



Local Policy Maker Group (LPMG) Meeting

Due to COVID-19, this meeting will be conducted via teleconference only (no physical location) pursuant to [Assembly Bill 361](#) (Gov. Code section 54953).

Directors, staff and the public may participate remotely via Zoom at <https://zoom.us/j/94954726853?pwd=TKR1WFg2SEorZVh5U2xLWnhHSUNNdz09> for audio/visual capability or by calling 1-669-900-6833, Webinar ID: # 9495 4726 853 Passcode: 061243 for audio only.

Public Comments: The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting. **Members of the public are encouraged to provide** public comments in the following ways:

- **Email:** Comments may be submitted by emailing video@caltrain.com before each agenda item is presented. Please indicate in your email the agenda item to which your comment applies.
- **Auditory:** Oral comments will also be accepted during the meeting. Web users may use the 'Raise Hand' feature to request to speak. Callers may dial *9 to request to speak. Each commenter will be notified when they are unmuted to speak.

Thursday, December 16 2021
5:30 p.m. – 7:30 p.m.

Agenda

1. Call to Order
2. Staff Report
3. Caltrain Electrification Project
4. Public Comments on Items not on the Agenda
5. LPMG Member Comments/Requests
6. Next Meeting
 - a. Thursday, January 27, 2021 at 5:30pm
7. Adjourn

All items on this agenda are subject to action



Memorandum

Date: December 16, 2021
To: CalMod Local Policy Maker Group (LPMG)
From: Lori Low, Government and Community Affairs Officer
Re: Caltrain Electrification Project E-Update

ELECTRIFICATION PROJECT BUDGET UPDATE

Caltrain has announced that the [Electrification Project](#) cost has increased to \$2.44 billion. This will require an additional \$462 million over the initial estimate for the project, \$129 million over the estimate made by the Federal Transit Administration earlier this year. The project is still expected to be completed by 2024.



The cost increase is a result of negotiations and settlement with Balfour Beatty (BBII), the contractor tasked with the construction of the project and an overall detailed project budget update. The settlement resolves commercial issues and additional costs arising from the extension of the project to 2024. It also establishes a shared risk pool to manage future potential issues and provide new incentives for early completion of certain milestones, such as revenue service.

More information [here](#).

PUBLIC MEETINGS:

JPB Finance Committee Meeting – December 20 at 1:30 p.m. – Please note, this will be remote only

JPB WPLP Committee Meeting – December 22 at 3:00 p.m. – Please note, this will be remote only

JPB Board Meeting – January 6 at 9:00 a.m. – Please note, this will be remote only

For more details, and a full list of upcoming meetings, please visit [Caltrain.com/Meetings](https://caltrain.com/Meetings).

DETAILED PROGRESS REPORT:

- [October Monthly Progress Report](#) presented to Caltrain Board on December 2, 2021



