REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO'S INTER-AGENCY TRANSBAY WORKING GROUP

This report regarding the Transbay Project was prepared by an inter-agency working group comprised of many of the City and County of San Francisco's key transportation and planning stakeholders, including the Planning Department, the Office of the City Administrator, the Mayor's Office, the Municipal Transportation Agency ("MTA"), the San Francisco Redevelopment Agency ("SFRA") and the San Francisco County Transportation Authority ("SFCTA"), with extensive assistance and input from the staff and consultants of the Transbay Joint Powers Authority ("TJPA"). The purpose of this report is to make recommendations to help ensure that the entirety of the Transbay Project is completed – including both the terminal and rail components – as soon as possible. In order to achieve this goal, the report recommends a three-pronged strategy of (i) capturing additional value through intensified development around the terminal, (ii) reducing project costs through effective value management, and (iii) exploring additional opportunities for securing much needed funding.

I. BACKGROUND

In 1999, San Francisco's voters adopted Proposition H calling for Caltrain to be extended downtown into a new, inter-modal, Transbay Terminal.

In 2001, the Transbay Joint Powers Authority (the "TJPA") was created to (i) design, build, operate and maintain a new inter-modal transportation terminal at the current site of the Transbay Terminal that connects regional bus lines, MUNI, BART, Caltrain and, eventually, High Speed Rail (the "Transit Center"), and (ii) to extend Caltrain commuter rail downtown 1.3 miles into the new Transit Center (the "DTX", and, together with the Transit Center, the "Transbay Project"). The TJPA is governed by a five member Board of Directors comprised of representatives from the Alameda-Contra Costa Transit District ("AC Transit"), the Peninsula Corridor Joint Powers Board ("Caltrain") and, from San Francisco, the Director of the Municipal Transportation Agency and one representative each of the Mayor and the Board of Supervisors.

Also in 2001, the Metropolitan Transportation Commission ("MTC") approved a new Regional Transit Expansion Plan, known as Resolution 3434, which programmed funds for the Transbay Project, as well as the electrification of Caltrain. Pursuant to the voter approved Expenditure Plan for Prop K, the local sales tax for transportation approved by the voters in 2003; the Transbay Project is eligible for $270 million in Prop K funds, so long as the project includes both the DTX and Transit Center components.

Despite these and other commitments of local, regional, state and federal transportation funds, as the estimated costs of delivering the Transbay Project began to exceed reasonable revenue estimates, the TJPA initiated discussions with the California High Speed Rail Authority to program approximately $475 Million Dollars in potential High Speed Rail bond proceeds to help cover the funding gaps necessary to build the Transbay Project. However, this fall it became clear that the Governor and the California state legislature would not bring a High Speed Rail bond to the voters in 2006. And the timing and general future of the High Speed Rail bonds at this time remains uncertain.

Appropriately, the TJPA staff proposed a fairly dramatic re-programming of the Transbay Project to address this significant change and resulting funding gap. First in December 2005 and again in March 2006, the TJPA staff presented a proposed Revised Recommended Program Implementation Strategy (the "Revised Strategy") to address updated costs estimates and these changes in reasonably foreseeable funding projections for the Transbay Project.

At its core, the Revised Strategy suggests two major changes. First, for funding purposes, the Transbay Project would be broken into two segments: a fully funded Transit Center phase and a partially-funded DTX phase. Under this Revised Strategy, work would commence on the fully-funded terminal while further preliminary engineering and right of way protection of the DTX phase would occur, but without offering a fully-funded plan for building the DTX portion of the Transbay Project. Rather, under the Revised Strategy, during this time, additional funding would be pursued to complete final design and construction of the DTX component of the Transbay Project. Second, the Revised Strategy suggested immediately commencing a process for selecting a developer for an 850 foot, mixed-use, "transit tower" adjacent to the terminal , as well as one lead architect for both the tower and the terminal.

