



Memorandum

Date: 01.07.14 **RE:** Plans and Programs Committee
January 14, 2014

To: Plans and Programs Committee: Commissioners Mar (Chair), Kim (Vice Chair), Breed, Campos, Yee and Avalos (Ex Officio)

From: Lee Saage – Deputy Director for Capital Projects *LS*

Through: Tilly Chang – Executive Director *TC*

Subject: **INFORMATION** – Major Capital Projects Update – Presidio Parkway

Summary

The Presidio Parkway project now under construction replaces the Doyle Drive elevated freeway that provided access to the Golden Gate Bridge through the Presidio of San Francisco. The Transportation Authority has served as co-lead agency in partnership with the California Department of Transportation to complete the environmental document in 2008, perform design, negotiate right of way and oversee contracting and construction beginning in 2009. Removal of Doyle Drive and Phase I construction have been completed. Construction is approximately 25% complete for Phase II, the phase of the project being delivered as a public-private partnership. Project costs through completion of construction are estimated at \$857 million of which the Transportation Authority Board has programmed over \$203 million, including \$66 million in Prop K funds. While Phase II is making good construction progress with substantial completion scheduled for January 2016, the Phase II contractor Golden Link Concessionaire has faced challenges in working in harmony with the Presidio Trust and in meeting some goals established in its Disadvantaged Business Enterprise program. We are continuing to monitor concessionaire performance in these areas and are working aggressively with Caltrans to both advance construction and see that the concessionaire meets required program goals. **This is an information item.**

BACKGROUND

The San Francisco County Transportation Authority serves as co-lead agency in partnership with the California Department of Transportation (Caltrans) for delivery of the Presidio Parkway, the Doyle Drive replacement project, a signature project in the Prop K Expenditure Plan. The Transportation Authority led preparation of the environmental impact statement and report completed in 2008 and co-lead the integrated design team that produced construction drawings for the first phase of the project in 2009. The Transportation Authority also advocated consideration of a public-private partnership (P3) to deliver the project in order to better allocate project risks and to achieve better cost and schedule certainty. At completion of construction, costs for the two-phase project whose second phase is being done as a P3 are estimated at \$857 million. The Transportation Authority Board has programmed over \$203 million to the project from federal and state funding sources and Prop K.

Phased construction of the parkway has allowed seismic safety to be achieved sooner by switching traffic from the old Doyle Drive onto the completed Phase I structures. Phase I included a replacement bridge on Highway 1 north of the MacArthur Tunnel and the new southbound Presidio Viaduct. Phase I also included the first of four short tunnels and a temporary bypass and delivered using traditional design-bid-build contracting.

In April 2012, seismic safety was achieved with competition of Phase I following a 57-hour weekend closure of Doyle Drive. During this closure traffic was shifted off the old roadway and onto the newly completed permanent southbound structures and temporary bypass road.

With traffic off the old roadway, Phase II construction began in 2013 to complete the remaining elements of the Presidio Parkway, including the Northbound Presidio Viaduct and Battery Tunnel, the Main Post Tunnels and the new Girard Road Interchange providing a direct connection to the Presidio. The Phase II public-private partnership is the first project in California to operate under this financial model under authority created in 2009. The selected bidder, Golden Link Concessionaire (GLC), has responsibility to design, build and finance, operate and maintain the facility over a 30-year concession period. The P3 method of delivery is expected to reduce costs, has freed state funding for other uses, transferred design and construction risks to the private developer, and is expected to ensure a high maintenance standard during the 30 year contract. Phase II will continue through 2016.

The purpose of this memorandum is to update the Plans and Programs Committee on the status of the Presidio Parkway project.

DISCUSSION

Budget: Table 1 presents the budget for Phase I and Phase II activities through completion of construction. Phase I budget amounts were disbursed on a pay-as-you-go basis under that phase's traditional design-bid-build contracting strategy. Under the Phase II P3, however, public sector sponsors make no payments until construction is substantially complete. Upon completion, sponsors make two payments as shown in Table 1: a construction completion milestone payment and a second milestone payment to allow the concessionaire to repay Tranche A of its two-tranche federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan.