CALTRAIN ELECTRIFICATION

Local Policy Maker Group

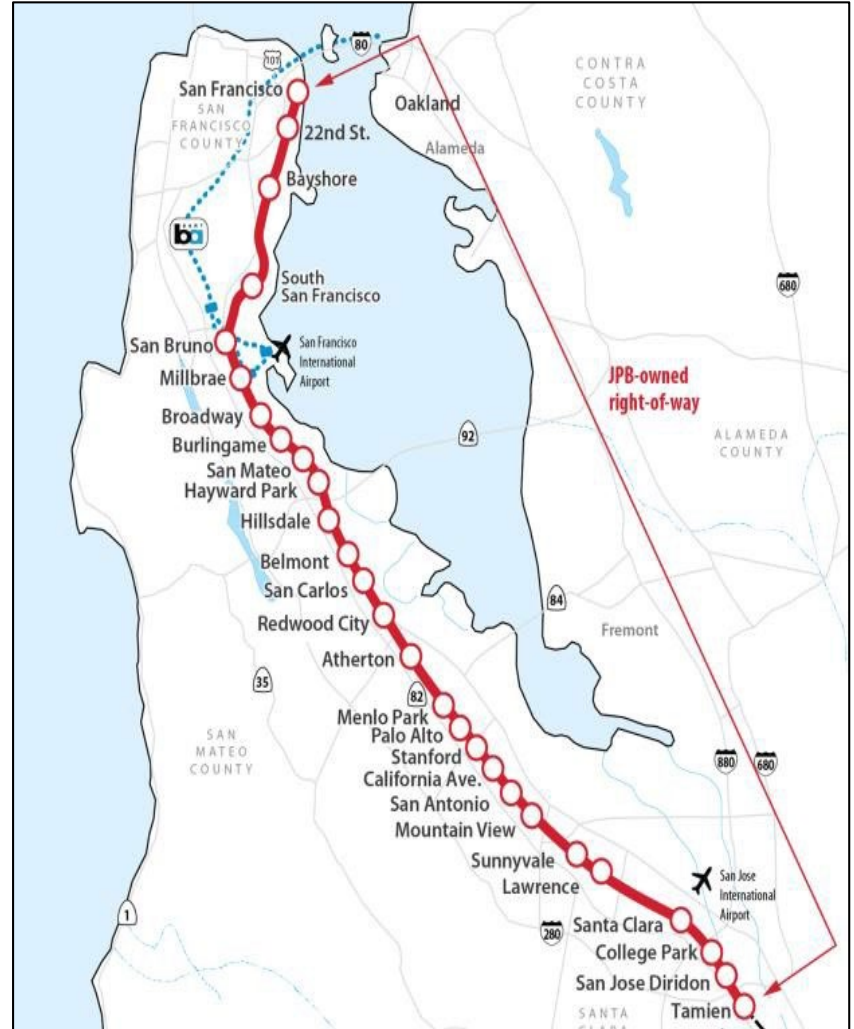
December 16, 2021

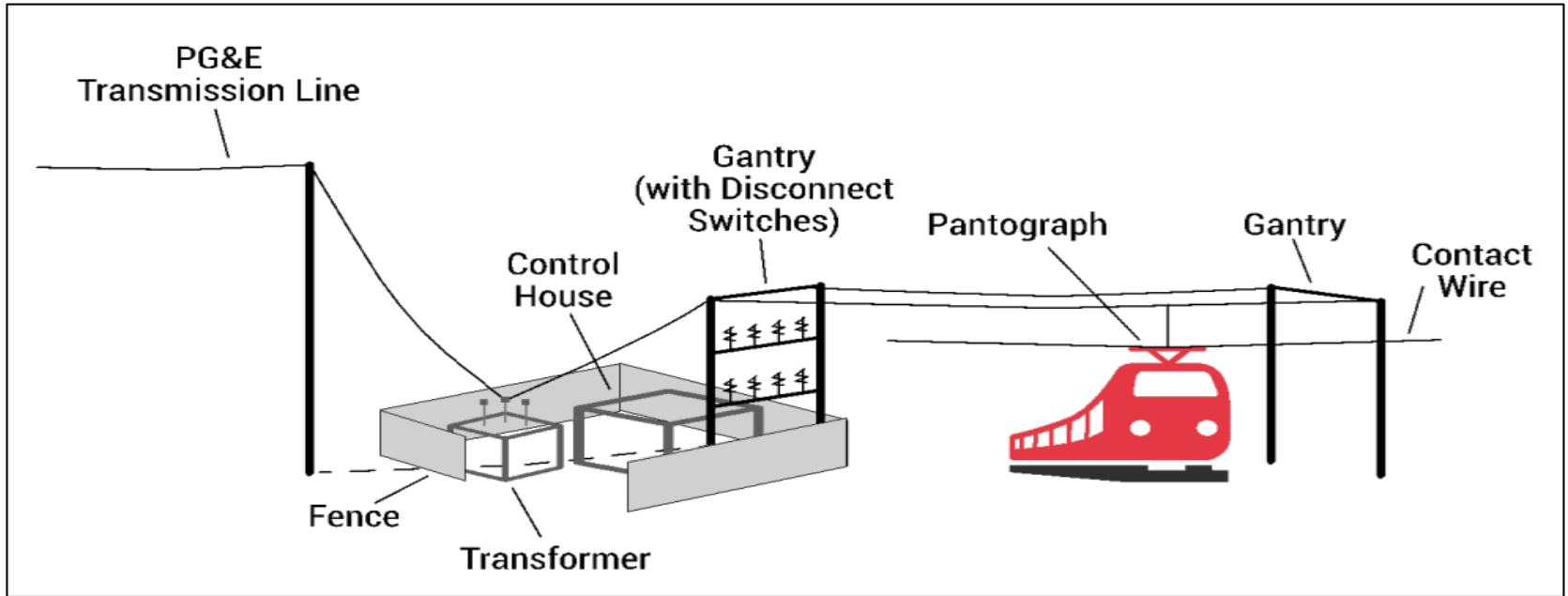


PROJECT OVERVIEW



- Caltrain Electrification
- San Francisco to San Jose (Tamien Station)
- 51 miles
- Revenue Service: Sept. 2024





Electrification

- Overhead Contact System (OCS)
- Traction Power Facilities
- Signal System

Electric Trains

- 19 7-car train sets (133 cars)
- (Note: 96 cars funded by project; 37 cars funded by State TIRCP)*



**Improved Train
Performance,