As is common in complex projects like the Transbay Project, the TJPA's proposed solutions to the problems surrounding the uncertainty of High Speed Rail and the resulting funding gap for the Transbay Project raised a host of additional issues. Thus, on February 8, 2006, Mayor Newsom and Supervisor McGoldrick, acting as the Chair of San Francisco County Transportation Authority (the "SFCTA"), sent a letter to the TJPA asking the TJPA staff to work with a number of the City's key transportation and planning stakeholders, including the Planning Department, the Department of Public Works, the MTA and the SFCTA, to better understand and analyze the implications of the Revised Strategy.

Specifically, that letter identified three important issues raised by the Revised Strategy that warranted further analysis – phasing, funding, and urban design. The first two, phasing and funding, are deeply inter-related and respond to the overriding concern that the TJPA *not* adopt a strategy that would lead to spending over a billion dollars of scarce transportation dollars without ensuring that the rail component will also be built. On the third issue, urban design, the letter simply noted that, as required by the Transbay Redevelopment Plan, further study of the Transit Tower by the Planning Department and the Redevelopment Agency should occur prior to commencing a process to solicit development proposals.

The purpose of all of these efforts is two-fold and simple. First, to ensure that whatever strategy is adopted for proceeding with the Transbay Project maximizes the likelihood that the full vision of Transbay, including bringing rail into an inter-modal station in downtown San Francisco, is fully realized. The Transbay Project should not be forced to choose between rail and bus service. To the contrary, the TJPA's mandate is to do both, and this report seeks to identify ways to help achieve the goal of maintaining the integration of both of these key elements in the Transbay Project. The second goal is to build consensus among the City's planning and transportation stakeholders around whatever implementation strategy is adopted so that, united, they can more effectively advocate on behalf of the Transbay Project.

The effort to form the recommendations set forth in this report have been characterized by an extremely cooperative and collaborative work effort by and among staff from the TJPA, the Planning Department, the Mayor's Office, the Redevelopment Agency, the Department of Public Works, the MTA and the SFCTA. In that respect, much progress has already been made towards achieving the goal of building the level of consensus necessary for the Transbay Project to succeed. In fact, many of the recommendations in this report have already been agreed to by TJPA staff and have been incorporated into the latest versions of the Revised Strategy.

II. EXECUTIVE SUMMARY

The recommendations in this report are broken into two categories: (i) planning and real estate issues and (ii) phasing and funding issues, and are summarized below:

(i) Planning and Real Estate Recommendations

- Enhance the skyline, build on the core of the new extended downtown, and generate additional revenue for the Transbay Project, by creating a special overlay zoning district around the Transit Center to permit a limited number of tall buildings, including two on public parcels, and allowances for additional development in exchange for financial contributions to the Transbay Project.
- The change in zoning on the State-owned parcels could generate an additional $70-$140 million in land sales and tax increment revenue for the Transbay Project, depending on the heights allowed.
- As a condition to further up-zoning the sites in the sub-area, impose a Mello-Roos Community Facility District fee that could generate and additional $100-$130 Million Dollars to provide further funding for the Transbay Project.
- Revise the Design and Development Competition Process to require qualifications statements to be submitted by combined architect/developer teams, instead of selecting each separately and trying to marry them later.
- Revise the Design and Development Competition Process to better describe the business terms of any proposed disposition of the site for the Transit Tower.
- Explore joint development opportunities for the air-rights over the Fourth and King Caltrain station.

(ii) Phasing and Funding Recommendations

- AC Transit should impose the Passenger Facility Charge that is to fund a portion of the terminal prior to commencing construction of the terminal and Caltrain should impose its Passenger Facility Charge as soon as possible, and in no event after construction of the DTX commences.
- Ensure that planning and design for the underground rail station allows for construction of the underground station as part of the Transit Center portion of the Transbay Project, and prioritize additional revenues identified in this report to fund such construction.