	Phase I	Phase II P3
Environmental	27,800,000	-
Development and Design	50,800,000	-
Right of Way	83,800,000	-
Transaction and Oversight	59,100,000	47,100,000
Construction	281,500,000	-
Construction Completion Milestone	-	185,400,000
TIFIA Tranche A Loan Repayment	-	91,000,000
Reserve	(6,800,000)	36,800,000
TOTAL	496,200,000	360,300,000

Source: FHWA Financial Plan Annual Update, submitted 8/2/13

Source	Phase I	Phase II
Federal Grants	70,800,000	5,900,000
American Recovery & Reinvestment Act	86,700,000	46,000,000
State Highway Operations & Preservation	197,100,000	72,200,000
Traffic Congestion Relief Program	15,000,000	-
Prop K	29,600,000	36,000,000
Regional Improvement Program	17,100,000	67,000,000
State Local Partnership Program	-	19,400,000
MTC Bridge Tolls	80,000,000	-
MTC STP/CMAQ	-	34,000,000
GGBHTD ¹	-	75,000,000
Transportation Authority of Marin	-	4,000,000
Sonoma County Transportation Authority	-	1,000,000
TOTAL	496,300,000	360,500,000

Source: FHWA Financial Plan Annual Update, submitted 8/2/13

Funding: As is common for large capital projects, a host of sources provides funding for Presidio Parkway as shown in Table 2. All funds have been fully committed and programmed. Funds for the Phase II P3 will be used to make a \$185 million milestone payment to the concessionaire upon completion of construction and an additional payment of \$91 million to defray Tranche A of the federal TIFIA loan. Annual availability payments in an initial amount not to exceed \$22.1 million will also be made that include repayment of Tranche B of the TIFIA loan

as well as operations and maintenance of the facility over the 30-year concession period. Funding for

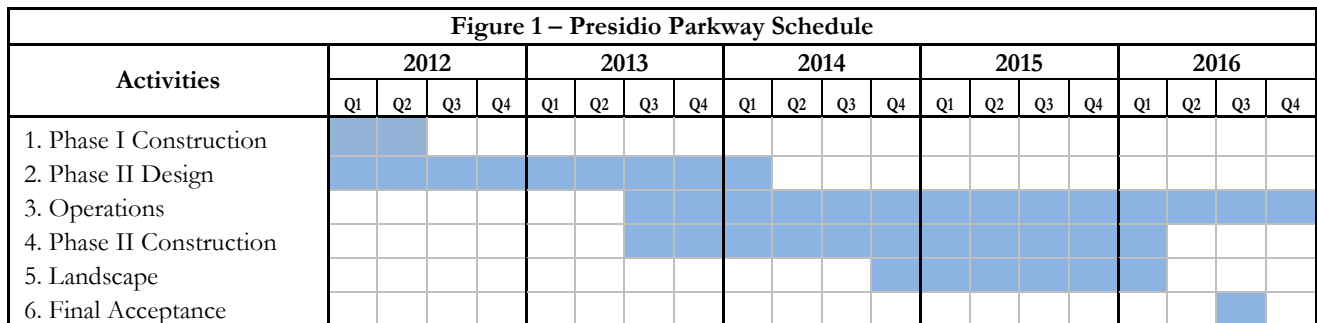
the availability payments is shown in Table 3. After the first year's payment, the amount of the annual availability payment dedicated to operations and maintenance expenses can be adjusted based upon changes in the consumer price index. A detailed funding plan is included as Attachment 1.

Source	Available	Planned
State Highway Account (Federal Trust Fund)	1,030,100,000	616,500,000
State Highway Account (State Transportation Fund)	100,000,000	100,000,000
TOTAL	1,130,100,000	716,500,000

Source: Presidio Parkway Financial Plan Annual Update, submitted 8/2/13

Schedule: Phase I construction was substantially complete in April 2012. Phase II design and construction were delayed by a lawsuit filed by the Professional Engineers in California Government in January 2011

objecting to the P3 form of project delivery for Presidio Parkway. Caltrans and the Transportation Authority prevailed at Superior Court, Court of Appeals and the California Supreme Court eventually leading to a successful P3 financial close in June 2012.



GLC has faced challenges in working effectively with the federal landowner, the Presidio Trust and has experienced delays to its planned schedule associated with Trust reviews of management and construction plans. GLC has also been challenged in obtaining and meeting conditions of a number of permits required by the Trust. While review and permitting processes are improving, GLC has taken action to make up schedule delays by extending work hours and re-sequencing some activities. Despite these delays, the project is still expected to achieve substantial completion near its original target timeframe of early 2016. Final landscape work is expected to continue into 2016.

Status: Overall, the Presidio Parkway project is 70% complete with Phase II construction approximately 25% complete. Major current work includes completion of deep pile foundations for the northbound Presidio Viaduct and earthwork and concrete placement for the northbound main post tunnel.

