

The Portal Funding Plan and Schedule

Executive Steering Committee (ESC)

April 26, 2024



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

- 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 Consultant finding of sufficient Capability and Capacity
 - Entry to Engineering (pending)
 - Medium-High Project Rating
 - Inclusion in the President's Budget recommendation

1. Acknowledge:

- a) insufficient additional funding and cost containment opportunities are available to meet the Accelerated Work Plan Schedule
- b) an extension of cap and trade enabling legislation will allow for larger future TIRCP awards, but those awards could not occur until mid-2026 at the earliest
- c) the proposed regional measure (before voters as early as November 2026) could provide some additional funding, but it would not be certain until after measure is qualified and certified
- d) the San Francisco Peninsula Rail Program partners should continue to pursue additional funding sources to meet the non-CIG funding requirements

2. Recommendation: The Integrated Project Delivery Team working with IPMT should:

- a) Continue to advance all Risk Mitigation strategies including limited procurement activities, consistent with the approved Governance Blueprint
- b) Develop an updated master schedule reflecting a new TJPA Board adopted FFCA target date

- Progressive Design Build (PDB) (40-CT) priorities:
 - advance preconstruction work
 - mitigate 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 PDB 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)

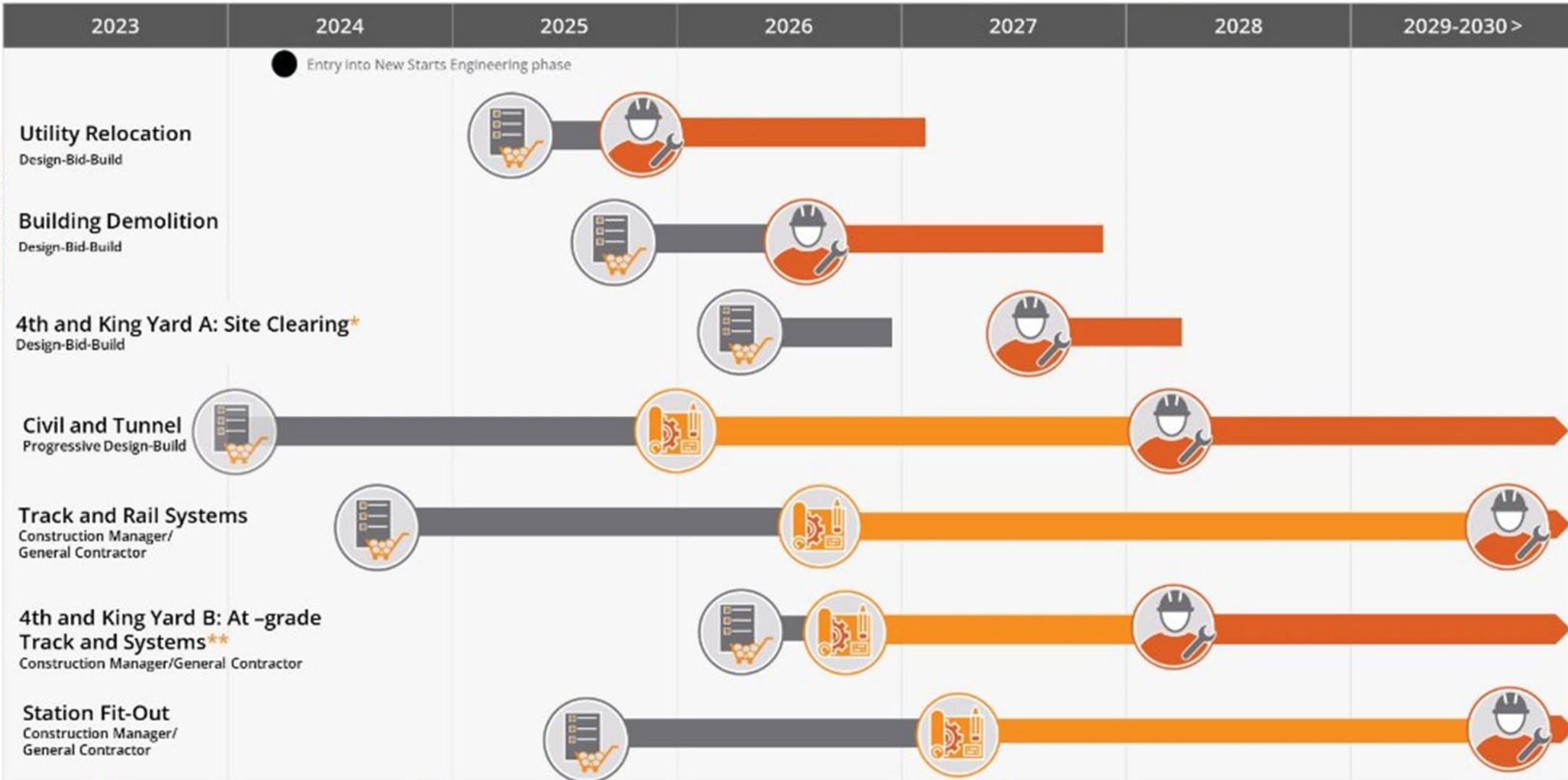
Risk Mitigation – Project Readiness

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

Project Delivery

Project Delivery

Dates are subject to change and dependent on funding availability

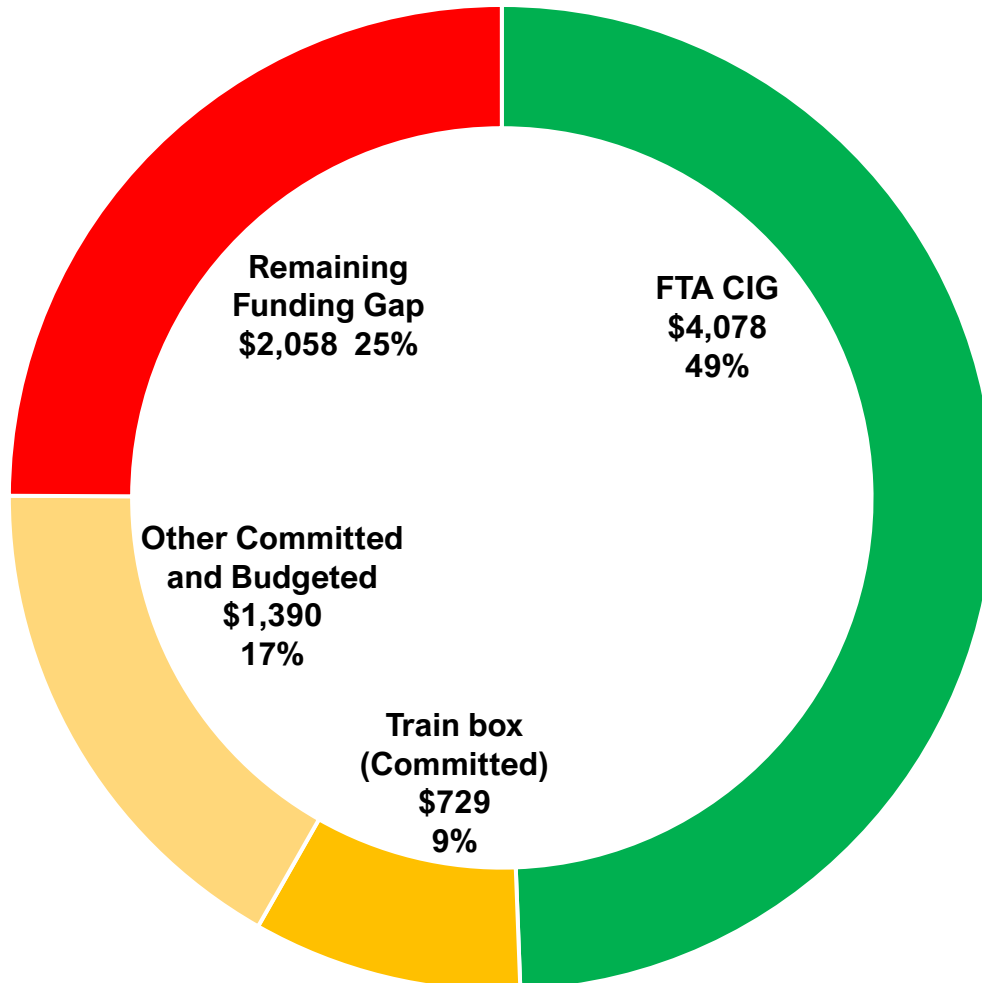


ENABLING WORKS

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Funding Plan Overview (Current)