Increased Service
and Greater Capacity**



**Improved Regional
Air Quality and
Reduced Greenhouse
Gas Emissions**



**Positive Economic
Benefits for the
Region**

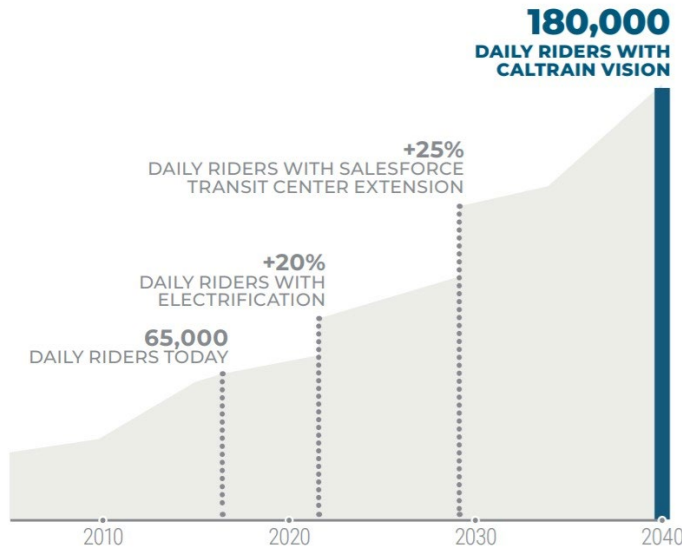


**Reduced Engine
Noise Emanating
from Trains**

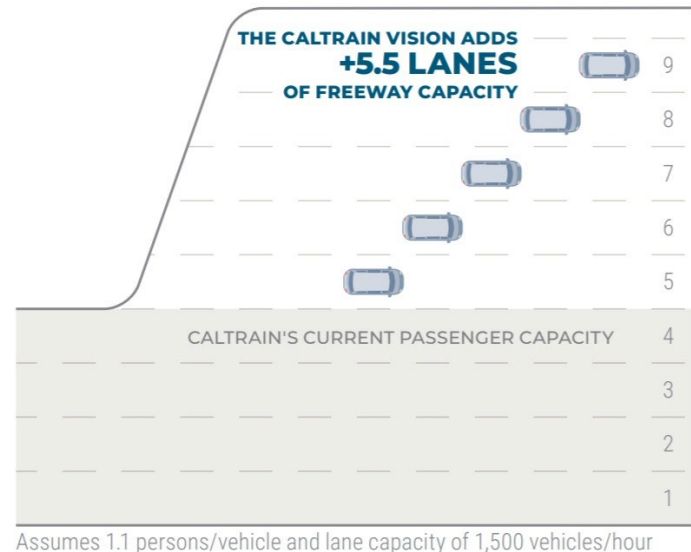
- Electrification sets foundation for future growth of system
- Meet projected regional growth in jobs and housing in the Bay Area
- Triple ridership, increase peak and off-peak service
- Carry equivalent of 5.5 lanes of US 101 highway traffic