DBE/SBE and Workforce Program: The four contracts that comprised Phase I included Disadvantaged Business Enterprise (DBE) goals that ranged from 2.9% to 5.0% and Small Business Enterprise (SBE) goals of 25%. As a newer form of project contracting, the Phase II P3 process presented an opportunity for the Transportation Authority to innovate in promoting opportunities for small and disadvantaged businesses as well as in creating a project Workforce Development Plan. While the P3 agreement identified goals, it also tasked the concessionaire to develop its own Underutilized Disadvantaged Business Enterprise (UDBE) Program as well as its own Workforce Development Program. Under federal rules in effect at the time of contracting, a UDBE means a firm that meets the definition of a DBE and is a member of one of the following groups: Black Americans, Native Americans, Asian-Pacific Americans, or Women. The SBE goals for Phases I and II are aspirational in that federal contracting rules did not permit mandatory goals for small businesses not also designated as UDBE.

Table 3 – DBE/SBE Program					
Contract	Goal		Actual		Paid³
	DBE	SBE	DBE	SBE	
1. Environmental Services	NA	25%	1.1%	63.8%	\$3,653,444
2. Utility Relocation	NA	25%	29.3%	33.8%	\$7,703,020
3. Viaduct & Interchange	2.9%	25%	3.1%	5.4%	\$5,209,520
4. Southbound Tunnel	5.0%	25%	10.3%	13.2%	\$16,975,520
5. Phase II P3 ⁴	5.0%	25%	4.6%	6.5%	\$6,062,242
TOTAL TO DATE					\$39,603,746
<i>Source: Pendergast Consulting Group, January 2014</i>					

GLC established a UDBE goal of 5.51% (against a contract-specified goal of 5.0%) and a small business enterprise (SBE) goal of 25%. To date, GLC has engaged a total of 26 UDBE and SBE firms. In addition, GLC has hired a total of 125 trucking firms including owner/operators. As shown in Table 3, GLC is close to meeting its DBE goal but is well short of

its SBE goal. Additional information on the DBE program and outreach activities can be found in the *UDBE/SBE Program Activities Update* at Attachment 2.

The Transportation Authority, the City’s Office of Economic and Workforce Development and GLC have entered into agreements that call for 50% of newly-hired employees for the project to be provided through the CityBuild program. To date, GLC, through its design-build subcontractor Flatiron-Kiewit Joint Venture, is meeting the 50% new hire goal and has provided 58 job openings to CityBuild. Additional information can be found in the *Workforce Activities Update* at Attachment 3.

Challenges: The main areas of concern with Phase II continue to be schedule and meeting SBE goals. GLC is making progress in addressing issues that affect the construction schedule. Both Caltrans and the Transportation Authority continue to work to facilitate resolution of issues that arise involving the Presidio Trust as well as other governmental agencies. While a number of Notices of Potential Claim have been filed by GLC, project sponsors remain confident in project economics and expect any potential claims that become actual claims to be resolved.

This is an information item.

ALTERNATIVES

None. This is an information item.

CAC POSITION

None. This is an information item.

FINANCIAL IMPACTS

None. This is an information item.

RECOMMENDATION

None. This is an information item.

³ Total amount paid to firms that qualified as either DBE or SBE.

⁴ Reported data represent payments through November 30, 2013.

Attachments:

1. Funding Plan
2. UDBE/SBE Program Activities Update, January 2014
3. Workforce Activities Update, January 2014

Attachment I: Presidio Parkway Funding Plan
Updated: December 2013

Source ³	Type	Status	Project Phases ^{1,2}				Total by Status	TOTAL
			PE/ENV	PS&E	ROW	CON		
HPP	Federal	Allocated	\$5,437,000	\$4,538,000	\$2,622,000	\$0	\$12,597,000	\$12,597,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
PLH	Federal	Allocated	\$7,200,000	\$1,904,000	\$3,960,000	\$3,704,000	\$16,768,000	\$16,768,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
STP/CMAQ ⁴	Federal	Allocated	\$0	\$0	\$0	\$0	\$0	\$34,000,000
		Programmed	\$0	\$0	\$0	\$34,000,000	\$34,000,000	
		Planned	\$0	\$0	\$0	\$0	\$0	
TIGER	Federal	Allocated	\$0	\$0	\$0	\$46,000,000	\$46,000,000	\$46,000,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
UPP	Federal	Allocated	\$0	\$20,000,000	\$27,300,000	\$0	\$47,300,000	\$47,300,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
ARRA-SHOPP	State	Allocated	\$0	\$0	\$0	\$86,681,000	\$86,681,000	\$86,681,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
RIP-Marin	State	Allocated	\$0	\$0	\$0	\$4,000,000	\$4,000,000	\$4,000,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
RIP-SF	State	Allocated	\$0	\$6,374,000	\$10,492,000	\$67,235,000	\$84,101,000	\$84,101,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
RIP-Sonoma	State	Allocated	\$0	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
SHA ⁵	State	Allocated	\$0	\$0	\$0	\$0	\$0	\$1,130,070,000
		Programmed	\$0	\$0	\$0	\$1,130,070,000	\$1,130,070,000	
		Planned	\$0	\$0	\$0	\$0	\$0	
SHOPP	State	Allocated	\$0	\$20,240,000	\$33,400,000	\$215,650,000	\$269,290,000	\$269,290,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
SLPP	State	Allocated	\$0	\$0	\$0	\$19,366,000	\$19,366,000	\$19,366,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
TCRP	State	Allocated	\$9,000,000	\$4,700,000	\$0	\$1,300,000	\$15,000,000	\$15,000,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
BATA	Local	Allocated	\$0	\$0	\$0	\$80,000,000	\$80,000,000	\$80,000,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
GGHTBD	Local	Allocated	\$0	\$0	\$0	\$0	\$0	\$75,000,000
		Programmed	\$0	\$0	\$0	\$75,000,000	\$75,000,000	
		Planned	\$0	\$0	\$0	\$0	\$0	
Prop K	Local	Allocated	\$5,873,000	\$3,004,000	\$6,000,000	\$50,684,000	\$65,561,000	\$65,561,000
		Programmed	\$0	\$0	\$0	\$0	\$0	
		Planned	\$0	\$0	\$0	\$0	\$0	
Totals		Allocated	\$27,510,000	\$60,760,000	\$83,774,000	\$575,620,000	\$747,664,000	\$1,986,734,000
		Programmed	\$0	\$0	\$0	\$1,239,070,000	\$1,239,070,000	
		Planned	\$0	\$0	\$0	\$0	\$0	
			\$27,510,000	\$60,760,000	\$83,774,000	\$1,814,690,000	\$1,986,734,000	

¹ 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.

² Construction of the parkway has been divided into two phases. The first phase is being delivered using a traditional design-bid-build contracting. The second phase is being delivered as a public-private partnership (P3).

³ Acronyms used for funding sources include: ARRA - American Recovery and Reinvestment Act, BATA - Bay Area Toll Authority, CMAQ - Congestion Mitigation and Air Quality, GGBHTD - Golden Gate Bridge, Highway, and Transit District, HPP - High Priority Project, PLH - Public Land Highway, RIP - Regional Transportation Improvement Program, SHOPP - State Highway Operation and Protection Program, SHA - State Highway Account, SLPP - State and Local Partnership Program, STP - Surface Transportation Program, TCRP - Traffic Congestion Relief Program, TIGER - Transportation Investment Generating Economic Recovery, and UPP - Urban Partnership Program.

⁴ In order to meet the cash needs for the project, the Metropolitan Transportation Commission has advanced \$34 million in STP/CMAQ funds to be repaid with San Francisco's future local-share RIP funds. Repayment of this advance (i.e. by programming \$34 million in RIP funds to a project or projects of MTC's choice) is the second priority for SF RIP funds after fulfilling the Central Subway's RIP commitment of \$88 million.

⁵ State Highway Account funds were authorized for Presidio Parkway availability payments per Senate Bill 870; actual costs may be lower. Availability payments include operations and maintenance costs for the new facility for a 30-year period.



UDBE/SBE Program Activities Update January 2014

UDBE/SBE Utilization Highlights:

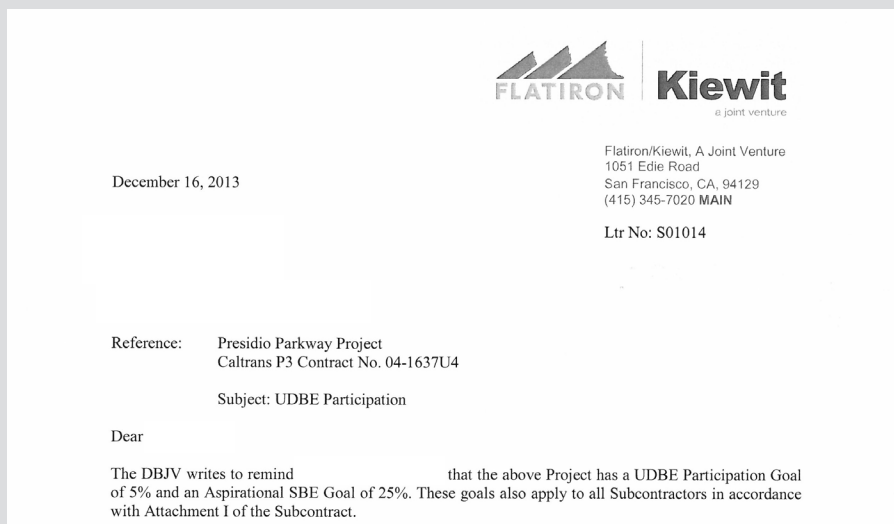
Design and Construction Contract Value:	\$271,220,324
Total Paid to Date:	\$92,738,028
% of Contract Paid to Date:	34.19%
% of UDBE Goal Achieved to Date:	31.46%
Number of UDBE/SBE Firms Currently Working*:	26

