

Major Project Advancement Policy (MAP)

Stage Gate Evaluation for The Transbay Joint Powers Authority - The Portal Project



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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MAP Background

- At a 2022 workshop on megaproject delivery, the Commission directed staff to increase focus on project development and delivery for megaprojects in the region
- The Major Project Advancement Policy was adopted by Commission in October 2022 to support implementation of Plan Bay Area 2050 projects
- Plan Bay Area projects greater than \$1 billion were assigned to MAP Levels 1, 2, or 3 based on construction start date and percentage of committed funding

Transbay Joint Powers Authority – The Portal

- The Portal, also known as the Downtown Rail Extension (DTX), is 2.2 miles in length, consisting of 1.7 miles of tunnel extending transit service from the existing Caltrain 4th and King station to the Salesforce Transit Center and construction of a new underground station at 4th and Townsend Streets
- The current capital cost is over approximately \$8.8 billion, with an approved scope reduction of \$351 million and additional potential scope reductions of \$510 million, leaving a current capital project funding shortfall at \$2.5 billion.
- In 2024, the Federal Transit Administration accepted the project into the Capital Investment Grant program with a projected future Full Funding Grant Agreement amount of \$3.4 billion (subject to FTA approval) or roughly 41% of the project cost.

MAP Stage Gate Evaluation for the Portal

- In the adopted MAP program of projects, The Portal is assigned to Level 2, based on the initial project construction date and funding commitment level.
- In July 2024, the TJPA requested the project be moved to MAP Level 1, based on construction activities moving forward and the FTA acceptance into the CIG Engineering phase with a future federal commitment of \$3.4 billion, subject to FTA approval.
- Staff, with consultant assistance, has performed a Stage Gate evaluation and will present those finding today with a recommendation to the Committee.

Content

The following slide deck provides the results of the rapid assessment of the Portal Project as presented in the Final Report.

The presentation is organized into three sections to provide the results of the assessment across major criteria consistent with the MAP Stage Gate Evaluation process.

1. Costs & Funding

- Cost estimates
- Funding

2. Alignment with PBA 2050 and Regional Policy

- Purpose and Need
- Benefits Framework

3. Project Readiness

- Governance
- Procurement
- Development
- Technical Risk

4. Recommendations

Cost Estimates

Findings:

- Assessment is based on a review of the process and high-level benchmarking with peer projects.
- Documents show a thoughtful and iterative process to determine costs presented that appear to be detailed and rigorous.
- Value engineering exercise (completed 10 years ago) - delivered some cost efficiencies.
- This project has already been accepted into the FTA’s New Starts program, has therefore also passed this level of oversight review.
- Generally, costs for the project appear high in relation to comparator projects which could be due to level of complexity.
- May be an area for “deep dive” exercise.
- Important to note that there may be connection to benefits criteria; how does the value engineering overlap with the areas that drive the benefits.

Recommendations

- Consider ‘deep dive’ analysis of project costs versus comparators to confirm cost estimates are fully aligned with peer projects and/or deviations can be fully explained
- Consider greater alignment between value engineering and benefits criteria to ensure that future value engineering exercises work to maximize benefits relative to costs (and overall cost-effectiveness of the project)

	Strong	Satisfactory	Weak
Robust Cost Estimates	Cost estimates are aligned with peer projects and any deviations are explained and have been recently updated	Cost estimates are aligned with peer projects however deviations may not be fully explained	Cost estimates are not aligned with peer projects and deviations may not be fully explained

Consultant Finding – Cost Estimates: Satisfactory

Funding

Findings:

- Reviewed the 20- Year Financial Plan which is also in the process of being updated for 2026.
- Capital funding plan is also captured in the updated Cost Estimates submitted to FTA for New Starts.
- Unclear if there is a capital funding gap based on new total cost estimates and funding plan; requires clarification.
- The 20-Year Financial Plan also shows likely operating budget shortfall, due to declines in Caltrain ridership.
- Operating funding plan dependent on Caltrain operating budget, which requires additional funding.

Recommendations

- Clarify the amount of the capital budget shortfall and identify sources to fill it.
- Address anticipated operating budget shortfalls related to Caltrain’s financial situation in a more robust operating plan in updated 20-Year Financial Plan.