- Study the means, costs and timing of connecting the Transit Center to BART and MUNI Metro.
- Complete the DTX value-management study by the spring of 2007 to better identify the cost of bringing rail into the Transbay Transit Center.
- Work with all of the affected regional stakeholders to develop a funding plan for bringing Caltrain into the Transbay terminal that does *not* unduly rely on High Speed Rail for funding by the earlier of the end of 2007, or the time final design or construction on the terminal commences.

III. PLANNING AND REAL ESTATE ISSUES

This Section analyzes certain urban planning and real estate issues raised by the Revised Strategy. Addressing these issues is important to ensure the appropriate integration of the Transit Center and the Transit Tower into the surrounding area and to maximize opportunities for revenue capture from development to augment the funding plan for the Transbay Project.

The Transbay Project affords the City an excellent opportunity to evaluate the potential for a transit-oriented-development district and new public open space at this location. Taking this step is particularly timely now that the City has moved to increase density and tall building in both the Rincon Hill and Transbay plan areas, and with the Planning Department's belief that the skyline ideas embodied in the San Francisco Downtown Plan need to be reexamined in this light.

A. Urban Form

The following recommendations regarding planning and urban design issues affecting the Transbay Project were informed by three primary considerations (i) the objective of creating new development opportunities for additional funding for the Transbay Project (ii) appropriate urban form modifications to the downtown core in light of recent adopted changes in Rincon Hill and the Transbay Redevelopment Area, and (iii) appropriate transit-oriented land use changes in the vicinity of the Transbay Transit Center.

1. The Downtown Plan:

The San Francisco Downtown Plan, approved in 1985, has given shape to the city skyline, given landmark status to 250 buildings in the city's core and through incentives and height limits, moved new development over the past 20 years to Mission Street near the Transbay Terminal. The Plan comprises the city's C-3 districts, but its densest area is the C-3-O district centered at First and Mission Streets, running west to Kearny Street at Third Street and is bounded on the north by Washington Street and to just south of Howard Street. Recognizing that the financial core north of Market Street had reached build out, the Plan established a special district with the intent of shifting the office core toward Mission Street.

Height limits enacted through the Downtown Plan sculpted the skyline to a high point of 550 feet at First and Mission Streets near the Transbay Terminal, with heights intended to taper down rapidly to the now-demolished freeway south of the Terminal and Howard

Street. Significant growth has occurred here. But a number of events necessitate the rethinking of the skyline envisioned in the Downtown Plan, such as the lower-than-anticipated development built or planned at the intersection of First and Howard Streets. Moreover, the removal of the freeway has resulted in plans for new high-rise residential neighborhoods in Transbay and Rincon Hill, two areas that create their own skyline. These physical changes require a level of integration into the City's "downtown skyline mound".

2. The New Downtown Neighborhoods: Extending the Downtown South

With the removal of the Embarcadero Freeway and the reconsideration of lands south of Howard Street, the City has adopted new plans for dense, high-rise residential neighborhoods on the south side of the downtown on Rincon Hill and the public parcels of Transbay Redevelopment Area along Folsom Street. These plans extend the high-rise skyline to the south of the current downtown mound. While these plans sculpted new skyline forms somewhat distinct from the downtown mound skyline with an emphasis on much more widely spaced towers, the overall effect of Rincon Hill and Transbay are of equivalent heights and prominence of the tallest part of the downtown core (550'), necessitating a reconsideration of the heights of the Downtown Plan. Further, the addition of these very dense and tall neighborhoods south of Howard Street has further cemented the southern broadening of the downtown, both in terms of urban form and land use activity.

