



# Memorandum

**Date:** April 19, 2019  
**To:** Transportation Authority Citizen Advisory Committee  
**From:** Eric Cordoba – Deputy Director for Capital Projects  
**Subject:** 04/24/2019 Citizen Advisory Committee Meeting: Central Subway Update

**RECOMMENDATION**    **Information**    **Action**

None. This is an information item.

**SUMMARY**

This memo provides a progress update on the San Francisco Municipal Transportation Agency’s (SFMTA’s) Central Subway project, as requested by the CAC. The Central Subway will extend the T-Third light rail line north from King Street along Fourth Street, entering a tunnel north of Bryant Street, crossing beneath Market Street, and running under Stockton Street to Stockton and Washington streets. A surface station will be provided near Brannan Street, and underground stations will be located at Yerba Buena/Moscone Center, Union Square, and Chinatown. The budget for the \$1.578 billion project includes funding for 24 light rail vehicles to expand the SFMTA’s fleet. As of February 28, 2019, the project was 79.3%. The SFMTA’s scheduled date for revenue service is December 2019, one year after the original baseline schedule adopted in March 2010. At the request of Chair Peskin, staff from the SFMTA and the Office of Economic and Workforce Development will attend the April 23 Board meeting to report on business impact mitigation efforts. We will provide highlights from the Board item at the April 24 CAC meeting.

- Fund Allocation
- Fund Programming
- Policy/Legislation
- Plan/Study
- Capital Project Oversight/Delivery
- Budget/Finance
- Contract/Agreement
- Other:

**DISCUSSION**

**Background.**

The Central Subway project is one of the signature projects in the Prop K Expenditure Plan. Key project benefits include bringing efficient transit service to neighborhoods in need of improved transportation options; decrease travel times in densely populated, high-traffic areas; connecting southeastern San Francisco to jobs and commerce downtown; and connect the city and regional transportation networks, including providing a direct link between BART and Muni Metro at Powell Station and to Caltrain at 4<sup>th</sup> and King.

On March 30, 2010, through Resolution 10-51, the Transportation Authority Board adopted a Baseline Budget, Schedule and Funding Plan for the Central Subway project and subsequently adopted an amended funding plan on February 15, 2011 (Resolution 11-44) to strengthen the SFMTA’s application for a Full Funding Grant Agreement from the Federal Transit Administration (FTA). On

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October 11, 2012 the SFMTA received the Full Funding Grant Agreement from the FTA, which represents the federal government's commitment of \$942 million in New Starts funds to the project. Construction started in January 2010. The Transportation Authority has committed \$214 million to the project from a combination of Prop K, Regional Transportation Improvement Program (RTIP), and One Bay Area Grant funds.

### **Status and Key Activities.**

The project is being delivered in four construction packages, three of which (Utility Relocation 1, Utility Relocation 2, and Tunnels) have been completed. Work is underway on the \$859.7 million Stations and Systems contract, where expenditures have reached \$681.5 million, or 79.3% of the total. As of December 31, 2018, the project had paid \$231.4 million to Small Business Enterprises, which represents 21.24% of the total contract expenditures. This is the largest single construction contract ever awarded by the SFMTA.

Tutor Perini, the contractor for the Stations and Systems contract, is proceeding at all four station locations. At the Chinatown Station, excavation is complete and installation of the final liner at the station cavern is underway, together with mechanical, electrical and plumbing work. At the Union Square station, work continues on the station platform as well as on vertical transportation, fireproofing and soundproofing. Switchgear installation in the Main Mechanical Room is also underway. Meanwhile, at the Yerba Buena/Moscone Center station, work is proceeding on fire protection system and lighting. On the Surface, Track and Systems portion of the work, installation of traction power conduits throughout the system continues, together with plinth construction and track installation in the tunnels.

Lastly, as of September 2018, all 24 of the light rail vehicles for the Central Subway project had been delivered, tested and placed in revenue service.

### **Construction Mitigation Program.**

In November 2017, the City and County of San Francisco established a Construction Mitigation Program, meant to provide city departments with a suite of actions to limit or negate the negative impact construction projects have on surrounding businesses on commercial corridors. The Central Subway was one of the first projects to have a developed Construction Mitigation Plan, which included \$1.45 million in various mitigation measures including: hiring a full time Business Liaison/Public Information Officer, adding additional ambassadors to help resolve issues on the street as they arise, making the project office open to the public and holding regular office hours, enhanced street cleaning, corridor and \$400,000 in directed business support through the City's Office of Economic and Workforce Development (OEWD). OEWD resources to merchants include technical assistance, marketing, and grants for rent, utilities, and wages and to help a business complete physical improvements to their storefronts such as fixtures, furnishings and equipment painting, compliance with accessibility, and technology upgrades. Additionally, merchants had access to funds to help develop and implement a Business Action Plan.