	Strong	Satisfactory	Weak
Robust Funding Strategy	A robust funding strategy is presented, including confirmed sources, likely sources, and contingency sources	A robust funding strategy is presented but it may not include contingencies or potential funding challenges	The funding strategy is incomplete and requires further development

Consultant Finding – Funding Strategy: Satisfactory

Purpose and Need

Findings:

- Generally, the Need articulated in the Supplemental EIR/EIS remains broadly relevant:
 - Upgrade Intermodal Connection and Services;
 - Support Caltrain & High-Speed Rail Service;
 - Serve Growing Transportation Needs in the Project Area;
 - Advance Regional Needs to Improve Transportation and Environmental Quality;
 - Respond to Further System Safety Planning.
- While post-pandemic ridership and population projections may have decreased since 2019, this does not remove the overall need. It may well reduce the scale of benefits relative to 2019, although not necessarily relative to 2004 when the Need was originally established.
- However, unclear if/how the need for the project has evolved since post-pandemic increases in teleworking and reduced transit usage, and how this has been considered by the project team.
- The Purpose and Need should also acknowledge the significance of the Portal Project to other Bay Area projects.

Recommendations

- Consider review of current ridership and benefit forecasts against emerging post-pandemic expectations, consistent with FTA processes.

	Strong	Satisfactory	Weak
Purpose and need	Changes to the transportation network have not eroded the need for this project or the project plan has clearly adapted to changes to remain relevant	Changes to the transportation network are unlikely to impact the purpose and need of the project	Changes to the transportation network will likely impact the purpose and need of the project

Consultant Finding – Purpose and Need: Satisfactory

Benefits Framework

Findings:

- A specific Economic Impact Study was undertaken in 2008, focused on quantifying short-term benefits (from construction) and long-term benefits from:
 - Transit and highway user benefits (from faster travel times)
 - Land use and development impacts (from development the Portal helps facilitate)
 - Affordable mobility benefits (increased employment amongst low-income workers who otherwise lack good access to transportation)
- However, this work is outdated, and we have not identified a more recent assessment that identifies the project benefits, is directly linked to the current project scope and/or train service or considers the significant changes to travel patterns and development values within San Francisco.
- It should be noted that the most recent ridership analysis (from 2023) undertaken for the project (using the STOPS model) uses pre-pandemic data and is underpinned by PBA2040 forecasts (as opposed to the more recent PBA2050).

Recommendations

- Develop a framework to link benefits to specific areas of project scope to support more effective decision-making regarding project change
- Consider potential exogenous risks to project benefits. One potential approach could be to align project benefits to the three future scenarios considered with Plan Bay Area 2050+ (Rising Tides, Falling Fortunes; Clean And Green; Back To The Future)

	Strong	Satisfactory	Weak
Benefits can be realized	Benefits are clearly mapped to scope choices with a realization plan	The relationship between core benefits and scope elements is clearly defined	Scope elements that drive benefits are not identified

Consultant Finding – Benefits can be realized: Satisfactory

	Strong	Satisfactory	Weak
Benefit risks are managed	There are no major risks to benefits realization based on similar peer projects	Potential risks to benefits realization are well understood and there is a track record of managing them on peer projects	Potential risks have not been identified or discussed

Consultant Finding – Benefits risks are managed: Satisfactory

Governance

Findings:

- 2020 MOU established agreement among local, regional and state agencies
- Implementation MOU adopted by 6 agency members, including MTC, and accompanying Management Agreement outlines the Change Control Board role and details roles and responsibilities
- Overall, the Blueprint provides comprehensive detail across the project lifecycle that identifies different governing bodies, their mandates, authorities, and voting procedures.
- The governance structure has also been consistently updated through different phase of the project.

Recommendations

- Formation of a Change Control Board (CCB) with an oversight role on major decisions and value engineering processes.

	Strong	Satisfactory	Weak
Governance, delivery, and operating model is suitable	The roles and responsibilities for the project across the lifecycle are clearly defined	The roles and responsibilities for the project are defined, however further details may be helpful	Crucial roles and responsibilities are not identified or there are major concerns that some may not be successfully executed

Consultant Finding – Governance: Strong

Procurement

Findings:

- Reviewed the 20- Year Financial Plan and the Project Delivery Study/PDAS report
- TJPA has conducted an extensive study of the options for procurement and packaging, including:
- Establishment of procurement objectives, scope and risks
- Identification and evaluation of options, with further analysis of shortlisted options
- Recommendations for delivery model and roadmap for implementation.
- The study recommends pursuing two similar options, with a third remaining open for further study. While this may appear inconclusive, the study does indicate how the final choice should be made based on emerging information (this could perhaps be explained a little more clearly).

Recommendations

- No recommendations are provided for the procurement criteria.

	Strong	Satisfactory	Weak
Procurement	Procurement plans are clearly defined with justification of proposed models	Procurement plans are clearly defined	Procurement plans are not clearly defined

Consultant Finding – Procurement: Strong

Development

Findings:

- The Portal Project has cleared FTA review to enter the engineering phase.
- This review includes comprehensive criteria related to project definition, scope (design), and management capacity and capability among others.
- This review is not meant to duplicate FTA oversight. Level of design meets these standards and is therefore considered in alignment with stage of development.