Capital Funding (\$ millions YOE)



Capital Cost and Funding	YOE \$ M
Capital Cost	8,250
Train Box (completed)	729
The Portal (All Other Eligible Costs)	7,526
Proposed Funding	
FTA New Starts CIG	4,078
Train Box (Completed/Committed)	729
Other Committed/Budgeted Funds	1,390
Remaining Funding Gap	2,058
Total Funding Plan	8,250

Notes:
 • Figures may not add due to rounding.
 • YOE \$ = Year-of-Expenditure Dollars

- TJPA Board adopted Accelerated Work Plan 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 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 ~\$300-600M

- Establishing a target that is ambitious but achievable
- Building urgency and setting foundation for funding advocacy
- Minimizing additional escalation cost
- Reflecting reasonable timeframe to confirm remaining non-FTA funding
- Maintaining confidence and credibility with partners and industry

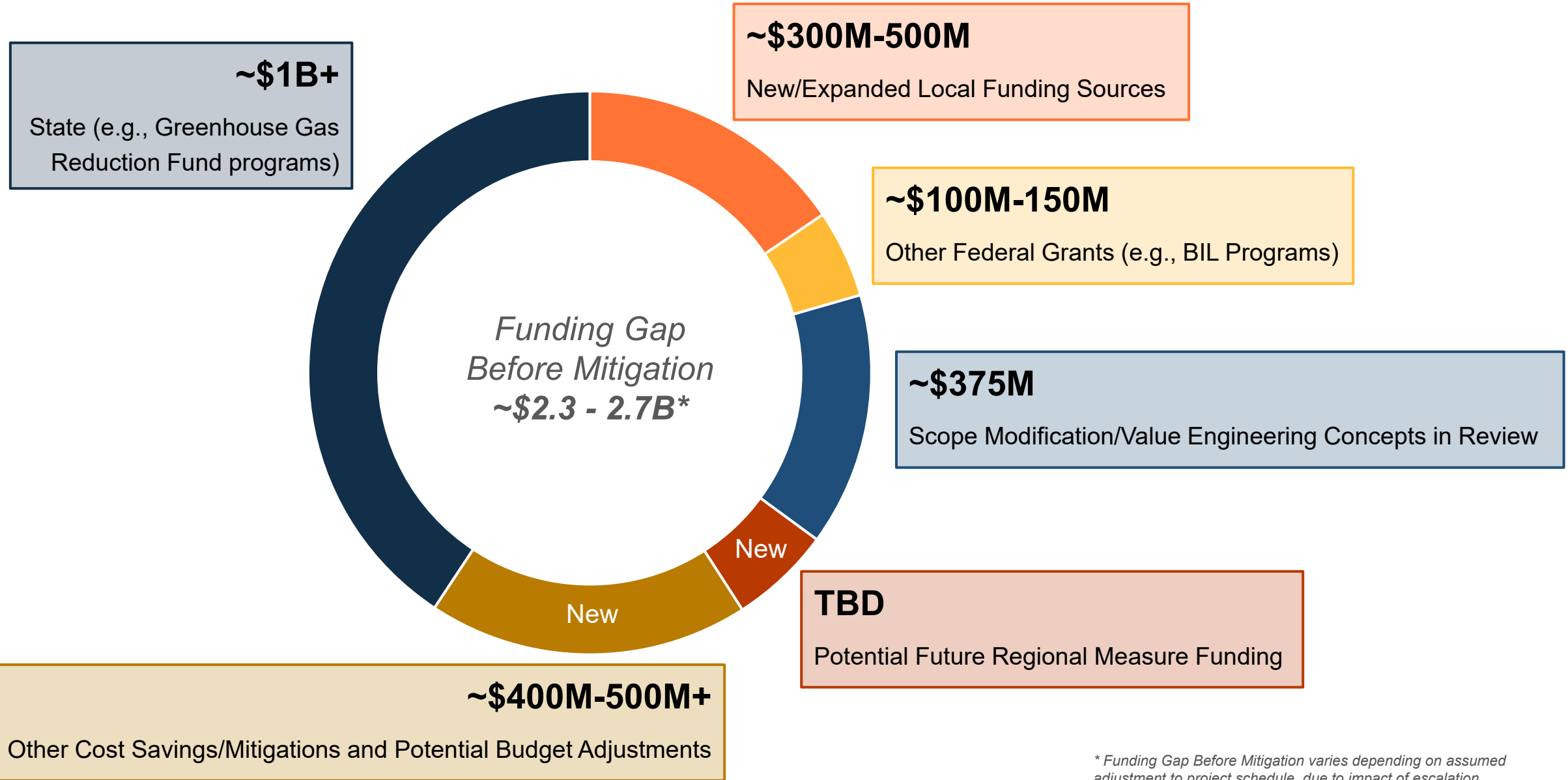
FFGA Date Scenarios

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	~\$1,170M	~\$1,330M	~\$1,480M	~\$175M

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* Note: Figures assume proposed CIG funding amount of \$4.078B.

Funding Gap Approach (Updated)



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* Funding Gap Before Mitigation varies depending on assumed adjustment to project schedule, due to impact of escalation.

- Funding plan calls for ~\$1B in additional state funding, through combination of TIRCP, HSR, 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 (GGRF) Program Shares

Program	% or \$ Share
High-Speed Rail	25%
Affordable Housing and Sustainable Communities	20%
Transit and Intercity Rail Capital Program	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.

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- Schedule adjustment will provide time to develop/commit additional local funding:
 - **Existing** land-based sources, such as Impact Fees and Community Facility 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/CCSF/SFCTA working group to advance local sources, reporting to EWG on regular basis

- SB 1031 would authorize placement of a regional transportation funding measure as soon as November 2026
- 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 project funding for The Portal