The SFMTA is continuing to hold monthly meetings with merchants in Chinatown.

### **Project Schedule, Budget and Funding Plan.**

The SFMTA's scheduled date for revenue service to begin is December 2019, one year later than the approved baseline. Last year, the SFMTA sought and received approval from the FTA for an

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extension to the Full Funding Grant Agreement along with a revised revenue service date. The FTA approved the extension request. As part of its approval, the FTA drew upon the recommendations from risk assessment workshops that the project team, FTA and Transportation Authority staff were participating in as part of the overall project management process. Based on the risk management workshops, the FTA's oversight consultant recommended a revised revenue service date of May 26, 2020 to account for identified risks which may, but are not certain to materialize. The FTA incorporated this recommendation into its approval letter for the grant agreement extension. The SFMTA remains committed to the official December 2019 revenue service date.

The project budget remains at \$1.578 billion, which is the baseline established in 2010. With \$1.316 billion expended to date, the project contingency stands at \$260.7 million, \$26.07 million over the minimum contingency of \$25 million recommended by the FTA. In 2018, as the construction work was getting closer to the completion date, the SFMTA reached out to the Metropolitan Transportation Commission (MTC) and the Transportation Authority to identify funding that could be used to backfill about \$62 million in state RTIP funds remaining from the Transportation Authority's original RTIP commitment to the project as part of the baseline funding plan. Due to the unreliability of the state RTIP funding, SFMTA assigned the funds to the contingency. Working together, staff from the three agencies identified a funding strategy to backfill the \$62 million in RTIP funds and agencies took actions to approve these last winter, with the Transportation Authority contributing primarily through a series of Prop K fund exchanges approved through the 2019 Prop K Strategic Plan and 5YPP updates. In December 2018, the Transportation Authority approved the last tranche of funds committed to the Central Subway project.

### **Current Issues and Risks.**

The official schedule reflects a completion date of December 2019, one year behind the Baseline Schedule. However, contractor's delays in prosecuting the work, together with complications with the Automated Train Control and Radio Systems make it appear unlikely that the scheduled date will be met. The SFMTA is working with the contractor to attempt to mitigate the delays.

### **FINANCIAL IMPACT**

None. This is an information item.

### **CAC POSITION**

None. This is an information item.

### **SUPPLEMENTAL MATERIALS**

Attachment1 – Funding Plan

**Attachment 1: Central Subway Full  
Funding Plan Updated: April 2019**

Source <sup>2</sup>	Type	Status	Project Phases <sup>1</sup>				Total by Status	TOTAL
			PE/ENV	PS&E	ROW	CON		
5309 New Starts	Federal	Allocated	\$36,310,980	\$47,690,426	\$0	\$858,198,594	\$942,200,000	\$942,200,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
CMAQ <sup>3</sup>	Federal	Allocated	\$0	\$14,328,445	\$0	\$26,696,555	\$41,025,000	\$41,025,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
One Bay Area Grant Cycle 2 <sup>7</sup>	Federal	Allocated	\$0	\$0	\$0	\$0	\$0	\$15,980,000
		Programmed	\$0	\$0	\$0	\$15,980,000	\$15,980,000	
		Planned	\$0	\$0	\$0	\$0	\$0	
Prop 1A High Speed Rail Connectivity	State	Allocated	\$0	\$0	\$0	\$61,308,000	\$61,308,000	\$61,308,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
Prop 1B - MTC	State	Allocated	\$0	\$14,044,096	\$10,580,906	\$63,270,813	\$87,895,815	\$87,895,815
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
Prop 1B-SFMTA	State	Allocated	\$0	\$1,200,000	\$24,196,508	\$195,308,614	\$220,705,122	\$220,705,122
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
RIP/Other <sup>3,4,5,6,7</sup>	State	Allocated	\$0	\$0	\$0	\$12,498,000	\$12,498,000	\$12,498,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
TCRP	State	Allocated	\$5,000,000	\$9,000,000	\$0	\$0	\$14,000,000	\$14,000,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
SB1 LCTOP	Local	Allocated	\$0	\$0	\$0	\$0	\$0	\$3,950,000
		Programmed	\$0	\$0	\$0	\$3,950,000	\$3,950,000	
		Planned	\$0	\$0	\$0	\$0	\$0	
Prop B/Other Local <sup>7</sup>	Local	Allocated	\$0	\$0	\$0	\$0	\$0	\$40,046,095
		Programmed	\$0	\$0	\$0	\$40,046,095	\$40,046,095	
		Planned	\$0	\$0	\$0	\$0	\$0	
Prop K <sup>3,5</sup>	Local	Allocated	\$4,142,132	\$27,418,669	\$0	\$107,131,167	\$138,691,968	\$138,691,968
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
<b>Totals</b>	<b>Totals</b>	<b>Allocated</b>	<b>\$45,453,112</b>	<b>\$113,681,636</b>	<b>\$34,777,414</b>	<b>\$1,324,411,743</b>	<b>\$1,518,323,905</b>	<b>\$1,578,300,000</b>
		<b>Programmed</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,976,095</b>	<b>\$59,976,095</b>	
		<b>Planned</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
			<b>\$45,453,112</b>	<b>\$113,681,636</b>	<b>\$34,777,414</b>	<b>\$1,384,387,838</b>	<b>\$1,578,300,000</b>	

