

STAFF REPORT FOR CALENDAR ITEM NO.: 11
FOR THE MEETING OF: July 10, 2025

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

This report provides the status of key performance metrics for The Portal including an updated indicative capital cost estimate, the status of efforts to close the remaining funding gap, management of project cash flow toward durable milestones, budgets for professional service contracts and the completion of critical third-party agreements, efforts to mitigate items on the project risk register, and a six month lookahead of key planned activities.

TJPA staff has progressed the implementation of an expanded project management information system (PMIS) for The Portal and the development of cost, schedule, quality, and risk management practices and procedures as well as the planned expansion of project management capacity and capability through the roll-out of the Integrated Program Delivery Team. Staff can now provide more rigorous, standardized, and comprehensive regular progress reporting to the TJPA Board of Directors (TJPA Board).

DISCUSSION:

Capital Cost Estimate

At the August 2023 TJPA Board meeting, staff presented a capital cost estimate of \$8.246 billion, including \$728.5 million in already expended costs for construction of the train box as part of an action that requested TJPA Board authorization for the Executive Director to request entry of The Portal into the Federal Transit Administration (FTA) Capital Investment Grants (CIG) Engineering phase. The capital cost was initially estimated in 2023 dollars, then escalated to the mid-point of construction. At that time staff indicated the capital cost estimate may be further adjusted with FTA's approval for advancement into the Engineering Phase of the grant. Subsequently, FTA admitted the project to Engineering in May 2024 with a capital cost estimate of \$8.255 billion, which was presented to the Board in July 2024, accompanied by a request to revise the Master Schedule Full Funding Grant Agreement (FFGA) target date from April 2025 to July 2027.

Since that time, staff, working with agency partners, has continued to find opportunities to reduce project costs while preserving the operational safety, reliability, and passenger experience of the project.

As shown in Exhibit 1, scope changes (Secondary Mitigations), inflation actualization, the advancing of design, risk management, and associated reduction in project contingency, and anticipated changes in right-of-way (ROW) costs have resulted in a revised capital cost estimate of \$7.57 billion, inclusive of the train box cost. The cost estimate continues to carry a contingency at a value representing the 65th percentile (P65) of potential project costs based on the FTA's cost risk model, following the FTA's recommended methodology.

It is important to note that the capital cost estimate may change as risks are identified and minimized and as the FTA's Project Management Oversight Contractor (PMOC) conducts its formal risk review, which will occur after the TJPA formally requests the FFGA. Once an agreement on the capital cost is reached with the FTA, the TJPA Board will be asked to adopt that value as the Baseline Budget for The Portal.

Capital Funding Status

At the August 2023 TJPA Board meeting, staff forecast a capital funding gap of \$1.549 billion, assuming a CIG commitment of \$4.079 billion. Exhibit 2 shows the breakdown of funding sources assumed at that time. In approving the TJPA's request for entry into Engineering in May 2024, the FTA informed the TJPA that the CIG amount would be \$3.384 billion, which was less than the amount requested.

Since 2023, the capital cost has been reduced by approximately \$683 million through value engineering, design advancement, risk mitigation, and cost actualization of projected escalation at the time of submission. Other local funding sources have improved marginally, and the TJPA has been selected for award of a federal Consolidated Rail Infrastructure and Safety Improvements grant of \$24.6 million, and applied for a Fed-State Partnership grant, thus reducing the local funding gap to an estimated \$713 million. See Exhibit 3 for a breakdown of current and planned funding sources.

Staff continues to work with agency partners to identify capital grant opportunities, potential state and other revenues, and additional Secondary Mitigations to close the funding gap and permit the TJPA's request for an FFGA to go forward. Staff is also working with agency partners to develop an operations and maintenance funding plan to support transit service along the extended Caltrain electrified corridor as delivered by The Portal.