3. Emphasizing the New Downtown Core

The Transbay Transit Center will not only be the confluence of the region's major transit services, it also is the future center of the city's new expanded downtown, the hinge between the financial district and the new downtown neighborhoods. The urban form of downtown San Francisco—a dense "mound" of towers—is a compelling one, yet the skyline's tallest and most prominent buildings—the Transamerica (853') and Bank of America (779') buildings—both predate and defy the cohesive form principles of the Downtown Plan. These building are outside the core form and apart from it. With the new high-rise form elements of Rincon Hill and the Transbay Redevelopment parcels to the south of the current downtown core, the city form should respond with a new taller skyline apex at the Transbay Transit Center. The City's flat undulating skyline would be significantly enhanced by a higher crown to emphasize its core, at the heart of the city's activity. In order to do this, a limited number of tall buildings of 800 feet in height or greater should be considered for the area between Howard and Market Streets.

Planned major investment and improvements to mass transit at the Transbay Transit Center calls for consideration of additional development intensity beyond current zoning. Transit-oriented growth is the primary strategy for maintaining sustainable city and regional growth, both economically and environmentally, into the future without increasing congestion or sprawling growth at the edges of the region. Additionally, as the result of build out since the adoption of the Downtown Plan 20 years ago, relatively few significant building sites remain for the continued growth of the office and business core.

In addition to the urban form desirability of allowing taller buildings near the Transit Center, additional building height and development intensity here would take advantage of key remaining sites for commercial development in the downtown. Rather than growing out, into adjacent neighborhoods or to less transit-served portions of the city, the best choice for downtown is to grow upward.

4. Capturing Revenue from Public Parcels and Special Development

There are a number of available and likely development opportunity sites, both publicly and privately owned, in the vicinity of the Transbay Transit Center. These sites are described below:

a. The "Transit Tower" Site: on the south of Mission Street between First and Fremont Streets, immediately in front of the Transit Center.

This site should be targeted for a landmark structure marking the Transit Center and the urban form goals as the apex of the downtown. A building height of approximately 1,000 feet or higher could be considered. The Transbay Redevelopment Plan EIR enables a 550-foot tall structure (the site is currently zoned for a height of 530 feet based on the existing Transbay Terminal). Additional development above 550 feet would generate substantial revenue for the Transit Center program.

b. A site on the north side of Howard Street: just east of 2nd Street, currently occupied by ramps to the existing Terminal scheduled for demolition and relocation.

The Transbay Design for Development tentatively identified this site for a 200-foot tall structure. The site is currently zoned for a height limit of 450 feet. In consideration of the overall urban form goals, a building up to 850 feet in height should be considered, but should be at least 150 feet shorter than the Transit Tower.

c. Private Sites: Revenue can also be generated by allowing additional private development in the immediate vicinity of the Transit Center and by creating a Special Use District permitting additional height and development intensity (Floor Area Ratio) above current zoning limits in exchange for contributions to the Transit Center program. As noted further in Section III.B below, this private sector development contribution could either be a required participation in a Mello-Roos Community Facilities District or development credits purchased directly from the Transit Center.

To accomplish these objectives, two special zones could be considered as follows:

i. Zone 1: Unlimited Floor Area Ratio, Unrestricted Height

Sites would be permitted unlimited Floor Area Ratio and the ability to seek height increases without a maximum limit. All additional height above 600 feet would be subject to discretionary Planning Commission approval and review of shadow impacts, skyline analysis, and architectural merit. No more than three towers taller than 700 feet would be permitted in total, and minimum tower spacing of no less than 250 feet for towers above 600' would be required. The two publicly-owned sites described above would account for two of the buildings taller than 700 feet, allowing for one additional tall building.

ii. Zone 2: Unlimited Floor Area Ratio, Limited Additional Height

Sites would be permitted unlimited FAR above the existing 18:1 limit, and buildings in the 200-S height and bulk zone would be permitted up to 400'. Bulk regulations would be tightened for projects that receive additional FAR and height, such that no bulk or tower separation exceptions would be permitted per 272 or 132.1(c)(2)(A) and (C). This zone would primarily stretch from 2nd Street to Fremont Street along both sides of Howard Street, excluding public parcels on the north side of the street.