- Delay to FFGA of +24-27 months required for a Nov 2026 measure to potentially commit funds to The Portal's funding plan

Other Federal Funding: Non-CIG Grant Programs

- MTC has endorsed the project for MEGA and Fed-State Partnership programs, under the regional Bipartisan Infrastructure Law (BIL) 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 will continue to seek funding in current/future cycles where the project is eligible and potentially competitive

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	In Preparation	~\$119M
FRA: Fed-State Partnership 2024	Anticipated	TBD

- Relatively limited number of current and anticipated grant cycles, even with adjustment to project schedule

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

Project Element	Status	Estimated Value
Trainbox 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 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 Design Modifications	Up to ~\$190M
Other VE/Scope Modifications or Deferrals	TBD
Cost/Risk Reduction through Design Development/Constructability	TBD

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. Request to MTC to advance project to Level 1 of Major Project Advancement Policy (MAP) Framework
2. Request MTC allocate RM3 funds for PDB through new or re-programming of \$100.7M allocation

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

2. Recommendation: The Integrated Project Delivery Team working with IPMT should:
 - a) Continue to advance all Risk Mitigation strategies including limited procurement activities, consistent with the approved Governance Blueprint 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 Project Engineering phase activities
 - e) Complete procurement documents for all contract packages
 - f) Progress utilities and Fourth and King Yard designs
 - b) Develop an updated master schedule reflecting a new TJPA Board adopted FFGA target date
 - c) Continue to advocate for project funding, seek grant funding, and work to complete the funding plan to advance to the FFGA.

- May 2024 TJPA Board:
 - Consider above recommendations
 - FY2024/25 TJPA Draft Budgets
- June 2024 TJPA Board:
 - FY2024/25 TJPA Budgets for approval
 - Approve Successor MOU
- 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?