Project Cash Flow Management

The adopted FY26 budget fully funds planned work on The Portal through June 30, 2026. As reported at the January 30 special Board meeting regarding the Master Schedule and Budget, staff has secured funding to complete the remaining seven critical third-party agreements and is working with funding agencies to allocate the programmed funds to oversee the completion of the first right of way phase, onboarding of the heavy civil tunneling contractor for 40-CT and validate and advance its design, and advance the design of utility relocation along Townsend Street. Advancing or completing these enabling works would address three items at the top of the project's risk register which have the greatest potential to impact the project's schedule and budget.

The Metropolitan Transportation Commission (MTC) has authorized or agreed in concept to the use of Regional Measure 3 (RM 3) funding for acquisition and construction of several of these key enabling works for The Portal. In November 2023, the MTC Commission approved the allocation of \$100.7 million in RM 3 funds to acquire the first tranches of real estate along The Portal alignment. On February 10, 2025, MTC staff signed a letter concurring with the TJPA's

proposed use of \$75 million in RM 3 funds for the 40-CT Civil and Tunnel contract for pre-construction services, indicating their support for a future MTC action just before the 40-CT contract is awarded by the TJPA Board. These two RM 3 commitments total \$175.7 million of the \$325 million in funding for The Portal approved by voters on June 5, 2018. The remaining \$149.3 million in RM 3 funding is programmed for the remaining durable acquisition and construction work necessary to begin construction of The Portal.

TJPA staff are currently working to advance utility relocation design and prepare the procurement documents in anticipation of a City action to grant easement rights beneath Second and Townsend Street in late 2026. However, the project requires additional project and construction management funding in FY27 to complete utility relocation and continue to fund all planned project management and construction management services. Identification of this funding, which staff is actively pursuing, is on the critical path.

Professional Services Contracts

A number of professional services and agency partner agreements have been executed to provide staff with the technical and management support required to advance the project through design, ROW acquisition, procurement, and construction. The following table summarizes budgets and authorizations associated with these agreements through FY27.

Funding Availability for Professional Services, ROW, and Caltrain				
Scope of Work	Total Contract Commitments w/Amendments	Approved NTPs to Date Thru FY24/25	Funded thru FY 25/26	Funded thru FY 26/27
Professional Services				
PMCM				
Total	\$ 297,335,420	\$ 10,998,000	Fully Funded	Funded
General Engineering Consultant	\$ 47,500,000	\$ 42,749,811	Fully Funded	Funded
Other Professional Services				
Caltrain (PCJPB)	\$ 14,147,915	\$ 12,703,056	Fully Funded	Funded
ROW Professional Services**	\$ 5,492,525	\$ 607,605	Fully Funded	Not Funded

**Includes the ROW Professional Services Bench contracts and Archaeology Services*

Critical Third-Party Agreements

Staff continue to work toward the completion of thirteen (13) identified critical third-party agreements. In accordance with FTA requirements, critical third-party agreements must be executed no later than the date of the TJPA's request for the FFGA, which is currently planned

for November 2026. At present, six (6) of these agreements have been executed and staff is actively working on the remainder. The following table summarizes the status of each agreement.

Status of Critical Third-Party Agreements (as of June 2025)	
Agreement Name	Status
1. Memorandum of Agreement with State Historic Preservation Officer	Executed, extension needed in 2026
2. Caltrain – Master Cooperative Agreement (MCA)	Targeted for Fall 2026, report out due to Joint Ad Hoc Committee in Fall 2025
3. Caltrain – Amended and Restated Interim Agreement	Executed
4. Caltrain – Railyard Agreement	Asset disposition will be documented in a memo but will reside in MCA
5. San Francisco Peninsula Rail Program Memorandum of Understanding	Executed
6. Interagency Cooperation Agreement with City and County of San Francisco	Executed, FY25-26 budget included in TJPA budget
7. Tishman Speyer at 655 Fourth Street – Letter of Intent	Executed
8. Tishman Speyer at 655 Fourth Street – Construction Coordination Agreement	Pending firmer construction schedules
9. Joint Trench Agreement – Form A	Executed. Schedule relief letters sent
10. Joint Trench Agreement – Form B	Pending completion of the 10-UR, Utility Relocation, design
11. PG&E Agreement	10-UR technical coordination ongoing
12. CHSRA – Master Cooperative Agreement	In monthly discussions, target completion with Caltrain MCA
13. Prologis	Meetings held on 6/17 and 6/23. A tripartite coordination agreement is anticipated

Risk Register

Staff, in collaboration with the Integrated Program Management Team (IPMT), continue to conduct formal quarterly risk reviews, maintain a risk register and actively manage listed risks as well as identify new risks. The last quarterly risk meeting was held in April 2025, just after the close of the quarter.

