



Memorandum

AGENDA ITEM 8

DATE: January 21, 2021
TO: Transportation Authority Board
FROM: Eric Cordoba - Deputy Director for Capital Projects
SUBJECT: 01/26/21 Board Meeting: Major Capital Project Update - Downtown Rail Extension

<p>RECOMMENDATION <input checked="" type="checkbox"/> Information <input type="checkbox"/> Action</p> <ul style="list-style-type: none"> This is an information item. <p>SUMMARY</p> <p>The Transportation Authority is one of six agencies working together to plan and design the Downtown Rail Extension (DTX), pursuant to a Memorandum of Understanding (MOU) executed last year. In April 2020, the Transportation Authority Board allocated \$11.9 million to the Transbay Joint Powers Authority (TJPA) for DTX project development, with a portion of these funds subject to future Board release upon acceptance of the DTX Phasing Study. Since the allocation of funds, the multi-agency project team has completed the Comprehensive Work Plan and Program Master Schedule and has initiated technical work on the Phasing Study, Operations Analysis, Funding Plan, Ridership Forecasting, and other tasks. The current Program Master Schedule anticipates a funding submission to the Federal Transit Administration (FTA) New Starts program in 2024. We are reviewing an accelerated schedule and work plan prepared by TJPA that would target the funding submission one year earlier, in August 2023. We anticipate seeking Board authorization in February for an amendment to the existing allocation to support this schedule acceleration, pending Board guidance and consultations with project partners, including regarding the funding approach for subsequent phases of project development. Additional funding beyond the existing allocation, including from non-Prop K sources, will be needed to complete project development work, with these additional funds expected to be required by late 2021 to support an accelerated schedule.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input checked="" type="checkbox"/> Capital Project Oversight/Delivery <input type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____
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BACKGROUND

The DTX consists of the construction of an approximately two-mile rail extension from Caltrain's current terminus at Fourth and King streets to the new Salesforce Transit Center. The DTX will fully realize investments in the transit center, including the underground train station box, and will provide connections with multiple transit systems.

The DTX will allow Caltrain and future California High-Speed Rail to travel under busy downtown San Francisco streets to reduce congestion regionally and locally with a reliable and efficient connection for transit passengers. The DTX includes a new underground station at Fourth and Townsend streets. The Salesforce Transit Center and its associated facilities have been completed and are open for bus operations. The DTX has completed preliminary engineering and secured environmental approvals.

The DTX is led by the TJPA. On April 28, 2020, the Transportation Authority Board approved a MOU between the major DTX stakeholders: TJPA, Metropolitan Transportation Commission (MTC), Peninsula Corridor Joint Powers Board (Caltrain), California High Speed Rail Authority (CHSRA), City and County of San Francisco (CCSF), and the Transportation Authority. Under the MOU, these six agencies have agreed to jointly undertake a multi-year effort to develop the DTX to ready-for-procurement status. The MOU codified agreement to pursue most of the recommendations resulting from an Expert Panel review of current and best practices for governance, oversight, management, funding, and project delivery for the DTX. The MOU also established a new organizational structure to support the efforts of the TJPA in the development of the DTX. Specifically, DTX development efforts are guided by an Executive Steering Committee (ESC) composed of senior executives of the partner agencies, supported by an Integrated Project Management Team (IPMT).

On April 28, 2020, the Transportation Authority Board authorized the allocation of \$11,906,558 in Prop K funds to the TJPA to undertake further project development work for DTX. The allocation identified a specific scope of work, broken into two Notices to Proceed (NTPs). The first NTP (NTP #1), with a budget of \$3,052,001, is underway and is focused on completion of a Phasing Study, which will review opportunities for phasing the DTX. The NTP #1 work also includes development of a comprehensive work plan, preliminary real estate acquisition plan, configuration management plan, and contractor outreach. The second NTP of the TJPA work (NTP #2), with a budget of \$8,854,557, will progress the design and cost estimate of the tunnel and the 4th and Townsend Street Station to a draft 15% design level. The NTP #2 work will also include other related project development activity, including preparation of a third-party agreement plan. The allocation specifies that release of NTP #2 funds to TJPA is subject to approval of the Transportation Authority Board following acceptance of the Phasing Strategy.

On April 28, 2020, the Transportation Authority Board also authorized the appropriation of \$2,636,109 in Prop K funds for DTX work to be led by the Transportation Authority under the MOU and for our overall oversight of the project. Key DTX work tasks being led by the



Transportation Authority include the Funding Plan, Planning and Ridership Forecasting, Project Delivery Strategy (co-lead with TJPA), and Project Governance (co-lead with MTC).