B. Tools for Capturing Increased Land Values

In addition to the planning and urban form benefits of a new, higher-density zoning district around the site of the future Transbay Transit Center, such an area would result in additional funding for the project from land sales, tax increment, and the creation of a Mello-Roos Community Facilities District. Land sale and tax increment revenues from the State-owned parcels have been pledged to the Transbay Project through a series of agreements between the TJPA, the City, Caltrans, and the Redevelopment Agency. Two of the State-owned parcels (Parcels T and F in the 2003 Cooperative Agreement between the TJPA, the City, and Caltrans) are immediately adjacent to the existing terminal and would be at the center of any new, higher-density sub-area created around the site of the new Transbay Transit Center.

The current TJPA financial plan assumes an 850-foot mixed-use tower on Parcel T and a 200-foot commercial tower on Parcel F. Because these two sites are within the new, higher-density zoning district envisioned, taller buildings would be allowed. Based on an analysis by Sedway Group/CB Richard Ellis, both of these new towers could accommodate a mix of office, hotel, and residential uses. Greater heights would translate into higher land sale and tax increment revenue from both sites. Depending on the heights allowed, these two sites could generate an additional $30-$60 million in land sale revenue and an additional $40-$80 million in net tax increment revenue[1] for the Transbay Project, or a total of $70-$140 million more than the funding level in the current financial plan for the Transbay Project.

[1] Estimates are in 2005/06 dollars using a 5.5% discount rate based on market data provided by Sedway Group/CB Richard Ellis and assuming completion of the Parcel T development in 2012 and the Parcel F development in 2016, with land sales occurring several years earlier.

A Mello-Roos Community Facilities District (CFD) fee could be imposed on both the public and private parcels within the new, higher-density area as a condition for up-zoning. As envisioned, the CFD would only apply to new developments within the district that apply for the zoning bonus in order to exceed the current height and floor-to-area (FAR) ratios in the Planning Code. Participation in the CFD would be voluntary to the extent that property owners could elect to not opt in to the CFD if they did not seek to exceed the current heights and FAR ratios. The proper balance of additional height and FAR combined with an appropriate special tax rate would be an incentive for property owners to agree to join the CFD. Revenues from the CFD would go toward the Transbay Project. Based on the fact that the area around the Transbay Transit Center represents one of the last areas of the city that can accommodate significant new commercial development, development within the CFD could include approximately 4.5 million square feet of commercial space, plus a smaller amount of hotel and residential development over the next 15-20 years[2]. The total value of this new development would be in excess of $3 billion. Assuming this level of development and phasing, the CFD could easily generate $100-$130 million in additional funding for the Transbay Project[3].

Another possible opportunity to generate more revenue for the Transbay project is the existing Caltrain station at Fourth and King Streets. The TJPA should work with the City's Planning Department and Caltrain to explore joint-development opportunities for the air rights above the surface tracks at the Fourth and King station. Although too speculative to quantify at this time, creating valuable land use entitlements at that site could generate a significant amount of additional funding for the Transbay Project.

To further explore the recommendations in this section, the TJPA should work with the San Francisco Planning Department and the Redevelopment Agency to initiate a study of a rezoning to increase the height limit of certain parcels in the vicinity of the Transbay Terminal for inclusion in one or more special overlay zoning districts. Among other things, the study should (i) determine which parcels should be included in the special overlay districts, (ii) examine the impact of taller buildings in the districts on the City's skyline and on other aesthetic values, such as bulk and shadows, and (iii) project the revenue to the TJPA generated by a Mello-Roos special tax on development in the special overlay zoning districts, including the ability of the sponsors of such development to pay the desired special tax. Of course, all of these efforts should include extensive public outreach to all of the Transbay Project’s stakeholders, including the Transbay Citizen’s Advisory Committee.