As of the quarter ending March 2025, the risk register carries 55 unmitigated risks, including 21

unacceptable risks and 27 undesirable risks. Mitigation actions have been identified and are being tracked. If successful, the mitigations will reduce the number of unacceptable risks to four and the number of undesirable risks to 25. The team is actively focusing on actions that can further reduce the number of unacceptable risks. Among the impacts associated with the four unacceptable risks are cost and schedule impacts due to an inability to secure sufficient funding, cost and schedule impacts due to delays in ROW acquisition, and cost impacts due to excessive inflation.

Subsequent to the most recent risk meeting, staff conducted a formal risk assessment, applying the FTA's risk assessment methodology and running several Monte Carlo simulations. As a result, while maintaining the recommended P65 level of confidence, the total contingency budget was reduced from \$2.11 billion to \$1.896 billion. The contingency budget will be evaluated annually against the risk register, and a final amount will be set after the PMOC's formal risk review, to be conducted soon after the TJPA formally requests an FFGA.

Six-Month Activities Look-ahead

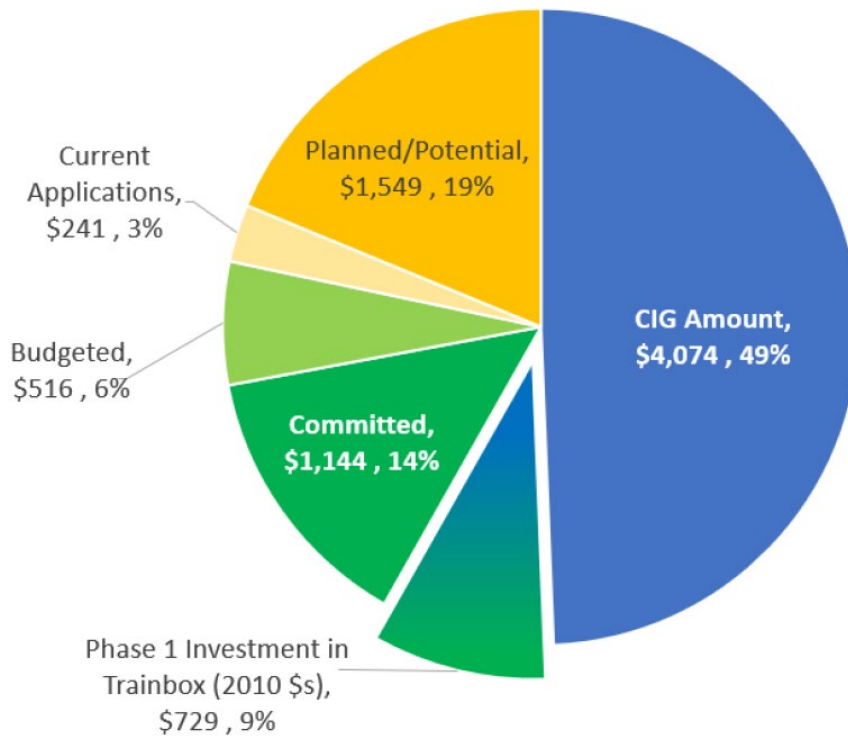
During the first six months of Fiscal Year 2025-26, staff will focus on durable work that can be accomplished within the available funding streams. Exhibit 4 provides a simplified look at these key activities, including progressing development of project controls management tools, plans, and procedures; advancing technical work required to be ready to start construction promptly as funds become available; progressing critical procurements to permit preconstruction activities; and commencing ROW activities.