Categories of businesses being utilized on the Presidio Parkway Project Phase II:

Architecture/Design/Engineering	Fire Protection	Retaining Wall Construction
Concrete Pumping	Geotech	Soil Management
Demolition	Independent Inspection	Striping
Drainage	Landscaping	Tree Services
Electrical	Lead/Asbestos Abatement	Underground Utilities
Environmental Consulting	Materials Testing	Vibration Monitoring
Erosion Control	Materials/Supplies	Water Trucks
Fencing	Pump Installation	Waterproofing

*Excluding Trucking

Clear and Consistent UDBE/SBE Message



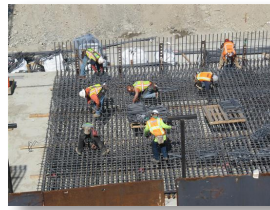
- DBJV ensuring that all of their subcontractors are meeting the UDBE and SBE goals.
- DBJV requiring their subcontractors to utilize and report UDBE and SBE participation.
- DBJV is now being proactive in their dealings with subcontractors working on Phase II.

Upcoming Opportunity Focus:

The SFCTA's DBE Program continues to work with the GLC/DBJV to identify contract opportunities that are not currently 'called out' in the GLC/DBJV's planning documents. The DBE Program assists the GLC/DBJV identify UDBE/SBE firms that have the requisite experience and certifications. In addition, the UDBE/SBE firms are provided with technical assistance in developing their bids (i.e plans/specs), job walks, Requests for Information (RFI's) and post-bid analysis/lessons learned.

The GLC/DBJV have identified that there will be considerable opportunity for landscaping beginning in late 2014 through 2017. The DBE Program has begun developing a unique outreach/education and utilization program with the GLC/DBJV to prepare for this specific scope of work targeting UDBE and SBE firms. This effort will include:

- Development of Scope of Work-Specific Outreach Materials/Advertisements highlighting opportunities to be available during this phase of the project.
- Identification of African American, Asian American, Native American, Women-owned firms in the landscaping industry who currently certified AND those who are not currently certified.
- Once identified, the DBE Program will assist those interested firms who are currently not certified in getting their DBE certification through the appropriate public agency (SFMTA, BART, Caltrain or Caltrans).
- Scope of Work-Specific outreach/education events will be conducted by the GLC/DBJV in concert with the DBE Program. These will include one-on-one meetings with key decision makers, technical assistance and site-tours.





Workforce Activities Update January 2014



CityBuild Academy Reunion

Graduates from 2006-2013



Above: Graduates from CityBuild Academy Cycles 1-17 participating in a workshop at the 2013 Academy Reunion held December 14, 2013.

Presidio Parkway Highlights 2013

Facilitation of Job Referrals / Job Identification

- The First Source goal of 50% new hires referred through CityBuild is currently being met through hiring and Good Faith notification efforts.
- Job Notices – The prime and subcontractors have notified CityBuild of 72 openings.
- Job Referrals – 60 San Francisco residents have been referred as part of the First Source process.
- New Local Hires – 23 Local Residents have been hired on to the project. Awaiting hiring outcome from two referrals of San Francisco resident Journeymen Laborers to Raito on 12/31/2013.

Contractor Outreach & Engagement

- First Source pre-construction meeting will be held January 9th with subcontractors and FKJV staff.
- Attended Monthly Workforce Progress Meeting.
- Attended weekly foreman's meetings and weekly progress/schedule meetings.

Recruitment, Assessment and Barrier Removal

- 50 students entered CityBuild Academy Cycle 18 January 6, 2014.
- Conducted two construction employment information sessions, interfaced with jobseekers and provided information about the Presidio Parkway project.
- Held the 2013 CityBuild Academy Reunion and Retention Event that was attended by over 45 former graduates from Cycles 1-17 on December 14, 2013.

Tracking and Reporting

- Continued tracking percentage of San Francisco workers and upcoming opportunities via contractors' timely submission of First Source monthly reports and documentation.



1455 Market Street, 22nd floor.
San Francisco, CA 94103



1 South Van Ness 5th Floor San Francisco, CA 94113