**Central Subway Full Funding Plan**  
**Updated: April 2019**

**Footnotes**

<sup>1</sup> Acronyms used for project phases include: PE/ENV - Preliminary Engineering/Environmental Documentation, PS&E - Plans, Specifications & Estimates or Final Design, ROW - Right of Way, CON - Construction. For the purposes of this table, construction includes procurement (e.g. vehicles).

<sup>2</sup> Acronyms used in this column include: CMAQ - Congestion Mitigation and Air Quality Improvement Program, LCTOP - Low Carbon Transit Operations Program, MTC - Metropolitan Transportation Commission, RIP - Regional Improvement Program, SFMTA - San Francisco Municipal Transportation Agency, and TCRP - Traffic Congestion Relief Program.

<sup>3</sup> In January 2008, the Transportation Authority working with MTC and SFMTA brokered a fund exchange of \$4 million in FY 2008/09 RIP funds programmed to Central Subway for an equivalent amount of CMAQ funds. The exchange gave SFMTA quicker access to the funds than would have been possible with the delay in available RIP funds. The \$4 million in CMAQ funds count toward the Transportation Authority's RIP commitment to the project. The RIP funds helped MTC address eligibility issues for a regional project. In November 2008, the Transportation Authority approved a fund exchange of \$2,025,000 in FY 2008/09 Prop K funds with an equivalent amount of CMAQ funds to help SFMTA meet timely use of funds deadlines for three separate Regional Bike and Pedestrian Program projects (Res. 09-25), without any negative impacts to the Central Subway Program.

<sup>4</sup> In November 2005, through Resolution 06-30, the Transportation Authority committed to prioritizing its RIP funds to four signature Prop K projects, including Central Subway. This commitment stems from the 2001 Regional Transportation Plan. In March 2012, through Resolution 12-44, the Transportation Authority Board made Central Subway the second highest priority after Presidio Parkway (required by the State) for future RIP funding cycles until those commitments are fulfilled. The Presidio Parkway RIP commitment was fulfilled with adoption of the 2012 State Transportation Improvement Program, making Central Subway the highest priority for RIP funds. Since the RIP funds were unavailable when SFMTA was awarding the construction contracts, we are honoring this commitment by programming new RIP funds when they become available to other SFMTA eligible projects to comply with CTC guidelines or by programming other SFCTA funds to Central Subway (see note 6 below).

<sup>5</sup> In October 2017, the Transportation Authority approved Resolution 18-16, approving a fund exchange of \$13.752 million in RIP funds for Restoration of Light Rail Lines project with an equivalent amount of Prop K funds for Central Subway. The state approved the RIP funds on March 21, 2018.

<sup>6</sup> The Transportation Authority, MTC, and SFMTA worked collaboratively to develop a funding plan to ensure that alternate funding is available to the project, given that the remaining RIP funds will not be available in time to meet the project's cash flow needs. For the Transportation Authority's one-third share of that funding plan the Board approved in November 2018 two fund exchanges (see note 7 below), that along with \$964,968 in de-obligations from prior fund exchanges in the Prop K Central Subway category, directed a total of \$21 million toward the remaining Central Subway RTIP Commitment. MTC and SFMTA are providing their respective shares totaling \$40.75 million through several funding sources, as reflected in this table.

<sup>7</sup> In November 2018, the Board adopted the 2019 Prop K Strategic Plan and Guideways-Discretionary 5-Year Prioritization Program which includes two fund exchanges to direct funds to the Central Subway: \$15,980,000 in OBAG 2 funds previously programmed to the Better Market Street project as part of a dollar-for-dollar fund exchange for discretionary Prop K Guideways funds, and, \$4,055,032 in Prop B General Funds previously programmed to the L-Taraval Transit and Street Improvements project as part of a dollar-for-dollar fund exchange for discretionary Prop K Guideways funds. MTC approved the OBAG 2 fund exchange in January 2019.