CARRYING MORE PEOPLE



TRAINS VS LANES



CONTEXT



- New project team leadership in place September 2021
- Priority on resolving largest project risk (contract dispute with BBII regarding signal scope of work)
- Transitioning project from civil to systems integration
- Key efforts:
 - Risk workshop and assessment completed
 - Project schedule rebaseline completed
 - Budget scrub completed
 - Peer review completed
 - Segment 4 readiness review scheduled Dec. 14th
 - Partnering scheduled Dec. 13th

- Information
 - BBII negotiations
 - Updated project cost and schedule
 - Funding strategy

- Action
 - Updated project budget
 - BBII change orders
 - Jacobs contract authority for program management

BBI NEGOTIATIONS



- Options to address BBII signal work dispute:
 1. Global negotiations with BBII
 2. Descope BBII and assign to subcontractor
 3. Terminate BBII and select new contractor
- Analyze and pick path with lowest exposure and cost to Agency

- Project critical milestone: civil to testing / system integration
- Complex systems work especially on live railroad
- September 2024 revenue service commitment is important
- Right team with resources needed to complete project on time
- BBII global negotiations
 - Achieve timely project completion
 - Achieve cost certainty
 - Contractors operate on bottom line
 - Global settlement has least risk exposure to Caltrain
 - Reasonably resolve accumulated change orders to October 31, 2021
 - Reasonably resolve signal scope and cost dispute
 - Set protocols and incentives moving forward to ensure success

- Determine best path forward
 - Identify and analyze risks for each option
 - Determine schedule impacts
 - Quantify cost impacts / estimate a low, medium, and high-cost range
- Areas of investigation
 - Dispute process
 - Opportunities for partnering and success
 - Systems integration responsibility
 - Contractor/Designer procurement
 - Warranty coverage
 - Operational impact

- Project Risk Workshop with CMB / funders, PMO/FTA
- Project Risk Workshops with BBII contractor
- 2-Day peer review Risk Workshop
 - CMB / funding partners, including FTA
 - Project delivery experts from: LA Metro; Sound Transit; Denver RTD; SEPTA; HNTB Corporation; Gannett Fleming
- Third-party risk exposure assessment

- Global resolution with BBII recommended
- Lowest cost and risk to Agency
- Meets 2024 revenue service schedule

Option A:

Global Resolution

Work Assignments:

- Electrification BBII
- Signals BBII
- System Integration BBII

Results / Outcome

- Lowest Cost
- Lowest Risk
- Meets 2024 revenue service schedule

Option B:

Descope BBII

Work Assignments:

- Electrification BBII
- Signals MRS
- System Integration JPB/MRS

Results / Outcome

- High Cost
- High Risk
- Pushes revenue service to 2026

Option C:

Terminate BBII

Work Assignments:

- Electrification TBD
- Signals TBD
- System Integration TBD

Results / Outcome

- Highest Cost
- Highest Risk
- Pushes revenue service to 2028

Actions:

1. Global settlement with BBII.
2. BBII Continues with work.
3. Contingency/Risk Pool



Major Risks:

- Continued claims if procedures/relationships are not improved.



Schedule Risks:

- Resolution with BBII keeps the project moving forward with the best schedule.
- Unforeseen Conditions / Third Party Delays



Cost Impacts:

- Global Settlement
- Construction Risk Pool

<u>Estimated Completion</u>		
Baseline	Contingency	
Q2 2024	Q4 2024	
<u>Estimated Additional Cost</u>		
LOW	MID	HIGH
\$420M	\$501M	\$601M

Actions:

1. Global Settlement on past work.
2. Keep BBII contracted to complete OCS work.
3. Deductive change order to remove BBII once OCS is complete.
4. Contract MRS to complete signal, testing, integration work.



Major Risks:

- Integration and admin of two separately constructed systems
- Claims process
- Deductive change order, and procurement of MRS.



Major Schedule Impacts:

- Unforeseen conditions / third party delays
- Deductive change order, and procurement of MRS.



Major Cost Impacts:

- Global Settlement
- Claims Process
- Deductive change order, and procurement of MRS

Estimated Completion

Baseline	Contingency
Q4 2024	Q1 2026

Estimated Additional Cost

LOW	MID	HIGH
\$646M	\$859M	\$1.23B

Actions:

1. Terminate BBII’s contract.
2. Assemble a contract encompassing the remaining work
3. Hire a new contractor to complete the work.

