



**San Francisco
County Transportation
Authority**



Mayor
London N. Breed

October 24, 2022

Alfredo Pedroza, Chair
Therese McMillan, Executive Director
Metropolitan Transportation Commission
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, California 94105

Subject: MTC Major Projects Advancement Policy and TIRCP Endorsement Framework

Dear Chair Pedroza and Director McMillan,

Thank you for the opportunity to provide comments on the Major Projects Advancement Policy (MAP) and the Transit and Intercity Rail Capital program framework. We appreciate the collaboration of our staffs with regard to San Francisco's top transit priorities - the Transbay Joint Powers Authority's (TJPA's) Downtown Rail Extension (DTX) project and the San Francisco Municipal Transportation Agency's Core Capacity and Building Progress projects.

We particularly appreciate staff's recommendation to endorse DTX for \$560 million in state Transit and Intercity Rail Capital Program (TIRCP) funds over the next three tranches in the framework, including \$60 million for project development in TIRCP Augmentation 1. However, we are deeply concerned that the timing of TIRCP awards proposed in the MAP endorsement table would impede DTX's ability to secure the \$1.5 billion in matching funds that must be demonstrated by August 2023 in order to apply for a Full Funding Grant Agreement from the Federal Transit Administration's (FTA) Capital Investment Grants (CIG) program. DTX has secured around half of the needed funds, but TIRCP funds are critical to close the remaining funding gap before that deadline. Unfortunately, the proposed \$500 million endorsement in TIRCP Base funding wouldn't be available until 2024 at the earliest. The consequences of missing the August 2023 deadline is steep - DTX could lose the opportunity to be approved under the current transit-supportive administration, and would incur significant cost increases. The annual cost of delay is estimated at \$300 million per year due to escalation alone.

MTC's support for DTX is critical at this pivotal time in its delivery process. The project has been a regional priority for decades, and has reached a stage of readiness that puts it on the cusp of securing a New Starts commitment. Among projects in development, the DTX has uniquely secured both state and federal environmental clearance, received its FTA Record of Decision in 2019, and is now at 30% design. It entered the CIG Project Delivery process in December 2021 and has progressed quickly. TJPA expects to request entry into the engineering phase in February 2023 and to request a Full Funding Grant Agreement in August 2023. FTA recently identified a Project Management Oversight Consultant for DTX, a milestone that indicates the agency stands ready to



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support the application schedule. The project can begin strategic right-of-way preservation in 2023 and general civil construction can start as early as 2025, if funding is available.

We appreciate the commitment in the staff memorandum to work with our and TJPA's staff to secure a multi-year commitment of TIRCP funds (potentially including both Base and Augmentation funding) so that DTX can meet its current schedule to leverage approximately \$2.5 billion in CIG funds. One key to success will be ensuring that the cap and trade program, which funds TIRCP, is extended beyond its current 2030 expiration date to ensure there is future capacity in the program to support multi-year awards. **We commit to working with the region to explore the extension of the cap and trade program beyond 2030.**

We also appreciate MTC's plans to revisit the final form of DTX's endorsements early next year, once we learn the outcome of this fall's TIRCP and anticipated federal funding program grant awards. MTC's endorsement and advocacy are critical to securing federal and state funding. We look forward to working with your staff over the next few months to explore potential pathways for a multi-cycle TIRCP funding commitment to keep DTX on track. We are optimistic that working together we will be able to identify a viable approach that can be incorporated into the MAP funding endorsements when they are revisited early next year.

We appreciate MTC's continued partnership to obtain future state and federal grants that will deliver on our shared goals to build the Downtown Rail Extension and realize the benefits of Plan Bay Area.

Thank you for your consideration.

London Breed, Mayor
City and County of San Francisco

Rafael Mandelman, Chair
San Francisco County Transportation Authority

cc: Nick Josefowitz, MTC Vice-Chair
Eddie Ahn, MTC Commissioner
Hillary Ronen, MTC Commissioner