C. The Design and Development Competition

The Revised Strategy included a recommend process for selecting a team of developer(s) and architects(s) to design both the Transit Center and the Transit Tower and to develop the Transit Tower.

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[2] This translates into approximately 400,000 square feet of commercial development per year, which is less than the average annual absorption in San Francisco over the last 20 years (approximately 475,000 sf).
[3] Estimate in 2005/06 dollars using a special tax rate of 0.4%, net of a 5.5% cost of funds and a 10% discount on the land value of the State-owned parcels. Assumptions based on consultations with Stone & Youngberg LLC and Sedway Group/CB Richard Ellis.

It was agreed that because of the interconnectedness between the Transit Tower and the Transit Center, the benefits of having one lead architect design the two buildings in tandem outweigh the added complexity of linking two projects – one private and one public - that will be built separately. However, two modifications to the design and development competition process are suggested.

First, the first two stages of the design and development competition process should be combined into one stage. Previously, the proposed design and development competition called for qualifying only the architectural teams first and then, in a second stage, selecting developers who would be required to team with the pre-qualified lead design architects. With projects as complex and challenging as the Transit Tower and the Transit Center, it is imperative that the private developer who finances the construction of the Transit Tower can effectively work with the lead architects on the project. Forcing a "marriage" of architects and developers under these circumstances would not be prudent. Instead, the process should be revised to allow for the self-selection of interested and qualified design-development teams. Design excellence can still be achieved by establishing the design qualifications as the preeminent selection criteria in the qualifications stage. Furthermore, with this change, there is probably little need or justification for the TJPA paying honoraria to submitting architects.

Second, more detail should be included in the design and development competition process about the terms of the final disposition of the Transit Tower site. Specifically, the terms of the Request for Proposals (RFP) should require respondents to propose what they will pay for the tower site if their project, as proposed, is fully-entitled. If selected, the developer would be required to make periodic payments to the TJPA, with a final payment once the entitlements are achieved. This strategy will allow the TJPA to fully realize the land value of the site before it is entitled. In addition, whatever consideration is paid for the site should include a "back-side" participation that would provide the TJPA with some additional consideration based on the performance of the project that allows the TJPA to benefit from appreciations in value of the Transit Tower. Participations come in an infinite number of forms and can be calculated on a gross or a net basis. The RFP phase could either establish a minimum required participation and/or ask respondents to propose one. The RFP should also allow respondents to propose a means for disposition of the property, either by long-term ground lease or sale. Then, as part of the selection process, the TJPA can calculate the relative net present values of each of the actual proposals in hand instead of trying to pre-determine what disposition strategy may yield the highest value.

III. PHASING AND FUNDING ISSUES

As explained above, the shortfall in the funding plan for the Transbay Project gave particular urgency to the need to consider phasing the construction of the Transbay Project. However, in order to ensure compliance with Proposition H and eligibility for Prop K funding, any construction phasing plan for the Transbay Project must be integrated with a funding strategy that delivers the entire project, irrespective of how the current and future phases are defined. The recommendations summarized below are intended to ensure that the phasing and funding plans are designed to deliver both the DTX and Transit Center components of the Transbay Project.

A. Passenger Facility Charges

The Transbay Project's funding plan assumes sizeable contributions from passenger facility charges ("PFCs"), similar to the airport fees charged on airline tickets, which would be assessed at different levels for bus, Caltrain and high speed rail riders, generally proportional to the level of the fare. In order to address the funding needs of the entire Transbay Project it will be important to secure firm commitments to PFCs from the relevant transit operators as soon as is reasonably possible.

Thus, for example, since most of the above-ground operations in the Transit Center relate to bus service, the timing of AC Transit's commitment to PFCs should be brought into alignment with the operational benefits AC Transit will receive. Specifically, AC Transit should impose its PFCs prior to the TJPA commencing construction of the terminal. In addition, the TJPA should explore the earliest feasible time for Caltrain to impose its PFCs, if possible, to help fund building the underground rail station portion of the Transit Center. At the latest, the Caltrains PFC should be imposed prior to the TJPA commencing construction of the DTX.

