



# Phase 1 Budget Update

October 8, 2015

## Transbay Transit Center

**TJPA**





- **Phase 1 Construction Cost Update**
- **MTC Cost Review Update**
- **Risk Assessment Update**
- **Funding**
- **Next Steps**



# Phase 1 Construction Cost Update

## Awarded to Date (direct cost)\* (\$ millions)

Transit Center	\$ 1,056.78
Utility Relocation	\$ 21.02
Demolition Old Terminal	\$ 15.48
Temporary Terminal	\$ 20.65
Bus Ramp	\$ 56.47
<b>Total Award to Date**</b>	<b>\$ 1,176.99</b>

\*Amounts include executed change orders

\*\*Includes award of Column Covers CCO

# Phase 1 Construction Cost Update

## Remaining Construction Work to be Awarded (\$ millions)

TG08.6 Metal Ceilings*	\$ 26.47**
TG08.7 Glass Floors* (CCO to TG08.11)	\$ 16.80
TG13.1 Roof Park Landscaping & Irrigation	\$ 32.28
Rooftop Park/ Electrical/Mechanical (CCO)	\$ 21.70
TG17.1 Signage/Graphics/Directory Systems*	\$ 3.47
Overhead Contact System (Muni) (CCO)	\$ 7.85
IP Network	\$ 20.00
Art	\$ 2.18
<b>Total to Complete</b>	<b>\$ 130.75</b>
Remaining TTC Trade Package Budget:	\$ 0.62
<b>Additional need -- direct cost</b>	<b>\$ (130.14)</b>

\* Design Build/Assist

\*\* Amount does not include \$1.9M for advance work

# Draft Phase 1 Budget

(\$ millions)

**Phase 1 Budget - 30% FTA Confidence Level  
(RMC #6)**

	Budget (as of Oct 2015)	Revised Budget	Delta
TTC Construction*	\$ 1,063.37	\$ 1,193.51	\$ (130.14)
Bus Ramp*	\$ 56.47	\$ 56.47	\$ 0.00
Temp Terminal	\$ 20.66	\$ 20.66	\$ 0.00
Bus Storage*	\$ 15.95	\$ 19.45	\$ (3.50)
Utility Relocation	\$ 21.02	\$ 21.02	\$ 0.00
Demolition	\$ 16.48	\$ 16.48	\$ 0.00
CM/GC Costs	\$ 87.62	\$ 111.39	\$ (23.77)
<b>Subtotal Construction</b>	<b>\$ 1,281.57</b>	<b>\$ 1,438.98</b>	<b>\$ (157.41)</b>
<b>Soft Costs</b>			
Design	\$ 188.66	\$ 178.28	\$ 10.39
Construction Mgmt	\$ 53.83	\$ 75.98	\$ (22.15)
Pre-Construction	\$ 31.27	\$ 31.27	\$ 0.00
Art	\$ 2.00	\$ 2.00	\$ 0.00
ROW	\$ 76.71	\$ 76.71	\$ 0.00
PMPC	\$ 101.45	\$ 101.45	\$ 0.00
Admin/Legal/Financial/etc.	\$ 124.05	\$ 121.69	\$ 2.35
<b>Subtotal Soft Costs</b>	<b>\$ 577.96</b>	<b>\$ 587.37</b>	<b>\$ (9.41)</b>
CM/GC Contingency	\$ 18.99	\$ 32.71	\$ (13.73)
Construction Contingency	\$ 19.31	\$ 68.71	\$ (49.41)
Program Reserve	\$ 1.57	\$ 18.54	\$ (16.96)
<b>Subtotal Contingencies &amp; Reserve</b>	<b>\$ 39.87</b>	<b>\$ 119.96</b>	<b>\$ (80.10)</b>
<b>Total Phase 1 Program</b>	<b>\$ 1,899.40</b>	<b>\$ 2,146.32</b>	<b>\$ (246.92)</b>

\*Budget includes design contingency and escalation

# MTC Draft Cost Review Presentation Conclusion

## Summary: Phase 1 Budget Exposure

- Based on both cost and risk analysis approaches, additional budget would be prudent

### Phase 1 Budget

	(\$ millions)
Approved budget (2013)	\$1,899
Proposed new request (July 2015, TJPA)	\$247
Proposed new total (July 2015, TJPA)	\$2,146
Potential additional exposure (Sept. 2015, MTC)	\$48-\$244
New Total	\$2,194 - \$2,390



# MTC Cost Review Update

- Recommended increasing the current budget between \$295M - \$491M (establishes contingency and reserve levels between \$166M - \$362M)
- Implement funding partners process to review and approve change orders
- Consider a Maximum Price Guarantee with CM/GC for the remaining construction contracts
- Focus on “bottom up” risk analysis model for contingency
- Consider adding contingency at a higher confidence level, at least 50%



# Risk Assessment Update

- RMC #6 was held in March 2015. Results used to develop draft Phase 1 budget.
- RMC #7 was held in June 2015 and modeling refreshed in September 2015.
- Between RMC #6 and RMC #7 ten trade packages have been negotiated and awarded.
- RMC #7 incorporates some bid risk for the IP Network and Bus Storage packages, which was not accounted for at RMC #6. It also included the August 2015 CM/GC schedule.