Major Risks:



- New designer / new contractor
- Claims process
- Signals contractor has proprietary equipment
- Ownership of constructed work to date

Major Schedule Risks:



- Procurement of a new designer to update contract drawings
- Procurement of a new contractor to finish project
- Unforeseen conditions / third party delays



Major Cost Risks:

- Most expensive option due to claims process and legal fees
- New designer / new contractor

<u>Estimated Completion</u>		
Baseline	Contingency	
Q2 2026	Q2 2028	
<u>Estimated Additional Cost</u>		
LOW	MID	HIGH
\$1.20B	\$1.47B	\$2.13B

UPDATED PROJECT COST / SCHEDULE CONFIRMATION



- Updated project cost and schedule
 - \$2.44B
 - No change to 2024 revenue service
- Additional cost \$462.44M key elements
 - Global settlement with BBII \$346.68M
 - Project budget scrub \$115.76M
- Unanimously approved by CMB December 3rd

Project Cost	Pre-FTA Refresh	FTA Risk Refresh (add \$333M*)	Caltrain Update (add \$131M)
Total	\$1.98B	\$2.31B	\$2.44B
Committed / Allocated	\$1.85B	\$2.14B	\$2.35B
Contingency	\$129.8M (remaining)	\$172.0M	\$90.0M*

*Total of \$40M project contingency plus \$50M BBII share risk pool.

Cost Elements	Cost Update
Total Increase from original budget \$1.98B	\$462.44M
BBI Global Settlement	\$346.68M
Budget Scrub from original budget \$1.98B	\$115.76M

- Total settlement \$346.68M
- Settlement components:
 - 2SC
 - Change Orders
 - Shared Risk Pool
 - Incentive (new and carryover)
 - Insurance and Bond
 - Allowance Removal
- Negotiated savings \$147.9M

Total budget scrub \$115.76M

Budget Scrub Elements (\$millions)	
EMU	\$.8
Minor contracts	\$13.7
Real estate	\$6.4
Utilities & PG&E	\$14.2
Management	\$70.6
TASI	\$29.0
Insurance	\$2.0
Other Required Projects	(\$2.5)
ICAP	\$48.2
Contingency	(\$66.6)

- Project budget update and confirmed schedule will require additional contract extensions and cost adjustments
- Contract cost increases are included in updated \$2.44B project cost
- Authorization requests will be prepared for JPB consideration as needed
- Jacobs Project Management contract is priority request to be considered today
 - Extend contract term by 8 months
 - Increase budget by \$18.5M for additional field construction management services and inspections

- **Revenue service September 2024 (no change)**
- EMU first trainset delivery Q1 2022
- Updated milestones
 - TPF: May 2022 (*vs. Jun 2022*)
 - OCS: Aug 2022 (*vs. Jul 2022*)
 - Permanent power: Aug 2022 (*no change*)
 - EMU last train set delivery: May 2023 (*vs. August 2023*)
 - Signal: Sept 2023 (*no change*)
 - Integrated testing: January 2024 (*vs. Dec 2023*)

- Increase transparency with Board and public
 - Revised reporting
- Improve CMB protocols
- Resource management
 - Change Caltrain project team organization
 - Change BBII project team organization
 - BBII additional resources
- Rebaseline schedule and critical paths
- Improve partnership tools
 - Monitoring
 - Risks and mitigation
- Utilize incentives / rewards to maximize performance
 - Shared contingency
 - Early completion incentives

PROJECT FUNDING



- Project Cost Increase ~\$462M
- Federal funding to date \$52.4M ARP
- Funding need ~\$410M
- Cashflow sufficient through Jun 2023
 - Remaining budget
 - \$150M credit financing
 - \$60M RR capital reserve
- Additional state/federal funding needed to complete project