B. Underground Rail Station

In order to better ensure that the DTX component of the Transbay Project will be realized, the TJPA should prioritize the use of the additional revenue sources identified in this report to fund construction of the underground rail station as early as possible; preferably at the same time as the Transit Center.

C. Connections to Bart and MUNI

For the Transit Center to fulfill its purpose of serving as the hub of all major modes of transportation in the San Francisco Bay Area, it must connect directly to BART and MUNI Metro. However, to date the engineering challenges and costs of those connections have not been fully studied. The TJPA should analyze the means, costs and timing of connecting the Transit Center to BART and MUNI Metro, recognizing that the timing of that connection will likely depend on resolving many of the phasing and funding issues identified in this report.

D. DTX Value Management

The DTX Value Management workshops held in late March were invaluable in helping to sort through the many complex engineering and rail operations issues that will likely determine the final cost and configuration of the DTX, and the Transbay Project as a whole. A number of the key cost reduction measures recommended by the value management team appear promising and should be studied further in greater detail to determine their feasibility, constructability, and a more accurate cost savings potential. Among the possible modifications to the project that may reduce the cost of the DTX and improve its operational efficiency are changes to (i) the alignment of the tunnel, to allow two-track rail loop rather than three-track stub-end operations; (ii) the size of the tunnel and construction methodologies, (iii) the timing of constructing full platform lengths for High Speed Rail, and (iv) ways to decrease the costs and accelerate the timing of Caltrain operating in the DTX tunnel. The Report from the independent Value

Management Team on the DTX identified potential cost savings from these modifications in the range of $500 to $700 million, including potentially significant reductions in construction impacts, and increases in the operating efficiency of the rail operation. In parallel with the selection of an architect/developer team and as part of phase 2 of preliminary engineering, the TJPA should prioritize completion of the value-management study by March 2007. This work should include further analysis of the DTX value management recommendations as necessary to better identify the cost of the DTX component. As part of this effort, the TJPA should conduct a series of workshops to address specific areas such as operations simulations, maintenance and operational requirements, ventilation design, construction phasing, fire and life safety, and vulnerability assessments.

E. Develop a Funding Plan for the Entire Transbay Project

Because the Transbay Project must deliver both the Transit Center and the DTX, the TJPA should work with all of the affected regional stakeholders, including MTC and the Caltrain JPB, and all of the TJPA's funding partners, in developing a funding plan that does *not* unduly rely on High Speed Rail and that does not subject the DTX to undue uncertainty. Part of that effort will include working with all TJPA and Caltrain partners to ensure that MTC prioritizes the necessary funding to complete the funding plan for Caltrain electrification, consistent with the original version of the funding plan in MTC's Resolution 3434, as adopted in December 2001; and advocate with the California Transportation Commission, the MTC and the SFCTA to prioritize discretionary state funds for the Transbay Project. Part of that effort must include better quantifying some of the additional revenue generating and cost saving opportunities identified in this report. Regardless, in order to ensure that the TJPA does not irrevocably commit to an implementation plan that fails to support the TJPA's mandate to deliver on the full vision of the Transbay Project, by the time the TJPA commences final detailed design or construction on the terminal, and in no event later than the winter of 2007, the TJPA must develop a reasonably feasible funding plan for construction of the entire Transbay Project – including the DTX portion.

IV. NEXT STEPS

If the TJPA adopts the recommendations in this report at its June 2nd, 2006, meeting, the Revised Strategy, together with this report, should be presented to the TJPA's main funding partners, including AC Transit, Caltrain, the MTC and the SFCTA. Additionally, the TJPA should continue to work with the various relevant agencies in a collaborative and cooperative fashion to implement the various recommendations set forth in this report.