EXHIBITS:

1. Revised Capital Cost
2. Entry to Engineering Capital Funding Plan by Source (August 2023)
3. Current Capital Funding Plan by Source
4. Six-Month Activities Look-ahead

EXHIBIT 1
Revised Capital Cost (July 2025)

FTA Standard Cost Category	YOE Dollars Total (\$ Thousands)
10 Guideway & Track Elements	2,195,772
20 Stations, Stops, Terminals, Intermodal	1,355,910
30 Support Facilities: Yards, Shops, Admin. Bldgs.	58,230
40 Sitework & Special Conditions	837,777
50 Systems	293,726
60 Row, Land, Existing Improvements	254,502
70 Vehicles	55,215
80 Professional Services	1,033,476
Subtotal (10 - 80)	6,084,608
90 Unallocated Contingency	1,111,849
100 Finance Charges	375,410
Total Project Cost (10 - 100)	7,571,867

EXHIBIT 2**Entry to Engineering Capital Funding Plan by Source (August 2023)**

Funding Source/Category	Est. Amount (Millions of YOE\$)
Committed/Budgeted (59%* of non-CIG)	\$1,660
Transit District Sources (CFD, Tax Increment, etc.)	~\$925
MTC Regional Measure 3 (RM3)	\$325
SFCTA Sales Tax (Prop K and Prop L)	~\$320
State Transit Intercity Rail Capital Program (TIRCP)	\$60
Regional Transportation Improvement Program (RTIP)	\$18
Partner Agency Contributions to Project Dev./Engineering	\$12
Federal Pipeline	\$4,074
FTA Capital Investment Grant (49.4%)	\$4,074
Planned/Potential	\$1,790
Other Federal Programs (e.g., CRISI, Mega, FSP)	\$690
State Transit Intercity Rail Capital Program (TIRCP)	\$500
High-Speed Rail (State/Federal Funds and/or CHSRA TBD)	\$550
Other/Future Regional Source(s)	~\$50
Total Funding	> \$7,517

EXHIBIT 3
Current Capital Funding Plan by Source (July 2025)

