Ramps, Utility Relocation, and AC Transit bus storage facility
- Golden Gate Transit District independently constructing and funding their bus storage facility and provisional parking structure on the AC Transit bus storage site deemed infeasible
- Cost containment realized through value engineering

Revised Phase 1 Baseline Budget
(continued)

- Update of time-dependent management and support costs
- Annual levels of escalation to the end of construction, based on available data on current major projects and their forecast values for escalation:
  - 2010 = 0%
  - 2011 = 2.5%
  - 2012-completion = 3.5%
- Adjustments made for:
  - Further scope development (design contingency)
  - Implementation of intended contracting strategies (CM/GC)
  - Reallocation of some management and support costs from Phase 2
- Contingency and Program Reserve now total 29% of the cost of construction

Status of Design and Baseline Budget

- The Design Team has incorporated many design features not anticipated within the original design scope
  - A 5.4 acre rooftop park
  - Geothermal and grey water systems
  - Natural lighting and ventilation
  - Enhanced Architectural Vision
- Through Value Engineering efforts in collaboration with the CMGC the costs are estimated to be within the $1,189,000 baseline budget
- Funding the incremental cost of constructing the train box will allow us to move to “bottom-up” approach

Transbay Transit Center

Adjustments within Phase 1 2007 Baseline Budget

($s Million)

2007 Baseline Budget	1,189
Enhanced security and geothermal and grey water systems	15
Transit Center Building Inspections & Testing	<12>
Existing Terminal and Ramps Demolition	<12>
Bus Ramps	<5>
Bus Storage Facilities	<17>
PMPC/TJPA Admin/Other Professional Services – Transfer from Phase 2	24
Temporary Terminal, Utility Relocation and Other miscellaneous changes	7
Total	**1,189**

Transbay Transit Center

Incremental Train Box Costs

($s Million)

Train Box Excavation	166
Train Box Buttress and Structure	156
Train Box Time-related management and support costs	62
Train Box DBI fees, Testing services and contingency	16
Total	**400**

Transbay Transit Center

Recommended Revised Phase 1 Budget

(YOE $s Million)

	2007 Baseline Budget	Incremental Box Costs	Total
Approved Baseline Budget	1,189		1,189
Train Box Excavation		166	166
Train Box Buttress and Structure		156	156
Train Box Time-related management and support costs		62	62
Train Box DBI fees, Testing services and contingency		16	16
Enhanced security and geothermal and grey water systems	15		15
Transit Center Building Inspections & Testing	<12>		<12>
Existing Terminal and Ramps Demolition	<12>		<12>
Bus Ramps	<5>		<5>
Bus Storage Facilities	<17>		<17>
PMPC/TJPA Admin/Other Prof. Services – Transfer from Phase 2	24		24
Temporary Terminal, Utility Relocation and Other miscellaneous changes	7		7
Recommended Revised Baseline Budget for Phase 1	**1,189**	**400**	**1,589**

Benefits of Constructing the Train Box in Phase 1

Transbay Transit Center

- Provides a high speed train and commuter rail ready station
- Improves ground floor design
- Overall $100 million cost savings
- Reduce disruption to neighborhood and to Transit Center operation
- Create an additional 12,000 Bay Area jobs for a total of 48,000 in Phase 1

Revised Phase 1 Funding Plan

Sources (in Millions, YOE $s)	September 2008	April 2010
SF Prop K	$98	$98
San Mateo Sales Tax	$7	$5
AC Transit Capital Contribution	$39	$39
Misc. Local	$8	$7
Regional Measure 1	$54	$54
Regional Measure 2	$142	$143
AB 1171	$150	$150
RTIP	$28	$28
Land Sales or Alternative	$429	$429
Federal Grants (FTA and FRA)	$63	$65
TIFIA Loan	$171	$171
ARRA High Speed Rail		$400
Total Revenues	**$1,189**	**$1,589**

Summary of Phase 1 Allocations

Sources (in Millions, YOE $s)	April 2010 Funding Plan	Allocations to Date	Balance to be Allocated
SF Prop K	$98	$98	
San Mateo Sales Tax	$5	$5	
AC Transit Capital Contribution	$39		$39
Misc. Local	$7	$7	
Regional Measure 1	$54	$7	$47
Regional Measure 2	$143	$143	
AB 1171	$150	$16	$134
RTIP	$28	$7	$21
Land Sales or Alternative	$429		$429
Federal Grants (FTA and FRA)	$65	$62	$3
TIFIA Loan	$171		$171
ARRA High Speed Rail	$400		$400
Total Revenues	**$1,589**	**$345**	**$1,244**

AC Transit Lease & Use Agreement

The Lease and Use Agreement with AC Transit establishes conditions which must be met before they move to the Temporary Terminal

Transbay Transit Center

Lease and Use Agreement Move Conditions
(continued)

—The Demolition Contract is Awarded:

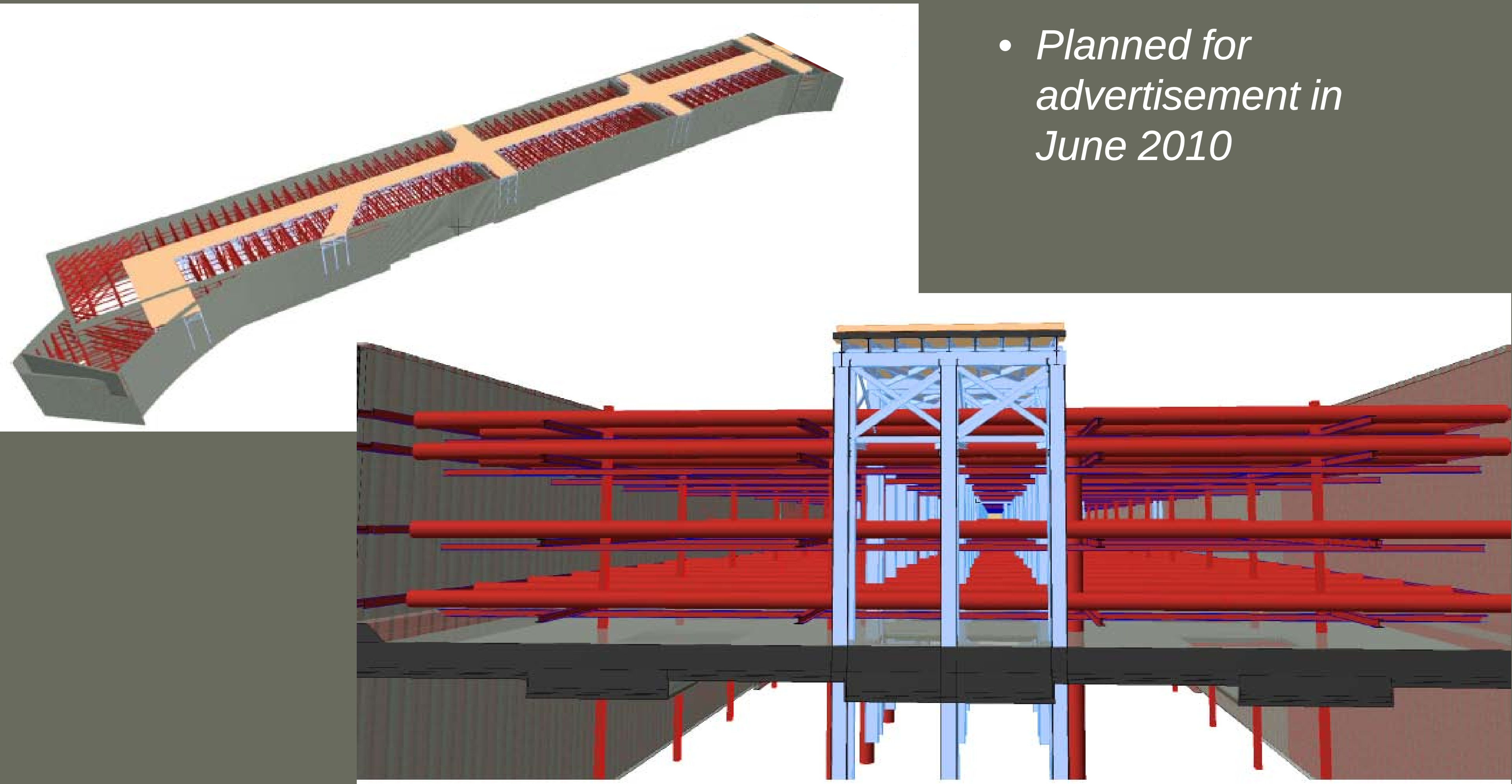
- *Awarded to Evans Brothers at the October TJPA Board Meeting*

Transbay Transit Center

Lease and Use Agreement Move Conditions

(continued)

—Foundation Package Scheduled for Advertisement:



- *Planned for advertisement in June 2010*

Lease and Use Agreement Move Conditions
(continued)

—Temporary Terminal Construction is Complete:

- *Contractor performing punchlist work*

Lease and Use Agreement Move Conditions
(continued)

- The TJPA Board Certifies that Phase 1 Funding is available
  - —*Revised Baseline Budget and Certification of funding availability to be presented for adoption at the May 2010 TJPA Board Meeting*

Conclusion

- The efforts of the design team have greatly enhanced the achievable vision for the Transit Center within the baseline budget
- The $400 million in ARRA funding provides the opportunity to:
  - mitigate program risk
  - construct a rail ready facility
  - Save $100 million in overall program costs
  - Create an additional 12,000 jobs; a total of 48,000 in Phase 1
- Revising the Baseline Budget and certifying the funding plan will allow the program to begin construction late this summer