# Risk Assessment Update

## Model Results

### RMC #6 March 2015

Confidence Level	<u>Top Down Model (FTA)</u>	
	Budget	Additional Funding
30%	\$ 2,098	\$ 199
50%	\$ 2,160	\$ 261
70%	\$ 2,237	\$ 338

### RMC #7 June/September 2015

Confidence Level	<u>Top Down Model (FTA)</u>	
	Budget	Additional Funding
30%	\$ 2,156	\$ 257
50%	\$ 2,216	\$ 316
70%	\$ 2,290	\$ 390

# Risk Assessment Update

## Contingencies and Reserve (\$ millions)

### RMC #7 June/September 2015

#### Phase 1 Budget - 30% FTA Model Confidence Level

	Budget (as of Oct 2015)	Revised Budget	Delta
CM/GC Contingency	\$ 18.99	\$ 32.71	\$ (13.73)
Construction Contingency**	\$ 19.31	\$ 68.71	\$ (49.41)
Program Reserve	\$ 1.57	\$ 28.54	\$ (26.96)
<b>Subtotal Contingencies &amp; Reserve</b>	<b>\$ 39.87</b>	<b>\$ 129.97*</b>	<b>\$ (90.10)</b>

\* Amount is approximately 16% of remaining work after all existing known exposure is accounted for

#### Phase 1 Budget - 50% FTA Model Confidence Level

	Budget (as of Oct 2015)	Revised Budget	Delta
CM/GC Contingency	\$ 18.99	\$ 32.71	\$ (13.73)
Construction Contingency**	\$ 19.31	\$ 68.71	\$ (42.21)
Program Reserve	\$ 1.57	\$ 87.53	\$ (85.96)
<b>Subtotal Contingencies &amp; Reserve</b>	<b>\$ 39.87</b>	<b>\$ 188.96*</b>	<b>\$ (149.09)</b>

\* Amount is approximately 25% of remaining work after all existing known exposure is accounted for

\*\*Includes Column Covers CCO

# Risk Assessment Update

## Draft Phase 1 Budget (\$ millions)

### Phase 1 Budget - 50% FTA Confidence Level

	Budget (as of Oct 2015)	Revised Budget	Delta
TTC Construction*	\$ 1,063.37	\$ 1,193.51	\$ (130.14)
Bus Ramp*	\$ 56.47	\$ 56.47	\$ 0.00
Temp Terminal	\$ 20.66	\$ 20.66	\$ 0.00
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<b>Subtotal Construction</b>	<b>\$ 1,281.57</b>	<b>\$ 1,438.98</b>	<b>\$ (157.41)</b>
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<b>Subtotal Soft Costs</b>	<b>\$ 577.96</b>	<b>\$ 587.37</b>	<b>\$ (9.41)</b>
CM/GC Contingency	\$ 18.99	\$ 32.71	\$ (13.73)
Construction Contingency	\$ 19.31	\$ 68.71	\$ (49.41)
Program Reserve	\$ 1.57	\$ 87.53	\$ (85.96)
<b>Subtotal Contingencies &amp; Reserve</b>	<b>\$ 39.87</b>	<b>\$ 188.96</b>	<b>\$ (149.09)</b>
<b>Total Phase 1 Program</b>	<b>\$ 1,899.40</b>	<b>\$ 2,215.31</b>	<b>\$ (315.91)</b>

\*Budget includes design contingency and escalation



# Risk Assessment Summary

- TJPA staff recommended a \$247M increase in July 2015 based on the 30% confidence level (March risk model)
- The updated risk model puts 30% confidence level at \$257M
- TJPA staff continues to believe this is an adequate level for the Phase 1 budget
- MTC low recommendation of \$48M, plus \$257M, would be a \$305M increase, which is very close to a 50% confidence level under the FTA risk model (\$316M)
- Staff thus recommends a budget increase between \$257M - \$316M, and will continue to work with MTC
- Confidence level above 50% considered excessive for this stage of the project



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# Funding



- Three main funding sources remain for Phase 1 financing:
  - Parcel F land sale proceeds
  - Mello-Roos CFD proceeds
  - Surplus net tax increment
- MTC conducting financing due diligence:
  - TJPA and the City have provided information on land sales and projected tax increment, Mello-Roos CFD projections, Phase 1 costs and funding sources, funding availability, and TJPA's debt (TIFIA, bridge loan)
  - MTC and its financial advisor reviewing information and modeling financing scenarios
- TJPA also working with the City to verify assumptions behind CFD projections



## November 2015

- Finalize funding plan for Phase 1 with Local and Regional partners
- Final budget for Phase 1
- Award remaining trade packages except IP Network and Bus Storage
- Implement MTC Phase 1 Cost Review Recommendations:
  - Establish funding partners process to review and approve change orders
  - Consider Maximum Price Guarantee with CM/GC for the remaining construction contracts
- Continue to work with MTC to complete the cost review for Phase 2



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# Questions?