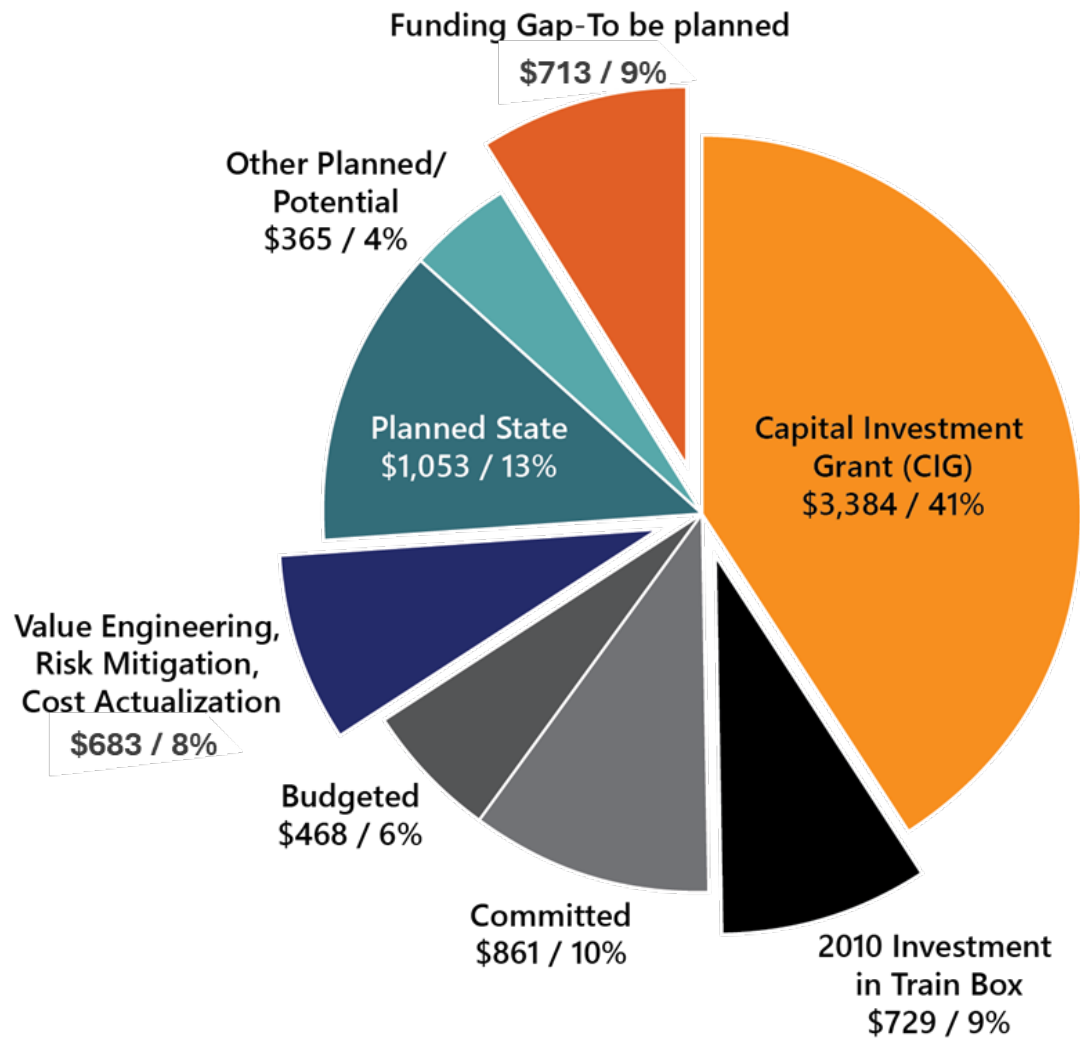


EXHIBIT 4

Six-Month Activities Look-ahead

Deliverable	FY 2025-26 Q1												FY 2025-26 Q2											
	July				August				September				October				November				December			
Project Management (Controls)																								
PMIS rollover (Initial Phase)																								
Rollout of PMIS Document enhanced modules																								
Next phase of PMIS modules and dashboard																								
Issuance of Project Controls management plans																								
Design and Technical																								
Comment closure for utility relocation revised 60%																								
Continue 10-UR Advanced Utility Relocation Design*																								
Complete boundary survey of Portal alignment																								
Contracts and Procurement																								
¹ Begin procurement documents for utility relocation																								
¹ Begin procurement documents for track & systems*																								
Issue 40-CT Civil and Tunnel Request for Proposals																								
Advance critical third-party agreements																								
Right of Way (ROW)																								
Underground easement and early ROW activity																								

¹Funding dependent *May Data Date

The Portal Update

TJPA Board
July 10, 2025



THE **PORTAL**

UNITING THE BAY. CONNECTING CALIFORNIA.



Agenda

- 1 Cost Estimate
- 2 Funding & Cash Flow Management
- 3 Professional Services Budgets and Expenditures
- 4 Risks
- 5 Six-Month Durable Activities Look-ahead

Cost Estimate Update

July 2025

*2023 Estimate prepared for request to enter Engineering phase in
Federal Transit Administration Capital Investment Grants New Starts Program*

2025 estimate adjustments include:

- ◆ Secondary Mitigations (Value Engineering)
- ◆ Actualized Escalation (Inflation)
- ◆ Schedule Adjustments (Construction)
- ◆ Real Estate Valuation (Right of Way)
- ◆ Risk Management and Updated Quantitative Risk Assessment (Contingency)

Cost Estimate	Total
2023	\$8.25b
2025	\$7.57b



Cost Estimate Update continued

July 2025

Secondary Mitigations were reviewed and supported by TJPA agency partners including the operators – Caltrain and California High Speed Rail Authority (CHSRA)

Scope item	Packages	Reduction*
Train Box Extension/IBF Elimination	40-CT, 50-TS, 60-SF	\$57m
Defer CHSRA Vertical Circulation	60-SF	\$8m
Fourth and Townsend CHSRA Platform Elimination	40-CT	\$101m
Tunnel Stub Reduction	40-CT	\$48m
Total		\$214m