DISCUSSION

Work to Date. Since the allocation of funds, the IPMT has completed the Comprehensive Work Plan and Program Master Schedule, which were recommended by the ESC and approved by the TJPA Board in November 2020 and December 2020, respectively. The Work Plan details all the activities needed for the DTX to achieve ready-for-procurement status and assigns responsibilities for their execution.

The Phasing Study is underway, and various concepts have been proposed for consideration. The preliminary evaluation criteria have been developed and cost estimates are under development for various phasing concepts. These concepts include deferral or phased build-out of certain project elements, to reduce the cost of the first phase of the DTX. Completion of the Phasing Study is planned for Summer 2021. Work is also underway on the Operations Analysis Study, which is a critical piece of work associated with completing the Phasing Study. The Operations Study is jointly led by Caltrain and CHSRA. The Operations Study will identify the infrastructure required for a range of service levels, including at both Fourth and Townsend Station and STC. In addition to these studies, TJPA is advancing the preliminary Real Estate Management Plan, Configuration Management Plan, Risk Management, and a project re-branding effort.

The Transportation Authority has initiated work on a number of tasks in the DTX Work Plan, including development of the Funding Plan. This work will review the previous funding plan and also identify other potential sources of funding for project development, construction, and operations. In addition, we are leading planning work for the project, including the preparation of updated ridership demand forecasts, which will inform the Phasing Study, Operations Analysis, and other tasks. We are coordinating planning tasks with related projects, including planning for the New Transbay Rail Crossing (Link21) and High-Speed Rail planning.

Challenges and Risks. Project development activity for DTX over the next approximately two years will require continued progression through technical tasks as well as timely decision-making by the involved agencies. Major decisions will include the scope of the first phase project, the delivery method for design and construction, the composition of the full funding plan, and the governance of the project for the delivery phase.

A capital investment grant from the FTA New Starts program is the largest single source of planned funding for the DTX. The Program Master Schedule shows the DTX submitting a funding application to the FTA New Starts program in August 2024. FTA receives New Starts applications once per year in August. Some members of the ESC, including our Executive Director who serves as ESC Chair, expressed interest in targeting an advancement by one year of the DTX funding submission to August 2023. Other ESC members cautioned that this



may be challenging given the need to assess other regional priorities, gather necessary local funds, and consider the effects of the pandemic. As a result, the DTX Work Plan recommended by the ESC and approved by the TJPA Board in December 2020 sets the FTA funding request in 2024, with a note that the ESC would further explore ways to advance this schedule to 2023.

TJPA staff have prepared an accelerated schedule that would provide the potential to advance the submission to 2023. Achievement of this schedule would require initiating certain activities originally planned to occur within NTP #2 prior to completion of the Phasing Study. Those activities to be initiated earlier than planned would be limited to tasks not dependent on the outcomes of the Phasing Study, such as designing utilities and other foundational infrastructure, conducting geotechnical analysis, and developing management plans required by FTA.

Next Steps. We are reviewing the revised schedule and work plan information prepared by TJPA staff. A release of some portion of NTP #2 funds to support this schedule acceleration would be subject to Board action at a future meeting. We anticipate bringing a request to the Board in February.

The existing allocation does not provide for all the activities that will be necessary to bring the DTX to ready-for-procurement status. The Transportation Authority, TJPA, and the other MOU signatory agencies will need to work together to develop a funding approach for the subsequent phase of design and procurement preparation. It is expected that additional development funds will be required as soon as fall of 2021. TJPA was planning to use a portion of the Regional Measure 3 funds programmed for DTX; however, these funds are currently held up by litigation. DTX is well-positioned to seek funding from the federal government through an infrastructure stimulus initiative that is anticipated early in the Biden administration. Staff and TJPA are in discussions with respect to defining a federal funding ask to support ongoing advancement of the project.

The project's next major technical milestone is the completion of the Phasing Study, which is planned for Summer 2021.

FINANCIAL IMPACT

None. This is an information item.

CAC POSITION

None. This is an information item. It will be presented to the CAC at its January 27, 2021, meeting.



SUPPLEMENTAL MATERIALS

DTX Comprehensive Work Plan. As approved by the TJPA Board of Directors, December 10, 2020. Accessible at https://tjpa.org/uploads/2020/12/Item13_Comp-Work-Plan.pdf