Recommendations

- No recommendations are provided for the procurement criteria.

	Strong	Satisfactory	Weak
Level of development is robust	The level of design aligns with the stage of development for the project	The level of design aligns with the stage of development for the project	The level of design is not sufficient to move to the next stage and/or the design process and next steps may not be clear or appropriate

Consultant Finding – Development: Strong

Technical Risks

Findings:

- The quarterly risk management report shows evidence of a proactive, thoughtful and comprehensive approach to managing cost and schedule impacts of technical risks
- Process includes risk identification, assessment and management/mitigation
- Scope includes not only construction risks for specific assets (guideway, stations, systems, etc.) but also potential issues associated with right-of-way acquisition, professional services and funding
- Risks refreshed and reported each quarter

Recommendations

- No recommendations are required to advance to a strong ranking; however, given the technical nature of these documents MTC might consider a health check review by an external technical expert to confirm that all relevant technical risks have been considered and addressed adequately.

	Strong	Satisfactory	Weak
Technical Risks are Managed	Core technical risks relevant to the project have been defined and a credible risk management and mitigation plan has been identified	Core technical risks relevant to the project have been defined, however more direct management or mitigation may be required	Core technical risks have not been defined sufficiently

Consultant Finding – Technical Risks: Strong

Recommendations

Category	Criteria	Recommendations
Costs & Funding	Cost Estimates	- Consider ‘deep dive’ analysis of project costs versus comparators to confirm cost estimates are fully aligned with peer projects and/or deviations can be fully explained - Encourage greater alignment between value engineering and benefits criteria to ensure that future value engineering exercises work to maximize benefits relative to costs (and overall cost-effectiveness of the project).
	Funding Plan	- Clarify the amount of the capital budget shortfall and identify sources to fill it. - Address anticipated operating budget shortfalls related to Caltrain’s financial situation in a more robust operating plan in updated 20-Year Financial Plan.
Alignment to PBA and Regional Policies	Purpose and Need	Review current ridership and benefit forecasts against emerging post-pandemic expectations, aligned to the revised forecasting being undertaken for Plan Bay Area 2050+
	Benefits Framework	- Develop a framework to link benefits to specific areas of project scope to support more effective decision-making regarding project change - Explicitly consider potential exogenous risks to project benefits. One potential approach could be to align project benefits to the three future scenarios considered with Plan Bay Area 2050+ (Rising Tides, Falling Fortunes; Clean And Green; Back To The Future)
Project Readiness	Governance	Formation of a Change Control Board (CCB) with an oversight role on major decisions and value engineering processes.
	Procurement	Not applicable
	Development	Not applicable
	Technical Risks	Consider Health Check review by a technical expert to confirm that all relevant technical risks have been considered and addressed.

Staff Recommendation

- Approve reassignment of the Portal project from MAP Level 2 to Level 1 subject to certain conditions and recommendations as outlined in the following slides

Conditions of Advancement to MAP Level 1

- Formation of a Change Control Board (CCB) with MTC as a member, and with charter executed prior to start of project Phase 2 (pre-construction)
 - Standard and reasonable thresholds and timelines for scope, schedule, and budget changes requiring CCB approval
 - Composition and voting rights reflect distributed risk ownership across partner agencies
- Develop updated operating cost estimate range report and operating funding strategy by December 31, 2025, including:
 - Forecasted fare charges for trips starting or ending at Transit Center
 - Updated Caltrain operating costs projections
 - New revenues generated by Transit Center, other local sources, and sources outside of current transit operations funding sources

Additional Staff Recommendations

- Cost Control and Value Engineering
 - Coordinate with sponsor, FTA Project Management Office, and partners to control costs
- Funding
 - Continue endorsements and discretionary investments in the project consistent with the MAP, TIRCP, and BIL frameworks
 - Continue to seek extension of the Cap and Trade program to provide funding for future TIRCP investments
 - Continue to work with sponsor to secure the State High Speed Rail \$550 million commitment previously outlined in the High Speed Rail business plan, and additional state investment

Additional Recommendations (Continued)

- Regional Policies
 - Review current ridership and benefit forecasts against post-pandemic expectations, aligned with FTA reporting requirements and revised forecasting for Plan Bay Area 2050+
- Readiness
 - Consider a Health Check review by an independent technical expert to confirm all relevant technical project delivery risks have been addressed, coordinated with FTA Project Management Oversight process