*Base year \$ without contingency



Cost Estimate Update continued

July 2025

Updated cost estimate includes escalation based on the updated construction schedule and actualization of prior year assumed forecasts

Schedule	Proposed FFGA Date	Start of Construction	Target Ready for Service
2023	July 2025	Summer 2025	Summer 2032
2025 ¹	July 2027	Summer 2027	Fall 2035

Escalation	FY2024	FY2025	FY2026	FY2027+
2023 Estimate	6%	5%	3.5%	3.5%
Current Estimate	~0%	~0%	3.5%	3.5%

¹ February 2025 Master Schedule



Cost Estimate Update continued

July 2025

Right of Way	
2023 Estimate	\$320m
Current Estimate	\$240m

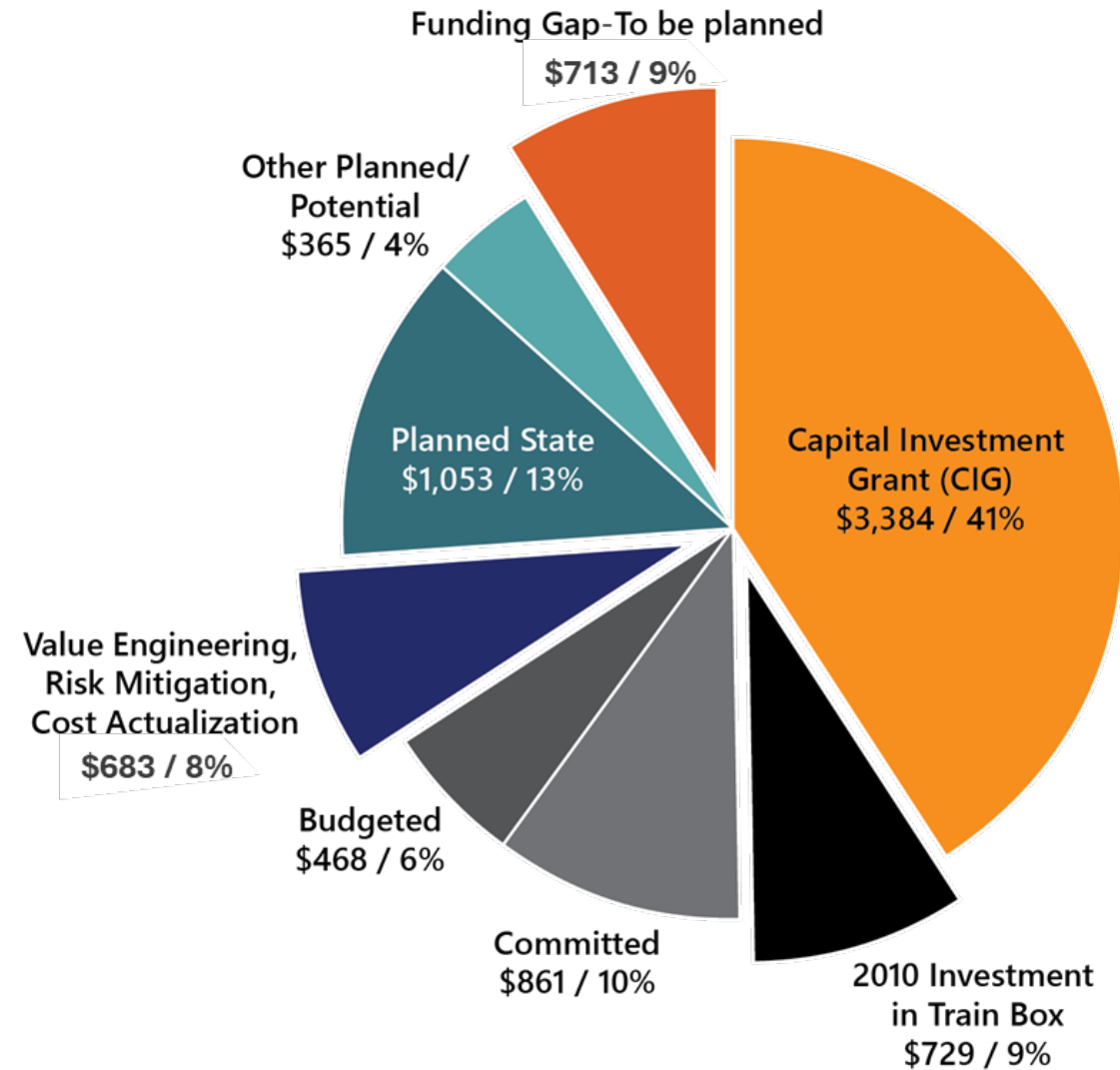
Contingency	2023	2025
Allocated	\$859m	\$784m
Unallocated	\$1,251m	\$1,118m
Total	\$2,111m	\$1,896m