FTA / CHSRA Recovery Plan	Additional Funding Sources for Project Cost Increase*
<ul style="list-style-type: none"> - \$52.4 ARP - \$150M credit financing - \$60M Measure RR capital reserve - \$200M super contingency 	<p><u>STATE</u></p> <ul style="list-style-type: none"> - State Budget FY22, FY23 - Transit and Intercity Rail Capital Program - CTC: Solutions for Congested Corridors Program, Local Partnership Program, Trade Corridor Enhancement Program <p><u>FEDERAL</u></p> <ul style="list-style-type: none"> - Appropriations FY22, FY23 - RAISE, CRISI, INFRA, Railroad Crossing, National Infrastructure Project Assistance, Railcar Replacement Program

***Note: Remaining \$200M funds may include federal, state or other funding. Caltrain and partners will seek federal and state grants to fund remaining project costs. Should those grants or funds not be sufficient, then JPB commits to identifying “own source funding” that would provide the \$200M including member agencies’ funding, RR revenues or proceeds from bonds secured by measure RR or low carbon fuel standards credits revenue.**

- Federal
 - Feinstein, Padilla, Pelosi, Eshoo, Speier, Lofgren, Khanna
 - USDOT/FRA/FTA Officials
- State
 - Ting and Skinner (Budget Chairs),
 - Friedman and Gonzalez (Transportation Chairs)
 - Mullin, Berman, Becker, Kalra, Lee, Stone, Laird, Cortese, Wieckowski, Wiener, Rivas, Low
 - CalSTA Secretary Kim, Deputy Secretary Edison
 - Governor's Office
- Funding Partners
- Other Key Stakeholders

JPB ACTIONS



1. Project budget approval \$2.44B
2. BBII change order approval \$346.68M
 - a) 2 speed check solution change order \$89,780,202
 - b) Global project cost resolution change order \$136,337,784
 - c) Global project time resolution change order \$120,557,342
3. Jacobs contract authority approval \$18.50M



DISCUSSION





CALIFORNIA High-Speed Rail Authority

Memorandum

Date: December 17, 2021
To: Local Policy Maker Group (LPMG)
From: Boris Lipkin, Northern California Regional Director
Re: California High-Speed Rail Program Update

STATEWIDE UPDATE

State Court of Appeal Decision: On November 30, the State of California Court of Appeal issued a decision in the Authority's favor, affirming the use of voter approved Proposition 1A bond funds for the single purpose of electrified high-speed rail in California. The judgment is encouraging news and allows for the continued investment of Proposition 1A funds for construction in the Central Valley and for Caltrain Electrification. The Third Appellate District Court judgement can be found [here](#).

Federal Railroad Administration (FRA) Deputy Administrator Visits Construction Sites: The Authority welcomed Amit Bose, Deputy Administrator of the U.S. Department of Transportation's FRA, to visit construction sites and get an update on station planning efforts, during a trip through the Central Valley.



During the visit, Deputy Administrator Bose visited the Cedar Viaduct, a signature structure whose deck and arches will carry trains at more than 200 miles per hour over State Route 99 and spoke with workers from the job site. The Deputy Administrator also toured the [award-winning San Joaquin River Viaduct](#), spanning the river and Madera / Fresno County line. The news release with additional photos can be found on the Authority's website [here](#).

Year in Review: During the December 16 Board of Directors meeting, the Authority will release a year-in-review video that features 2021 HSR program milestones. The video highlights progress on construction, improved federal partnerships, and recaps events, activities, and successes this year. A link to the video will be available soon.

NORTHERN CALIFORNIA OUTREACH UPDATES

2021 Northern California Outreach in Review:

As 2021 comes to a close, Authority staff took stock of engagement efforts this past year.

The Authority's engagement program this year included Community Working Groups, Technical Working Groups, events with schools and education institutions, in-person outreach (such as

farmer's markets and community events), and briefings to stakeholders, community groups and local leaders.

The Northern California team held a total of over 125 engagement events in 2021. Nearly 700 people were reached at 10 in-person tabling events to share detailed information about the Northern California project sections and distribute informational materials. Staff looks forward to the possibility of increased in-person outreach in 2022 as the Northern California project sections approach environmental clearance.

UPCOMING OUTREACH ACTIVITIES

- January 13, 2022: Menlo Park Chamber Business Issues & Transportation Committee Presentation
- January 13, 2022: Chamber of San Mateo County's Transportation & Housing Committee Presentation