The Portal (DTX) Funding

Project Budget \$8.255B

July 2025



Professional Services Funding

Scope of Work	Total Contract Commitments w/Amendments	Approved NTPs to Date Thru FY24/25	Funded thru FY 25/26	Funded thru FY 26/27
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General Engineering Consultant	\$ 47,500,000	\$ 42,749,811	Fully Funded	Funded
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**Includes the ROW Professional Services Bench contracts and Archeology Services*

Risks Requiring Further Mitigation

Risks requiring further mitigation are listed in The Portal Risk Register. The Risk Register is used to manage project risks and to inform schedule and cost contingencies carried in the capital cost estimate

RISK: Delays in property acquisition could prolong the schedule and impact cost

Cause / Driver: Base assumes 12 months for acquisition. Acquisitions are organized into four tranches. The first two tranches are needed to begin demolition.

Consequence: Schedule impacts

Proposed Mitigation: Use the Master Schedule to determine critical path acquisition requirements. Assess property requirements for access and storage against a *just-in-time* delivery approach

RISK: Noise and vibration impacts create need for additional mitigation work beyond measured cost estimate (exclusive of contingency)

Cause / Driver: Possibility that noise and vibration impact will be significant enough to require mitigative works, including up to 300 feet of floating slab to either side of affected buildings, isolation pads between the throat and buildings, or structural isolation of individual studios within the buildings.

Consequence: Potential for incurring the costs of these mitigations

Proposed Mitigation: Continue technical studies and design development based on in-operation performance of the Caltrain electrical multiple unit and increase understanding of certain buildings along the ROW

Risks Requiring Further Mitigation

RISK: Exercising off-ramp option for 40-CT contract may result in acquiring another contractor to execute construction

Cause / Driver: Pursuing this option will have a schedule impact because this requires producing tender documents, followed by a procurement, evaluation, and award.

Consequence: Time impact: 16 months (approximate)

Proposed Mitigation: In development

RISK: Delay or cost impact due to increased escalation from overheated markets and other factors

Cause / Driver: With the enactment of the Bipartisan Infrastructure Law, demand could outstrip supply, driving up materials prices and labor costs in a way that exceeds the project's escalation base case.

Consequence: Potential for incurring the costs of these mitigations

Proposed Mitigation: In development

Six-Month Durable Activities Look-ahead

Deliverable	FY 2025-26 Q1			FY 2025-26 Q2		
	July	August	September	October	November	December
Project Management (Controls)						
PMIS rollover (Initial Phase)						
Rollout of PMIS Document enhanced modules						
Next phase of PMIS modules and dashboard						
Issuance of Project Controls management plans						
Design and Technical						
Comment closure for utility relocation revised 60%						
Continue 10-UR Advanced Utility Relocation Design*						
Complete boundary survey of Portal alignment						
Contracts and Procurement						
¹ Begin procurement documents for utility relocation						
¹ Begin procurement documents for track & systems*						
Issue 40-CT Civil and Tunnel Request for Proposals						
Advance critical third-party agreements						
Right of Way (ROW)						
Underground easement and early ROW activity						
¹ Funding dependent *May Data Date						

Thank you

Alfonso Rodriguez, Project Director
arodriguez@tjpa.org



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425 Mission Street, Suite 250, San Francisco, CA 94105
415.597.4620 • www.tjpa.org

